



# 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: 25.08.2020

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  
5<sup>th</sup> Floor, Exchange Plaza  
Bandra (E)  
Mumbai 400051  
**(SCRIP CODE: AROGRANITE/EQ)**

## **Sub.: Annual Report for the financial year 2019-20 and Notice convening the 32<sup>nd</sup> Annual General Meeting**

Dear Sir,

Pursuant to Clause 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we submit herewith the Annual Report of the Company for the year-2019-20 along with the Notice convening the 32<sup>nd</sup> Annual General Meeting scheduled to be held on 25<sup>th</sup> September 2020. The Annual Report is also available on the Company's website [www.arotile.com](http://www.arotile.com)

Thanking You

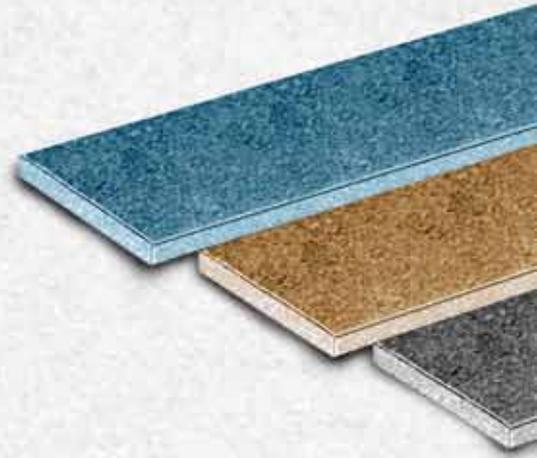
Yours faithfully  
For Aro granite industries Ltd.

  
Company Secretary

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





“Combating Tough Time”



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





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## *From the desk of the* **MANAGING DIRECTOR**

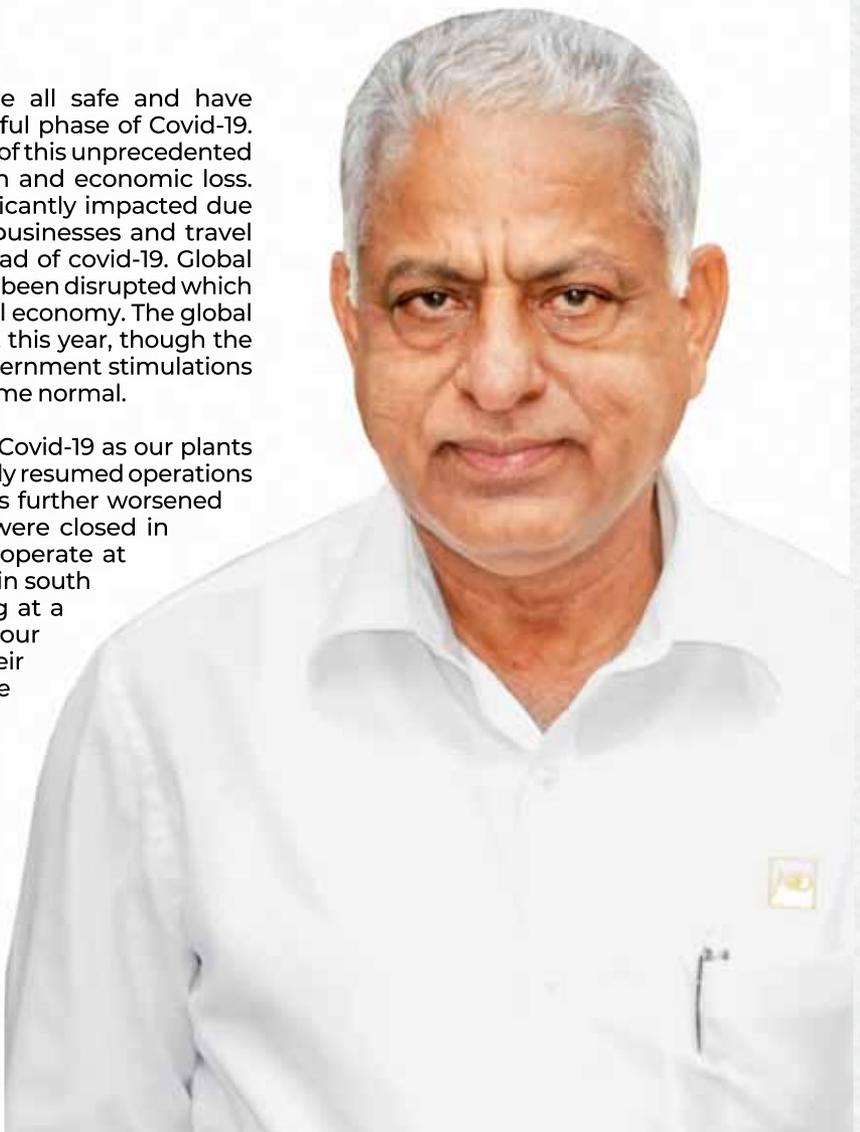


Dear Shareholders,

I hope you and your loved ones are all safe and have managed to pass through the stressful phase of Covid-19. The entire world has faced the impact of this unprecedented pandemic and suffered both human and economic loss. The global economy has been significantly impacted due to lockdowns, closure of non-essential businesses and travel restrictions imposed to contain the spread of covid-19. Global trade, supply chain, travel and tourism has been disrupted which in turn shall drive a degrowth in the global economy. The global economic growth is expected to contract this year, though the contraction in growth will depend on government stimulations and how fast economy recovers and become normal.

Our business has also been impacted by Covid-19 as our plants were closed in March 2020 and only partially resumed operations in May 2020. Raw material availability has further worsened post Covid-19, as most of the quarries were closed in National lockdown and are not able to operate at previous capacities. Some of the quarries in south India have opened up but are operating at a very low capacity due to shortage of labour as most of the labourer moved back to their native villages. Quarries in North India have ramped up a bit faster and are expected to run at normal levels by the year end.

FY2019-20 started on a good note but since then has turned into a challenging year for the Company. We were able to increase our sales by 3% from ₹172 Crores in financial year 2019 to ₹177 Crores in financial year 2020. Our sales volume increased by 6.2% to 4.98 lakh square meter in the financial year 2020, but the overall growth was low due to slight degrowth in realization. Our profit after tax declined by 62%





from ₹ 9.71 Crores in 2019 to ₹ 3.6 Crores in 2020, which was largely on account of notional losses due to currency fluctuation.

During the year we started production from our Jaipur plant. We started exports from August 2019 and it has contributed 8% of total revenue during the year. Rajasthan has become a preferred hub for granite sourcing, as the shades found in the Rajasthan quarries are in demand in the North America and Europe. Our investment in Jaipur has been crucial for us, otherwise procurement of raw material from Rajasthan would be challenging and we would have lost sales in the shades that are unique to Rajasthan. Raw material procured from North India is processed in Jaipur plant and exported by Mundra Port which saves huge logistics cost for us. Rajasthan has 20% of granite reserves in India with vast variety of colors specially white, grey and brown. We expect Rajasthan will continue to add value to our Company going ahead.

Our Cut-to-size segment is performing well and has contributed 8% in revenue during the year. Cut-to-size is a value-added product and commands higher margin. We have healthy orderbook in that segment at present. As customers are not able to travel, the trust which we have built over the year will help us. In Quartzite segment currently our business is disrupted as we are not able to travel to select colors and quarries to procure raw blocks. Quartzite is a premium product and we import raw block of Quartzite from Brazil. The product is brittle and requires extra processing and careful finishing, and so manual inspection is a key part of the buying process. Since there are only limited processors who can handle such stone, we are able to command higher margin on it. Overall the demand in Asian market is growing for Natural Quartzite, we expect this segment to start contributing to our sales once we are able to start the procurement of raw blocks.

Raw material shortage continues to be the biggest concern for the granite processing industry. In the last couple of years granite quarries have shut down in large numbers due to illegal mining and environmental clearance in Tamil Nadu and Karnataka. Historically due to their proximity to our plant in Hosur, quarries in Tamilnadu and Karnataka has been our main source for granite blocks. Closing down of quarries in these states has impacted our sales and profits significantly. As sourcing raw material from quarries in other states adds to our logistics costs. To maintain our sales, we have been forced to procure raw material from other states and also imports. We import 30% of our raw material requirements from markets like Brazil, Norway, Finland, Africa, Iran and Ukraine.

Another impact on our natural stone business has been the big trend shift towards engineered stone. Due to the rising popularity of engineered stone and to diversify our product offering we decided to foray in to engineered stone segment. We are setting up brownfield Quartz molding project in our existing facility in Hosur. The plant shall have capacity of 1,80,000 square meter per year. We have invested only in machinery and will use our existing infrastructure of polishing, finishing and packing commonly for granite processing and quartz manufacturing. We have completed the civil work and 95% installed the machinery and the plant was expected to become operational in March 2020. The Chinese technicians went back to China for their New Year in late January 2020 and planned to join back in Mid-February 2020. They were unable to travel back to India due to the Covid-19 pandemic. We expect this plant to be commissioned once the international travel ban is lifted. We have high hopes on this Quartz plant and plan to sell our products through our existing sales network and distributors spread across the world.

The coming year is expected to be challenging for the granite industry. Raw material scarcity has worsened as most of the quarries are operating at very low capacities due to severe labour shortages. At the company level our relationship with our customers that we have built over the last 30 years is starting to pay off in these challenging times. In spite of travel ban on international flights we are getting regular orders from our customers. We have good amount of orders in hand, but we are facing challenges in executing orders due to difficulties in procuring raw material.

We expect our business will grow once the global economy normalises. Our Jaipur plant is doing well and shall contribute significantly to our business going forward. Our Quartz plant shall be crucial investment for us as USA has imposed tariff on import of Quartz from China which has created huge opportunities in India to export engineered stone.

We have been in the granite business for more than 30 years and have continuously evolved to stay relevant and competitive in the industry. We look forward to future with hope and hope to grow when the Covid-19 pandemic comes under control and global economy gets back to normal.

We thank all our valued shareholders and look forward to their continued support.

**Sunil K Arora**  
Managing Director

# Board of DIRECTORS



**Sunil K Arora**  
Managing Director



**Dinesh Chandra Kothari**  
Director



**Rahul Gupta**  
Director



**Sujata Arora**  
Director



**Vinita Sood**  
Director



**Sahil Arora**  
Whole Time Director



**Sundareshwara G. Sastry**  
Director

**Company Secretary**  
Sabyasachi Panigrahi



**Chief Financial Officer**  
M. Madan Gopal



**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 11 0 025, India  
Phone: 91-11-41686169  
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Website: [www.arotile.com](http://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



# Financial HIGHLIGHTS



# 10

## Years At a Glance

(₹ in Lakhs)

Description	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sales	15,022.52	15,920.80	18,725.68	25,133.83	25,477.97	21,558.84	23,865.18	20,072.15	17,243.65	17,770.99
EBITDA	2,014.51	2,032.76	2,504.25	3,886.82	3,380.55	2,112.09	3,067.70	1,378.25	2,585.20	2,167.70
Depreciation	439.79	417.84	470.00	516.13	858.75	912.09	909.55	865.03	825.44	1,052.59
Tax	270.17	318.00	380.01	743.83	738.47	312.46	376.02	11.26	281.55	156.72
Profit After Tax	949.42	877.87	1,125.93	2,109.21	1,668.85	586.14	1,262.31	117.33	971.11	360.62
Gross Block	9,901.20	11,904.24	12,490.33	11,869.22	11,406.51	12,193.88	14,903.85	16,245.57	18,798.24	25,572.75
Net Worth	10,491.22	11,250.54	12,261.87	14,192.08	15,469.12	15,865.93	16,947.42	17,059.77	18,022.47	18,148.68
Reserves & surplus	9,471.22	10,230.54	11,241.87	12,662.08	13,939.12	14,335.93	15,417.42	15,529.77	16,492.47	16,618.68
Equity Share Capital	1,020.00	1,020.00	1,020.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00
Dividend (%)	10	10	10	10	10	10	10	00	10	00
Dividend Payout Ratio (%)	10.74	11.62	9.06	7.25	9.17	26.11	12.12	00	15.76	00
EPS (₹)	9.31	8.61	11.04	17.11	10.91	3.83	8.25	0.77	6.29	2.14
Book Value Per Share (₹)	102.86	110.30	120.21	92.76	101.11	103.70	110.77	110.50	117.29	118.62
R O C E (%)	9.20	8.00	10.89	12.84	8.83	3.70	8.63	0.69	5.17	1.41
R O N W (%)	9.05	7.80	9.18	14.86	12.26	3.69	7.45	0.70	5.39	1.99

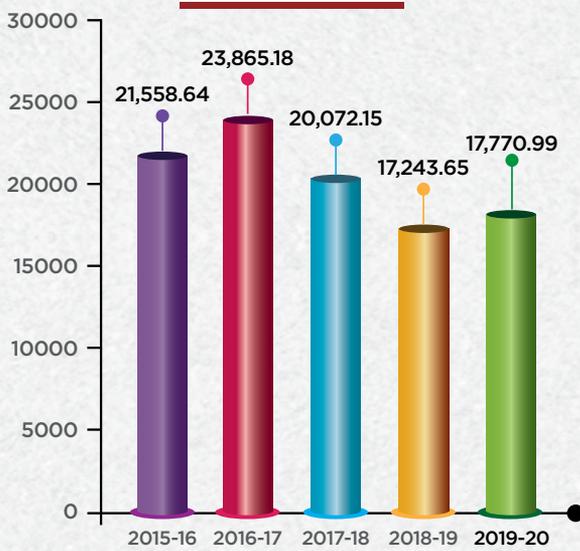


# Financial METRICS



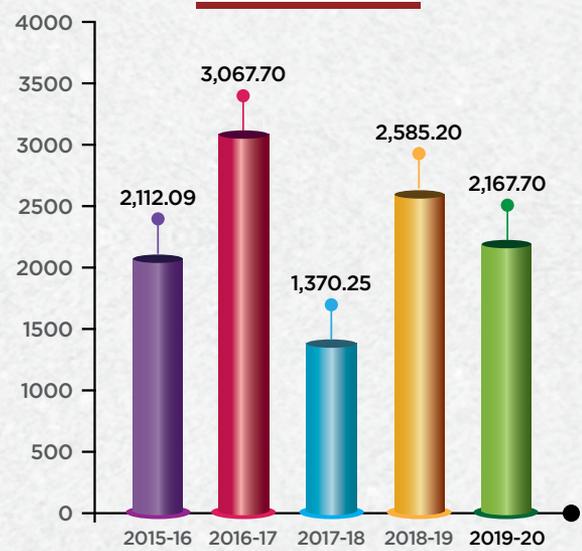
**NET SALES**

(₹ in Lakhs)



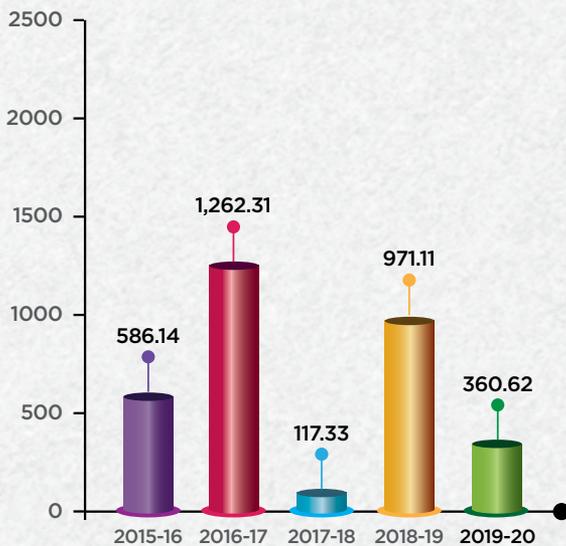
**EBDITA**

(₹ in Lakhs)



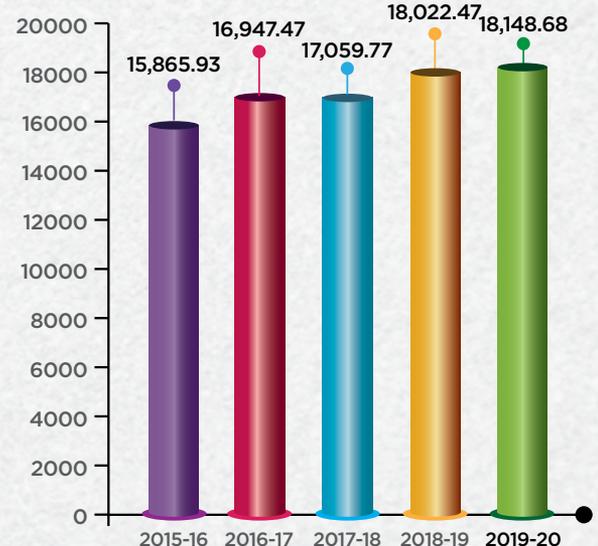
**PROFIT AFTER TAX**

(₹ in Lakhs)



**NET WORTH**

(₹ in Lakhs)





# Operating METRICS



## SALES

(Sq. Mtr.)



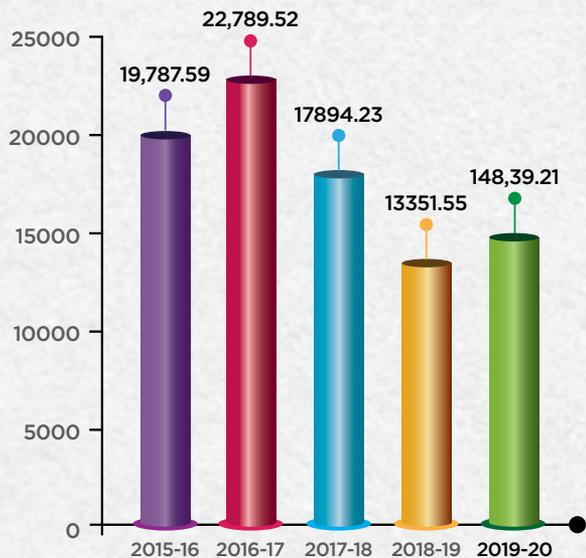
## PRODUCTION

(Sq. Mtr.)

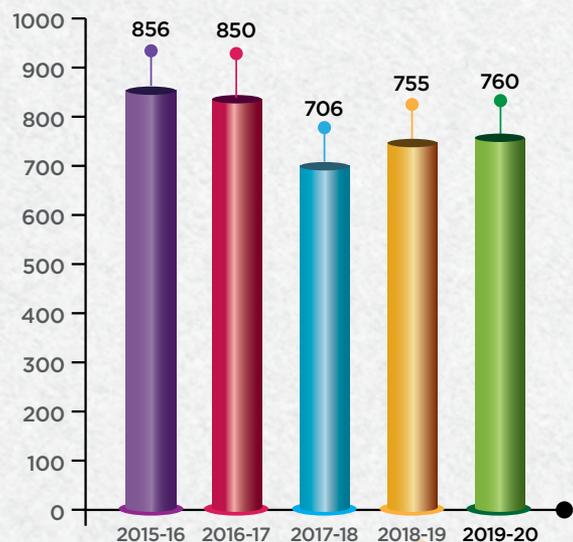


## RAW MATERIAL CONSUMPTION

(Cub. Mtr.)



## NO OF EMPLOYEES ON PAYROLL



# MILESTONES

**2002**

Unit I upgraded to ISO 9001:2000 Quality Management Systems. Unit II certified for ISO 9001 : 2000 Quality Management Systems by RWTUV, Germany within 1½ years from starting Commercial Production. Recognised as EXPORT HOUSE.

**2001**

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

**2003**

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

**2004**

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

**2005**

Initiated Implementation of ISO 14000 Environment Management System at Unit II. **Turnover:** ₹ 7,819.00 lakhs in 2005-06

**2006**

Initiated Expansion, Doubled Tiling Capacity and added 2 more Gangsaw Machines. **Turnover:** ₹ 10452.00 lakhs in 2006-07.

**2007**

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 : ₹ 10214.00 Lakhs in 2007-08.

**2008**

**Turnover :** ₹ 11709.00 Lakhs in 2008-09

**2009**

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

**2011**

CE certification through TUV Nord

**2012-13**

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





## 1999-08

### 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

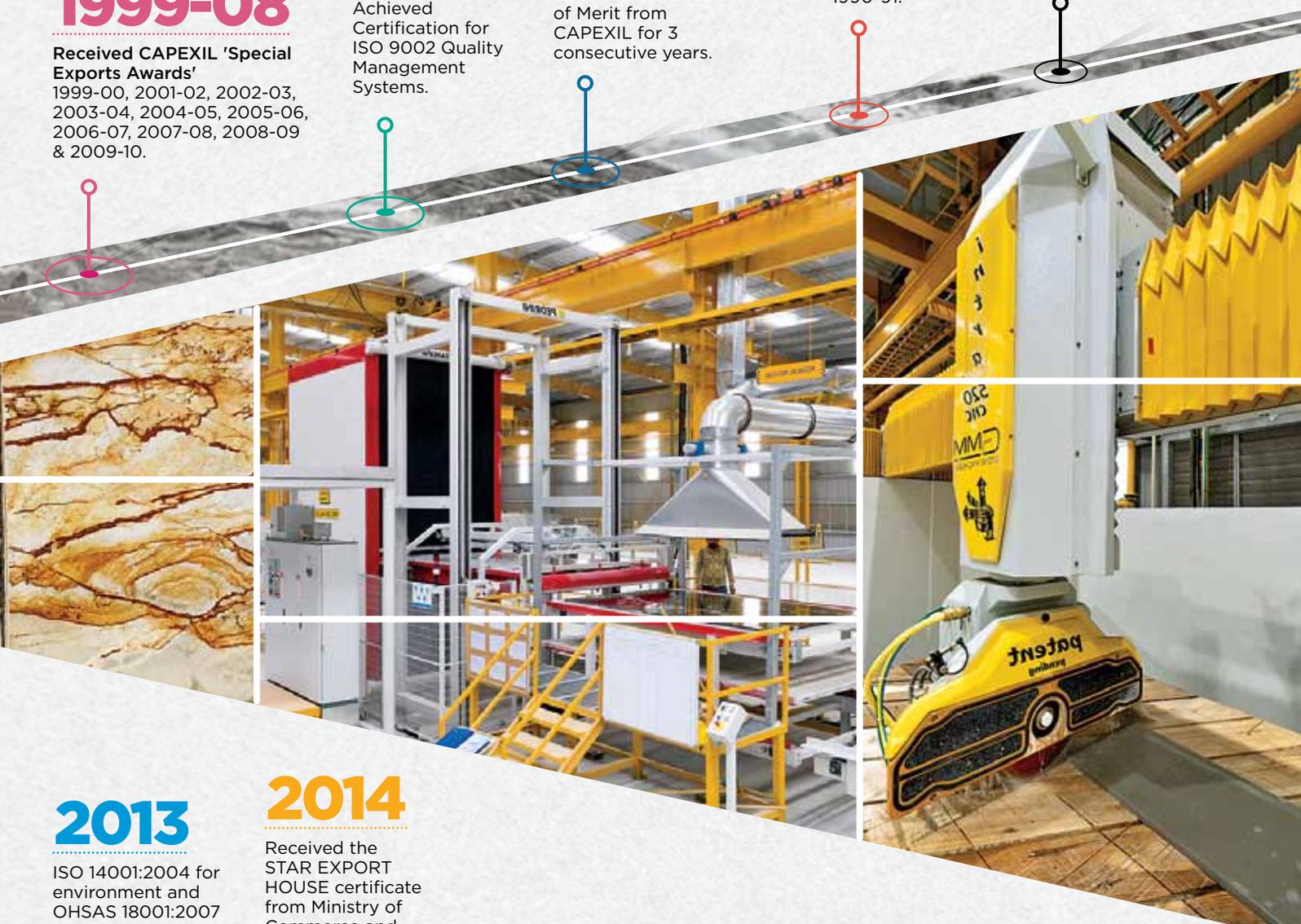
Received Certificates of Merit from CAPEXIL for 3 consecutive years.

## 1995

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

## 1991

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



## 2013

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

## 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

## 2016

Commissioning of Warehouse

## 2017

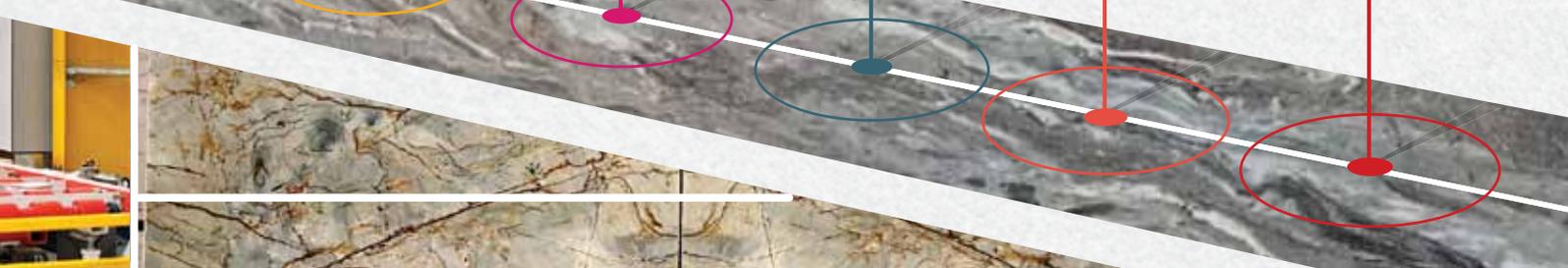
Cut-to-size Machine Operational

## 2018

Multi-wire Machine Operational

## 2019

Jaipur plant started Received Top Export Award from CAPEXIL for the year 2015-16 and 2016-17





*Questions  
&  
Answers with*

**SAHIL ARORA**  
Whole Time Director



**Q** For the year your sales increased but profits have declined substantially what is the reason for the same?

**A** During the financial year the Indian Rupee (INR) depreciated quite a bit. Our Term Loan from the bank and working capital limits were exposed to foreign currency fluctuations since both were in foreign currency. During the year the exchange loss was approximately ₹9.00 Crores as per the AS 11 Accounting Standard issued by the Institute of Chartered Accountants of India, which is a notional entry only. As we need to pay for rough granite blocks in advance and then supply finished goods on credit, we borrow funds from the bank in the form of Packing Credit in Foreign Currency (PCFC) for our working capital. At the time of receiving the customers payment that payment is offset against our PCFC outstanding and since the currency was depreciated at the time of receipt, we have to show a notional loss in the books. Lastly, we have lost 2 weeks of working in March 2020





due to the lockdown driven by the COVID 19 Pandemic. Sales for the month were dampened by the lockdown and the costs associated with producing the goods had already incurred during the last quarter and hence reduced the profit.

**Q What has been your experience in Rajasthan? How has the ramp-up been and what are the expectations for the coming year?**

**A** We started procuring Rajasthan's colours a few years ago and we saw it grow steadily in popularity. It was in 2018 we decided to set up a new unit in Jaipur to focus more on these new in demand shades. We started production in our Jaipur unit and exported our first container in August 2019. We have seen a steady monthly growth in the Rajasthan region and the Jaipur unit contributed to 8% of our overall yearly sale. We expect the unit to continue to improve in 2020. Had it not been for the Jaipur unit, we would have lost all our sales for the colours from the north. With more processing units opening up in Rajasthan the transportation cost of rough blocks has made the sale of North Indian blocks from the Hosur region unviable. Hence our expansion in Rajasthan was timely and has helped us retain our market share. With the North Indian shades gaining popularity especially in North American markets, we are quite excited about the future prospects of the Rajasthan unit.

**Q The commissioning of the Quartz plant has been delayed. When do you expect it to start?**

**A** Commissioning of the quartz plant in our Existing Hosur (100% EOU) unit was under way when the machine supplier's Chinese technicians had to return to China for their Chinese New Year Festivities. They returned to china at the end

of January 2020 and were planning to return by the second week of February 2020, that is when the Pandemic hit China. India in March 2020 barred all international flights. It is only when the International flights start in India, can we continue with the commissioning of the Quartz plant. This is not a huge financial burden, as we have suppliers credit facilities from our Chinese supplier that has to be paid over 720 days, further most of the infrastructure facilities were already in place in Hosur, and we had planned to use some of the existing machinery for finishing of the quartz slabs. This delay due to the COVID19 Pandemic is a huge opportunity loss for us, but we expect that once commissioned, the Quartz plant will help us to increase sales and profitability.

**Q Raw material sourcing has been a big issue for the granite processing industry in India? How has the lockdown impacted the sourcing of raw granite blocks?**

**A** Post Lockdown, the production in the granite quarries, especially in the southern part of India has been impacted heavily. Many of the migrant labourer have gone back to their home and are yet to return to their work at the quarries. This has led to many quarries running at extremally low capacities or not running at all. The excess rains during unlocked period is not helping the current situation with the works further slowing down.

**Q What is the total debt on the balance sheet? Can you share the breakup between term & working capital loans?**

**A** Total debt as on 31<sup>st</sup> March 2020 amounts to ₹154.67 Cr. The Term Loan constitutes ₹ 36.57 Cr and Working capital loan (limit) ₹ 118.10 Cr





**Q** Why has the inventory increased in FY2020 even though our sales did not grow? Do you expect the inventory levels to come down in the current financial year?

**A** During the year we started our Jaipur Unit, hence there was an increase in Inventory from the new unit. Moreover, as the factory was abruptly shut as on 24<sup>th</sup> March 2020 due to nationwide lockdown, export was on hold and the Finished Goods could not be shipped, thus adding to the closing inventory. There are plans to reduce our Finished Goods inventory over a period of time. Also there is no financial risk in holding the finished goods inventory, being polished Granite stones as they are not perishable in nature.

**Q** How has Covid-19 impacted your company? What are you doing to ensure continuity of business?

**A** Due to Covid-19, we have essentially lost over 40 days of production and export (March 24, 2020 to May 5, 2020). Furthermore due to migrant labour issue, quarries in southern India are yet to be 100% operational.

However for the company, with relentless customer service and focus on quality over the years, it has built trust and reputation in the export market. This in turn has helped us a lot in getting orders even in the unprecedented situation created due to pandemic.

Due to restrictions on overseas travel, customers are unable to travel and inspect the finished products. But they have continued to place orders and accept goods purely on the basis of the goodwill developed over the long period of

association and this has helped to withstand this unprecedented situation.

**Q** What are your thoughts on impact of Covid-19 on the Stone Industry? Will there be any changes in the way the industry operates?

**A** With Covid-19, the stone industry like any other industry, is facing lot challenges and many opportunities have arisen too.

The world GDP is expected to contract which will weaken the demand for the products in the international market. Only companies with high focus on Customer service and commitment to Quality will survive and sustain in the current situation

The restrictions on travel, both domestic and international have contributed to reduced travel costs, restricting physical visits and inspection of materials and we have to rely more on electronic and digital media at least in the short to medium term. This is something that is helpful to trusted & reputed suppliers like us.

Also, the ongoing tariff and trade barriers imposed by USA on China could open up new business opportunities for the industries in India.

**Q** How is your various business segments performing? How is the CUT-TO-SIZE segment fairing?

**A** Both Polished Granite Slabs and Tiles have performed better as compared to last year. CUT-TO-SIZE segment constituting about 5% - 7% of our turnover has also performed well and helping to sell other value added products like modular slabs and tiles to the same customers.



## Aro granite industries Ltd.

(CIN: L74899DL1988PLC031510)

Regd. Office: 1001, 10<sup>th</sup> Floor, DLF Tower 'A', Jasola, New Delhi – 110025

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

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

### Notice

**NOTICE** is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Members of **ARO GRANITE INDUSTRIES Limited** will be held on Friday, the 25<sup>th</sup> September 2020 at 12:30 P.M. (IST) through Video Conferencing (VC)/Other Audio-Visual Means (OAVM), to transact the following business:

#### ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Accounts for the financial year ended 31<sup>st</sup> March 2020 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.

#### SPECIAL BUSINESS

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

**“RESOLVED THAT** pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 (the 'Act') read with Companies (Appointment and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act including any statutory modification(s) or re-enactment thereof for the time being in force and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 or any amendment thereto, Smt. Vinita Sood (DIN: 06926832), who was appointed as a Director (Non-executive & Independent) of the Company and whose term of office expires at this Annual General Meeting and who has offered herself for re-appointment as an Independent Director and has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of Five consecutive years on the Board of Company.

**RESOLVED FURTHER THAT** any Director/ Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto.

Place: Hosur  
Date: 26.06.2020

For & on behalf of the Board  
(Sunil K. Arora)  
Managing Director

#### NOTES:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") (collectively referred to as "MCA Circulars") permitted the holding of the "AGM" through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
4. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the M/s. Alankit Assignments Limited, the Registrar and Transfer Agent of the Company, by e-mail through its registered e-mail address [ramap@alankit.com](mailto:ramap@alankit.com)
5. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.arotile.com](http://www.arotile.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
6. Members whose e-mail address are not registered can register the same in the following manner:
  - a. Members holding share(s) in physical mode can send their e-mail ID to the Company in [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com) or to the

Registrar and Transfer Agent (RTA) of the Company M/s. Alankit Assignments limited at [ramap@alankit.com](mailto:ramap@alankit.com)

- b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants ("DPs") for receiving all communications from the Company electronically.
7. The Company has engaged the services of M/s. CDSL as the authorised agency for conducting the e-AGM and providing e-voting facility.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
10. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
11. As mandated by SEBI, effective from April 1, 2019, that securities of listed companies shall be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise share(s) held by them in physical form.
12. **Instructions for attending the e-AGM and e-voting are as follows:**

**Instructions for attending the e-AGM:**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the Companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming e-AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing e-AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the e-AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the e-AGM will be provided by CDSL.
3. The Members can join the e-AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the e-AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the e-AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this e-AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the e-AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the e-AGM has been uploaded on the website of the Company at [www.arotile.com](http://www.arotile.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The e-AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the e-AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The e-AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**The instructions for Shareholders voting electronically are as under:**

- (i) The e-voting period begins on 22.09.2020 at 10.00 A.M. and ends on 24.09.2020 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e.18.09.2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting through e-AGM.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.



- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- (viii) If you are a first-time user follow the steps given below:

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> 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. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of **Aro granite industries Ltd.**
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote E-Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE e-MAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR e-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share

certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to **Company or RTA e-mail ID [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com) and [ramap@alankit.com](mailto:ramap@alankit.com) respectively.**

- For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company or RTA e-mail ID [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com) and [ramap@alankit.com](mailto:ramap@alankit.com) respectively.**

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder's/members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 72 hours prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com).
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR e-VOTING DURING THE e-AGM ARE AS UNDER:-**

- The procedure for e-Voting on the day of the e-AGM is same as the instructions mentioned above for Remote e-voting.
- Only those shareholders, who are present in the e-AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.
- If any votes are cast by the shareholders through the e-voting available during the e-AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the e-AGM. However, they will not be eligible to vote at the e-AGM.

**(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the e-mail address viz; [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending e-AGM & e-voting from the e-voting system, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).



All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

- (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. 18<sup>th</sup> September 2020** 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. 18<sup>th</sup> September 2020**.
- (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 e-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 e-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](http://www.arotile.com) and on the website of CDSL immediately.
13. The Share Transfer Books and Register of Members of the Company shall remain closed from **21.09.2020 to 25.09.2020 (Both days inclusive)**
14. 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.
15. As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 brief resume of Smt. Sujata Arora, whose appointment as Director liable to retire by rotation (proposed at Item No. 3) is given hereunder:

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

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT 2013

### ITEM NO. 3

Smt. Vinita Sood (DIN 06926832) had been appointed as an Independent Director of the Company for a period of five years by the Board of Directors in its meeting held on 31.10.2014 and approved in the Annual general Meeting held on 11<sup>th</sup> September 2015. Pursuant to provisions of Section 150 of the Companies Act 2013, Board of Directors in its Meeting held on 19<sup>th</sup> October 2019, on the recommendation of the Nomination and Remuneration Committee, has given its consent for the re-appointment of Smt. Vinita Sood as a Non-Executive Independent Director of the Company for a second term of five consecutive years with effect from 1<sup>st</sup> November 2019 subject to the approval in the ensuing Annual General Meeting.

Vinita Sood is an academic consultant with XSEED Education, a professional development program to improve the quality of teaching and learning in schools. At XSEED, she is committed to working towards building a positive transformation in the way that teachers and students learn with great focus on experiential learning. Prior to this, she worked for International NGO, Education Development Centre developing technology tools for teaching and training for the various State Governments. She also worked as a consultant for Deccan Herald in education project. Vinita started her career with Educomp Pvt Ltd. Vinita has done her post graduate degree in Science and education.

In terms of section 149 of the Companies Act 2013 and other relevant provisions Smt. Vinita Sood, being eligible and offering herself for re-appointment as an independent Director for the further period of five years. In the opinion of the Board, Smt. Vinita Sood fulfills the conditions of her re-appointment as an independent director as prescribed under the Companies Act and rules made thereunder. Smt. Vinita Sood is Independent of management. The Company has received the declaration of Independence from her as prescribed under Section 149(6) of the Act. Smt. Vinita Sood neither holding any shares or related to any Director or Key Management Person of the Company.

Board of Directors of the Company evaluated the performance of Smt. Vinita Sood and found the same satisfactory and is of the opinion that Company shall be benefitted by re-appointment on the Board.

None of the Director except Smt. Vinita Sood or her relatives or any Key Management person or their relatives has any nature of concern, interest, financial or otherwise directly or in respect of proposed resolution. Board recommends the resolution for approval of members as Special Resolution.

## FOR THE ATTENTION OF THE SHAREHOLDERS

1. Shareholders having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
2. Requests for transfer of Shares and related correspondence should be addressed to the Company's **Registrar & Share Transfer Agent M/s Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi 110055**. The shareholder may approach their Depository Participant for getting their shares dematerialised and in respect of the shares already held in dematerialised mode for registration of change in their addresses, bank mandates and nominations etc. For any further clarifications and other matters kindly write to the **Company Secretary at 1001, 10<sup>th</sup>Floor, DLF Tower A, Jasola, New Delhi 110025** or e- mail: [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com). Please quote your folio no/DP ID/Client ID and number of shares for prompt attention.
3. 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 31.03.2013 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 2013-14 to 2018-19 are requested to send the same for revalidation to the Company at the address given at point No. 2 above.
4. 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.
5. 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.
6. Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notices/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).
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

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

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



## Directors' Report

The Directors' have pleasure in presenting the 32<sup>nd</sup> Annual Report together with Audited Accounts of the Company for the year ended on 31<sup>st</sup> March 2020.

### FINANCIAL RESULTS

	31.03.2020	31.03.2019
Gross Profit before Depreciation	1569.94	2078.10
Depreciation	1052.59	825.44
Profit before Tax	517.35	1252.66
Provision for Tax	-	-
Current	86.36	361.71
– MAT Credit	(86.36)	-
– Deferred	156.72	(80.17)
Surplus available for appropriation	360.62	971.11
Dividend (including Dividend Tax)	(184.45)	-
Amount transferred to General Reserve	-	-
Surplus carried to Balance Sheet	176.17	971.11

(₹ in Lakhs)

### WORKING RESULTS

The Business environment for the natural stone industry continues to be a mixed bag. Though our Sales grew 3.06% from ₹ 172cr in FY2019 to ₹ 177cr in FY2020, our Net Profit declined by 62.87% from ₹ 9.71cr in FY2019 to ₹ 3.61Cr in FY2020. The decline in profitability is due to the fact that our bank loan and working capital limits, being in foreign currency, are exposed to currency fluctuations and during the year the exchange loss was approximately ₹ 9.00 Crores as per the AS 11 Accounting Standard, which is a notional entry only. Our focus on only core colours, some specialised shades and cut-to-size has helped us in improving our efficiency. Our Cut-to-size segment is performing well and is working at good capacities. We are getting regular and repeat orders from Europe. Cut-to-size is a value-added product and commands higher margin. These jobs are very labour intensive and require a high level of precision and quality finish. We have been able to differentiate our offerings, and this has allowed this segment to profitably scale up.

On August 1, 2019 we exported the first Container from our Jaipur Unit located in Mahindra World SEZ. During the 8 months of operations we faced some small teething issues which were sorted out over the following months. The response of customers for the Rajasthan factory has been strong and over the 8 months of operations, Jaipur Unit has contributed 8% of our total year's sales turnover. The sales would have been higher if we had not lost 2 weeks in March 2020 to the Lock down in our Jaipur unit.

Had it not been for the Jaipur Unit, we would have lost all our sales of the Rajasthan Colours from our Portfolio. As more factories opened in the North of India, the transportation cost of bringing blocks to the South makes the prices unviable. With the quarries in Rajasthan for granite bring only in its Nascent Stages, we expect the future to be bright for the North Indian Shades.

Over the year there was no improvement in Quarry positions in the South of India. There are still thousands of quarries closed due to the lack of Environmental Clearance. This has continued to affect our business over the last 5 years.

With the raw materials issue continuing to impact sales in Hosur, we decided to put up a Quartz (Engineered Stone) unit in Hosur. The proposed installed capacity of the unit would be 180,000Sqr. mtr. per annum. We started work on constructing the factory in March 2019 and we expected to start trial runs by March 2020. However, the Chinese technicians responsible for Commissioning the plant returned to China in late January to celebrate the Chinese New Year. Following the Chinese festival, the technicians were unable to return to India due to the travel ban in force due to the COVID-19 Pandemic.

With all of our current resources and infrastructure and part of the granite machinery being designated for the quartz production our Fixed Cost is not very high. Hence the Cost burden due to Covid-19 delay in Quartz plant commissioning has been marginal and is largely an opportunity cost/loss.

Ever since the implementation of GST, cash flows have been tied up in pending GST refunds. However, during the year we were able to clear up large chunks of these refunds and bringing our current refund status up to date. This has helped us with a better Cash Flow.

Moreover, with relentless customer service and focus on quality, over the years, the company has built trust and reputation in the export market which has helped better positioning even in the unprecedented situation created due to pandemic.

### DIVIDEND

Your Directors have not recommended any dividend for the year 2019-2020.

### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year amount of Rs 228937/- for the Financial Year 2011-12 transfer to Investor Protection Fund under sub-section (2) of section 125 of the Companies Act 2013 and IEPF (Accounting, Audit, Transfer and Refund) Rules 2016. Shri Sabyasachi Panigrahi, Company Secretary is the Nodal Officer appointed by the Company under the Provisions of the IEPF Act.

## 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 at arm's length basis. Your Directors draw attention of the members to Notes to accounts of financial statement which sets out related party disclosures. The Related Party Transactions Policy as approved by the Board is available on the website of the Company [www.arotile.com](http://www.arotile.com).

## DIRECTORS

Shri K. Raghavendra Acharya, Executive Director passed away on 15.06.2020. The Board expresses its condolences and acknowledges the invaluable contribution made by Late Shri Acharya as an Executive Director of the Company during his tenure and association with the Company. His sudden and unexpected passing away will be an irreparable loss to the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company which has been approved by the Board. The CSR policy may be access from the website of the Company i.e. [www.arotile.com](http://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 Auditor 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 2019-20 to conduct the Secretarial Audit. The Secretarial Audit Report along with the Annual compliance Secretarial Audit Report under SEBI Regulation for the year 2019-20 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 2019-2020. Internal Audit report does not contain any qualification, reservations or adverse remark.

## COMPLIANCE WITH SECRETARIAL STANDARDS

Compliance of Secretarial Standards on Meeting of Board of Directors (SS-1) issued by Institute of Company Secretary of India has been adopted by the Company.

**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 Board's Report. The Auditors' Certificate for the year 2019-20 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** and form part of this report and can be accessed at web link [www.arotile.com](http://www.arotile.com) :-

**PARTICULARS OF REMUNERATION**

Statement of particulars of employee pursuant to the provisions of section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31<sup>st</sup> March 2020.

Employed throughout the financial year, ended 31<sup>st</sup> March 2020 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	61 Years	B. Sc.	33 Years	03.05.1988	Managing Director	1,64,73,448	Since Inception

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

- The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: The Board of Directors of the Company comprises of Non-Executive Directors who 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	849.672
2	Shri Sundareshwara G Sastry	12.895
3	Shri Dinesh Chandra Kothari	6.189
4	Shri Rahul Gupta	9.026
5	Smt. Sujata Arora	7.737
6	Shri K Raghavendra Acharya, Executive Director	96.156
7	Smt. Vinita Sood	11.347
8	Shri Sahil Arora, Whole Time Director	129.959

- 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	-0.49
2	Shri Dinesh Chandra Kothari	-31.43
3	Shri Rahul Gupta	-20.45
4	Smt. Sujata Arora	0.00
5	Shri K Raghavendra Acharya, Executive Director	17.72
6	Smt. Vinita Sood	144.44
7	Shri Sabyasachi Panigrahi, Company Secretary	7.90
8	Shri Sahil Arora, Whole Time Director	10.47
9	Shri Sundareshwara G. Sastry	8.70
10	Shri M Madan Gopal CFO	-17.35

3. The percentage increase in the median remuneration of employees in the financial year: 14.04
4. The number of permanent employees on the roll of Company: 286
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year ended 31<sup>st</sup> March 2020 was 12.75%
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, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

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

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

**INTERNAL FINANCIAL CONTROLS**

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

**LISTING**

The Equity Shares of the Company are listed in BSE Limited and National Stock Exchange of India Limited. Listing fees for the year 2020-2021 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: 26.06.2020

Sunil K Arora  
Managing Director

Sujata Arora  
Director



**ANNEXURE I TO THE BOARD'S REPORT**

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2019-20.

1.	A brief detail 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.	Composition of Committee				Dinesh Chandra Kothari (Chairman) Smt. Sujata Arora (Member) Smt. Vanita Sood (Member) Shri Sundareshwara G. Sastry (Member)			
3.	Average net profits of the Company for the last three financial years				₹ 1006.54 Lakhs			
4.	Prescribed CSR expenditure (2% of the Average net profits of last three financial years)				₹ 20.13 Lakhs			
5.	<b>Details of the CSR spent during the year</b>							
a	Total Amount spent for the financial year 2019-20				₹ 27.32 Lakhs			
b	Amount unspent, if any,				₹ 83.48 Lakhs			
c	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 (₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent Direct or through implementing agency (₹)
	1.	Rural Health Care (Aro Charitable Trust)	Rural Area	Local Area Hosur Krishnagiri District Tamil Nadu	20,13,000/-	27,31,898/-	27,31,898/-	NIL

**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

Place: Hosur  
Date: 26.06.2020

## ANNEXURE II TO THE BOARDS' REPORT

### MR-3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2020

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

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

We 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. We have followed the audit practices and processes those are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that, the processes and practices we follow, provide the reasonable basis of our opinion.
- c. The Compliances of provisions of the corporate and other applicable laws, rules, regulation, standard is the responsibility of the management. Our examination was limited to the verification of procedures on test check basis.
- d. We 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 our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has during the audit period covering the financial year ended on 31<sup>st</sup> march 2020 (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 hereinafter:

We have examined the books, papers, minutes, books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March 2020 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 Byelaws framed there under.
- (iv) Foreign Exchange Management Act 1999 and the Rules & Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI ACT).
  - a. The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulation Act 2011.
  - 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.
  - d. The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations 2014 notified on 28<sup>th</sup> October 2014. **(Not applicable to the Company during audit period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008. **(Not applicable to the Company during the audit period)**
  - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulation 1993 regarding the Companies Act and dealing with the client.



- g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations 2009 (**Not applicable to the company during the audit period**).
- h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations Act 1998 (**Not applicable to the company during the audit period**)

We 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 and the Listing Agreement entered into by the Company with Stock Exchanges.

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

#### **We 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. During the year no changes took place in the compositions of the Board of Directors of the Company. The Company has provided Rs 20.13 Lakhs for CSR and spent Rs 27.32 Lakhs under the Corporate Social Responsibility as per the relevant provisions of the Companies Act 2013. During the year amount remained unspent Rs 83.48 Lakhs. During the year there is related party transactions at an arm's length for which omnibus approval has been taken. During the year company declared and paid the dividend for the year 2018-2019.

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. During the year no extra ordinary general meeting was held. Annual General Meeting was held, and proper Notice were sent to members.

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. There are Inter-Corporate Investment as per section 186 of the Companies Act 2013 in the Company.

During the year Company took unsecured loan from the Managing Director. We 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.

**We 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  
UDIN: A012120B000393358

Place: New Delhi  
Date: 26<sup>th</sup> June 2020

**SECRETARIAL COMPLIANCES REPORT OF ARO GRANITE INDUSTRIES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

(Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

**Secretarial Compliances Report of Aro granite industries limited for the Year ended 31<sup>st</sup> March 2020**

I have examined

- All documents and records made available to me and explanation provided by **Aro granite industries limited. (Listed Entity)**
- Filings/submissions made by the listed entity to the stock exchanges
- Website of listed entity
- Any other document /filing as may be relevant, which has been relied upon to make this certification.

for the year ended 31.03.2020 in respect of compliance with the provisions of

- Securities and Exchange Board of India 1992 (SEBI Act) and the Regulations, Circulars/guidelines issued thereunder: and
- Securities Contracts (Regulation) Act 1956 (SCRA) rules made thereunder and the regulations, circulars, guidelines issued by the Securities and Exchange Board of India (SEBI).

The Specific Regulations, whose provisions and the Circulars/guidelines issued thereunder have been examined include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015
- The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation Act 2018.
- The Securities and Exchange Board of India Exchange (Substantial Acquisition of shares and Takeovers) Regulations 2011.
- The Securities and Exchange Board of India (Buyback of securities) Regulations, 2018 (Not applicable during the year under review)
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014. (Not applicable during the year under review)
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008. (Not applicable during the year under review)
- The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulation 2013. (Not applicable during the year under review)
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015

and circulars/guidelines issued thereunder:

And based on the above examination, I/We hereby report that, during the Review Period:

- The Listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviation	Observations/Remarks of the Practicing Company Secretary
	NIL	NIL	NIL

- The Listed entity has maintained proper records under the provisions of the above regulations and circulars/guidelines issued thereunder insofar as it appears from my/our examination of those records.
- The following are the details of actions taken against the listed entity /its promoters/directors/material subsidiaries either by SEBI or by Stock Exchange(s) (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sl. No.	Action taken by	Details of violation	Details of action taken e.g. fines warning letter debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any
	NIL	NIL	NIL	NIL

- The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the Secretarial compliance report for the year ended---	Actions taken by the listed entity, If any	Comments of the Practicing Company Secretary on the actions taken by the listed entity.
	NIL	NIL	NIL	NIL

Latika Jetley  
Practicing Company Secretary  
UDIN: A012120B000315621  
ACS 12120/ COP 3074

Place: New Delhi  
Date: 4<sup>th</sup> June 2020

**ANNEXURE III TO THE BOARD'S 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 31<sup>st</sup> March 2020, 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: 26.06.2020

(Praveen Kumar Jain)  
Partner M No. 082515

**ANNEXURE IV TO THE BOARD'S 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 1,15,02,374 units were consumed and the per Sq. mt. power consumption cost only ₹ 156.22

**(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**

Foreign Exchange earned in terms of actual inflows during the year and Foreign Exchange outgo during the year in terms of actual outflows. The details regarding foreign exchange earnings and outgo are given below.

**(a) Earnings in Foreign Exchange**

	Year ended 31.03.2020 (₹ in Lakhs)	Year ended 31.03.2019 (₹ in Lakhs)
Export of Goods (FOB)	16,334.83	15,983.36

**(b) Expenditure in Foreign Currency**

Value of Imports (CIF)	Year ended 31.03.2020 (₹ in Lakhs)		Year ended 31.03.2019 (₹ in Lakhs)	
Capital Goods	3,411.53	61.78%	677.13	19.57%
Raw Materials	770.98	13.96%	1,139.42	32.92%
Consumables	1,101.80	19.95%	1,287.83	37.21%
Stores & Spares	178.44	3.23%	286.70	8.28%
Overseas Business Travelling	32.25	0.58%	49.68	1.44%
Other Expenses	26.88	0.49%	20.12	0.58%

**Annexure V to the Boards' Report**

**Form No. MGT-9: Extract of Annual Return as on financial year ended 31.03.2020**

[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: [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com)
- vi. Whether listed Company Yes/ No Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any Alankit Assignments Limited  
Alankit House, 4E/2, Jhandewalan Extension  
New Delhi-110055,  
Phone No. 91-11-23541234, 42541234  
Fax: 91-11-23552001,  
E-mail ID: [info@alankit.com](mailto: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	
<b>A. Promoters</b>									
(1) Indian									
a) Individual /HUF)	6282856	0	6282856	41.06	6282856	0	6282856	41.06	0
b) Central Govt/ State Gov(s)	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1)</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>0</b>
(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
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>0</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / Fi	115022	0	115022	0.75	75	0	75	0	0.75
c) Central Govt	0	0	0	0	126317	0	126317	0.83	-0.83
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	54783	0	54783	0.36	0	0	0	0	0.36
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
<b>sub-total (B)(1)</b>	<b>169805</b>	<b>0</b>	<b>169805</b>	<b>1.11</b>	<b>126317</b>	<b>0</b>	<b>126317</b>	<b>0.83</b>	<b>0.28</b>
2. Non Institutions									
a) Bodies Corp.									
i) Indian Corp.	968939	12324	981263	6.41	854545	12324	866869	5.67	0.75
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 ₹ 1 lakh	4248119	348936	4597055	30.05	4085985	316523	4402508	28.77	1.27
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	3043862	0	3043862	19.89	3320498	69035	3389533	22.15	-2.26
c) Other (specify)	0	0	0	0	0	0	0	0	0
<b>NRI/ OCB</b>	<b>208248</b>	<b>16911</b>	<b>225159</b>	<b>1.47</b>	<b>214939</b>	<b>16919</b>	<b>231842</b>	<b>1.52</b>	<b>-0.04</b>
<b>Sub total (b) (2)</b>	<b>8469168</b>	<b>378171</b>	<b>8847339</b>	<b>57.83</b>	<b>8475959</b>	<b>414793</b>	<b>8890752</b>	<b>58.11</b>	<b>-0.28</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)2</b>	<b>8638973</b>	<b>378171</b>	<b>9017144</b>	<b>58.94</b>	<b>8602357</b>	<b>414793</b>	<b>4017144</b>	<b>58.94</b>	<b>0.00</b>
<b>C. Share held by Custodian For GDRS &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>14921829</b>	<b>378171</b>	<b>15300000</b>	<b>100.00</b>	<b>14885207</b>	<b>414793</b>	<b>153.0</b>	<b>100%</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	Sunil K Arora	4887540	31.95	0	4887540	31.95	0	0
2	Sujata Arora	598572	3.91	0	598572	3.91	0	0
3	Sudershan Arora	186603	1.22	0	186603	1.22	0	0
4	Aman Arora	33	0.00	0	33	0.00	0	0
5	Geeti Arora	1350	0.01	0	1350	0.01	0	0
6	Ravi Kumar Arora	1383	0.01	0	1383	0.01	0	0
7	Sahil Arora	303688	1.98	0	303688	1.98	0	0
8	Shivani Arora	303687	1.98	0	303687	1.98	0	0
	<b>TOTAL</b>	<b>6282856</b>	<b>41.06</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>0</b>	<b>0</b>

## (ii) 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

## (iii) 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 2019		Shareholding at the end of the year 31st March 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Dilip Kumar Lakhi	1612124	10.54	1612124	10.54
2	Winfin Financial Consultants Pvt Ltd.	381794	2.50	381794	2.50
3	Bharat Pitti	364906	2.39	364906	2.39
4	Archit Exim Pvt Ltd	206791	1.35	206791	1.35
5	Sangeetha s	0	0	200590	1.31
6	Perna Kuhad	127344	0.83	127344	0.83
7	Amitabh Singhi	121488	0.79	121488	0.79
8	Surinder Mohan Laroia	84375	0.55	84375	0.55
9	Bharat Pitti	97513	0.64	97513	0.64
10	Rashmi Sharma	67228	0.44	67228	0.44



## (iv) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of Directors and KMP	Shareholding at the beginning of the year 1st April 2019		Shareholding at the end of the year 31st March 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sunil K Arora	4887540	31.95	4887540	31.95
2	Sujata Arora	598572	3.91	598572	3.91
3	Sahil Arora	303688	1.98	303688	1.98

## 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	17,52,38,406.00	0.00	0.00	17,52,38,406.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not Due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>17,52,38,406.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,52,38,406.00</b>
Change in Indebtedness during the financial year				
Addition	28,15,12,907.00	4,24,33,702.00	0.00	32,39,46,609.00
Reduction	9,10,30,914.00	0.00	0.00	9,10,30,914.00
Net Change	19,04,81,993.00	4,24,33,702.00	0.00	23,29,15,695.00
Indebtedness at the end of the financial year				
i) Principal Amount	36,57,20,399.00	4,24,33,702.00	0.00	40,81,54,101.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not Due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>36,57,20,399.00</b>	<b>4,24,33,702.00</b>	<b>0.00</b>	<b>40,81,54,101.00</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		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	1,62,00,000.00	24,00,000.00	18,46,682.00	2,04,46,682.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,73,448.00	1,19,649.00	17,600.00	4,10,697.00
	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	0.00
	<b>Total (A)</b>	<b>1,64,73,448.00</b>	<b>25,19,649.00</b>	<b>18,64,282.00</b>	<b>2,08,57,379.00</b>

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	Vinita Sood	Sundareshwara G Sastry	
1	Independent Directors					
	• Fees for attending Board/ Committee Meetings	1,20,000.00	1,75,000.00	2,20,000.00	2,50,000.00	7,65,000.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Other, Please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	<b>1,20,000.00</b>	<b>1,75,000.00</b>	<b>2,20,000.00</b>	<b>2,50,000.00</b>	<b>7,65,000.00</b>

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		SUJATA ARORA				
2	Other Non-Executive Director					
	• Fees for attending Board/ Committee Meetings	1,50,000.00	0.00	0.00	0.00	1,50,000.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Other, Please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (2)</b>	<b>1,50,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,50,000.00</b>
	<b>Total (B)= (1) + (2)</b>					<b>9,15,000.00</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>2,17,72,379.00</b>

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	<b>Gross salary</b>				
	(A) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	16,38,408.00	18,03,083.00	34,41,491.00
	(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
	<b>Total</b>	<b>0.00</b>	<b>16,38,408.00</b>	<b>18,03,083.00</b>	<b>34,41,491.00</b>

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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



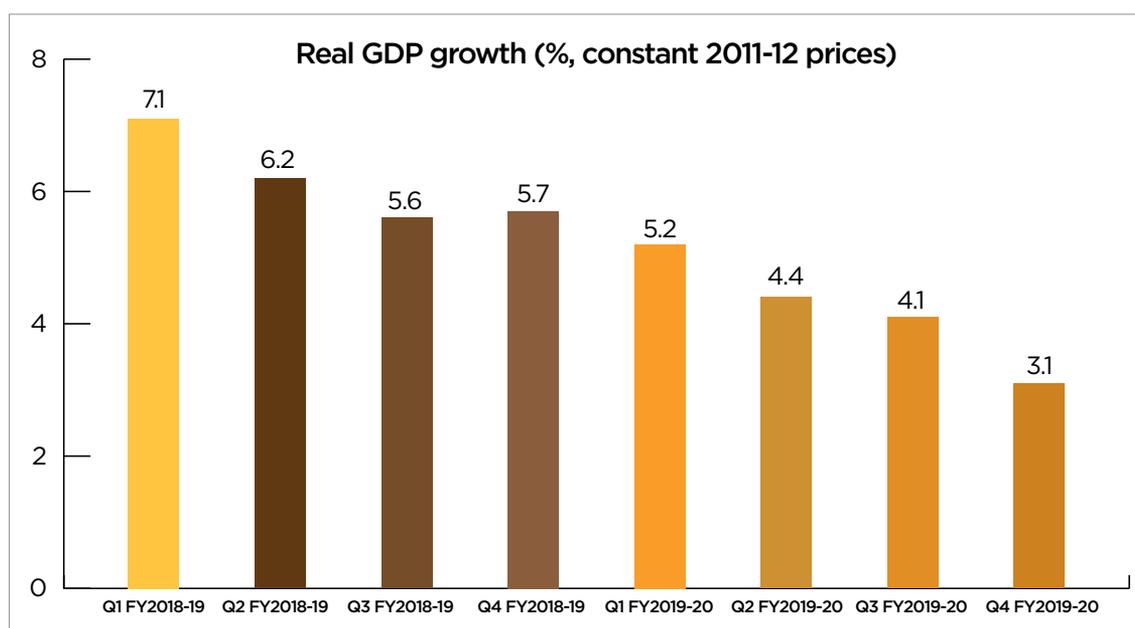
## Management Discussion and Analysis

### Global Economy

Global GDP growth is expected to decline from 3.0% in 2018 to 2.7% in 2019, due to the slowdown in international trade driven by trade war between USA and China, Brexit linked uncertainty in Europe and heightened geopolitical tension around the world. In 2020 the global economy has further been impacted by the spread of Covid-19 which is driving the deepest global recession in decades. As per World Bank the global economy is expected to shrink by over 5% in FY2020. Countries across the world have resorted to lockdowns, closure of non-essential businesses and have imposed travel restrictions to contain the spread of Covid-19. The consumption and investment activities have been severely impacted. Global trade, supply chain, travel and tourism are disrupted due to cross border spread of Covid-19.

### Indian Economy

Indian GDP growth has slowed down dramatically from a 8.2% in FY2017 to a 11 year low of 4.2% in FY2020. The decline in GDP was caused by fall in private consumption, slowdown in capex, overall contraction in global trade, weak rural demand and lockdowns induced by Covid-19. The GDP slowdown is exacerbated further by the stress in financial sector in India. While the government initiated various reforms to revive the economy like reduction of corporate income tax rates, farmer income support to increase rural demand and agri reforms but growth continued on its declining trend. To increase the liquidity in bank channels and drive lending activities in the market government infused ₹ 2 lakh crores in public sector banks but liquidity crunch continued.

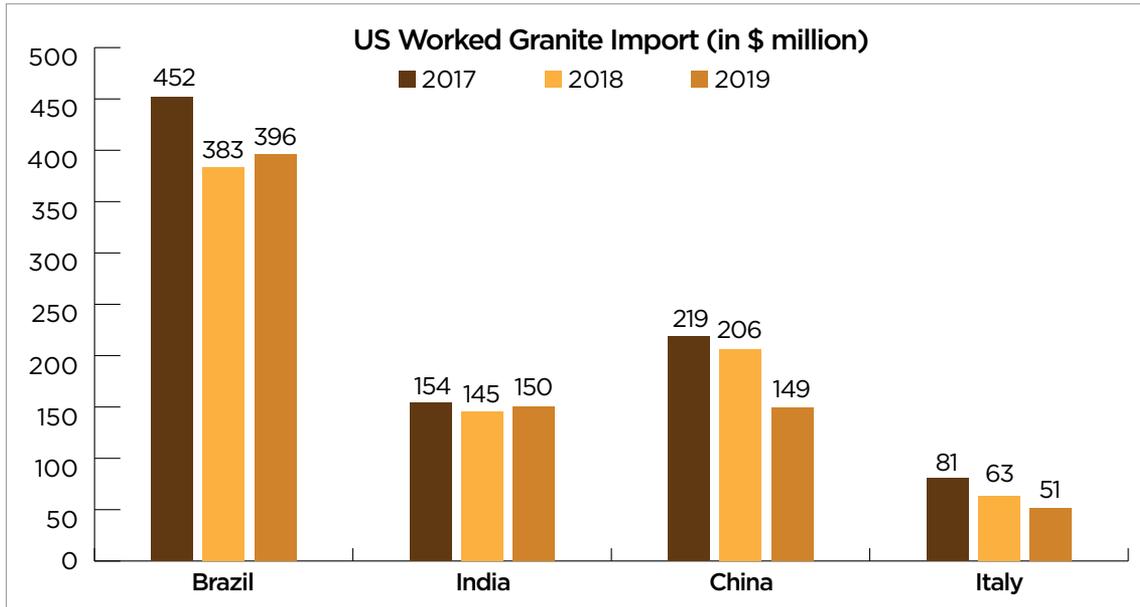


Going forward Covid-19 pandemic will severely impact economic activity in India. Government announced nationwide lockdown from last week of March 2020 and suspended all major industrial activities. Most of the sectors were severely hit with a few exceptions like agriculture and essential products and Services. Prolonged shutdowns due to Covid-19 will impact both the demand and the supply chains, and Indian Economy is expected to shrink by 4-6% in the current year as per various projections by the Rating Agencies. The slowdown in economic activities has also impacted government revenue which will impact capital spending by the government.

### Global Granite Industry

Granite has been one of the most popular natural stone used by humans for thousands of years. It is one of the oldest building material in the world. With the rise of technologies and invention of cutting and polishing tools usage of granite has further increased to bathroom floors and kitchen countertop. Modern machines gives granite mirror like polish and adds value to its inherent qualities like high compressive strength, aesthetics and longevity. Granite finds applications in many areas like funerary industry for tombstones and building industry for external flooring, internal flooring, stairs and structure work. The industry is mainly divided among two types of players, one who sell raw granite blocks and others who process granite blocks into slabs & tiles and other customized items. Granite processing commands a premium over raw blocks, as the polishing & finishing adds value to the raw product.

Major consumers of granite stone are USA, Europe and Asia Pacific region. Rapid urbanisation, building renovation & remodeling of existing homes and rising prosperity in emerging economies has fueled the growth of the global natural stone market. USA has been biggest market for processed stone industry and has seen a lot of growth in last decade. Major driver of demand for stones has been residential market where the trend for granite countertop in the kitchens and bathrooms has fueled the overall demand. On the supply side global granite industry is controlled by China, Brazil, India, Saudi Arabia and Italy which together contribute to 90% of global production. Brazil has been largest exporter of processed granite in USA. Due to proximity to USA and favourable currency market share of Brazil has been more than 50% in USA.

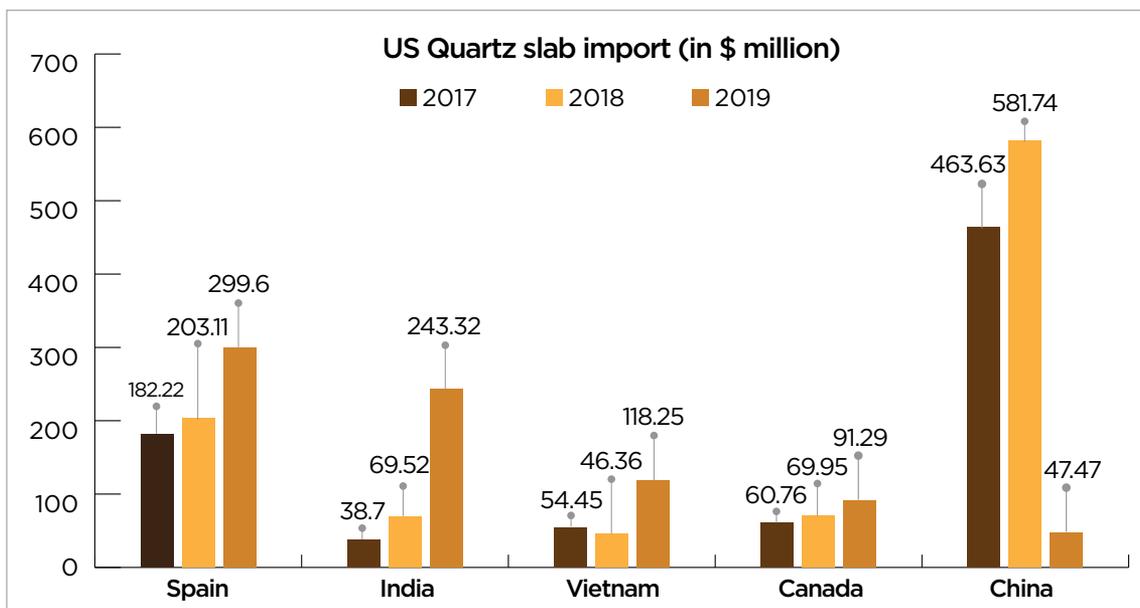


China has been largest importer of raw granite blocks and largest exporter of processed granite slabs and tiles in the World. It imports raw granite blocks from Turkey, India, Brazil, Italy and other countries to process and re-export. China has dominated global granite exports market due to its lower cost export friendly government policies and huge subsidies by government. Since 2018 after imposition of anti dumping duty by USA, China's exports to USA is declining continuously and India has been able to capture part of the market share in USA and its exports is increasing in terms of volumes. However the overall dollar value of the imports from India have stagnated due to falling realisations.

#### Engineered Stones

Engineered stone is manmade stone and manufactured from mix of crushed quartz, resin binder, pigments and additives. Quartz is one of the hardest and abundant mineral on the earth. One advantage that engineered stone has over granite and other natural stones, is the consistency in colors and designs. Engineered stone can be across various colors and designs since pigments are added in the manufacturing. Engineered stone are becoming very popular choice for Kitchen countertop, Facades, Flooring and Bathroom and capturing market of natural stones. Consumption for engineered stone has grown by 12.3% CAGR from 2013 to 2019.

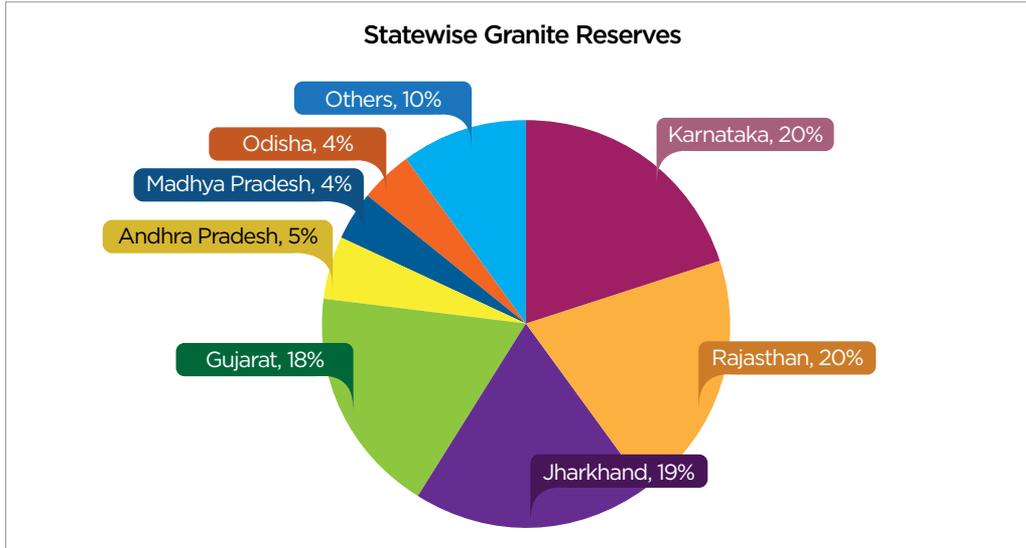
USA has been biggest importer of Engineered stone and imported \$1.17 billion worth of engineered stone in 2019. China due to its large scale manufacturing and lower cost was largest exporter of engineered stone in USA. Chinese players have advantage over other countries as its government provide more than 20 subsidy programs including grants, loans, tax breaks, the provision of land, electricity and raw material inputs at below-market prices. Due to lower costs and support of government heavy exports from China have impacted Quartz manufacturers in USA, and the prices have substantially declined in past few years. In 2018 USA levied anti-dumping duty on China for engineered stone which created an opportunity for manufacturers in other countries. India, Spain and Vietnam has been biggest beneficiary of the Chinese players exit from the market. India's Quartz exports have increased many fold from \$38.7 million in 2017 to \$243.3 million in 2019.





### Indian Granite Industry

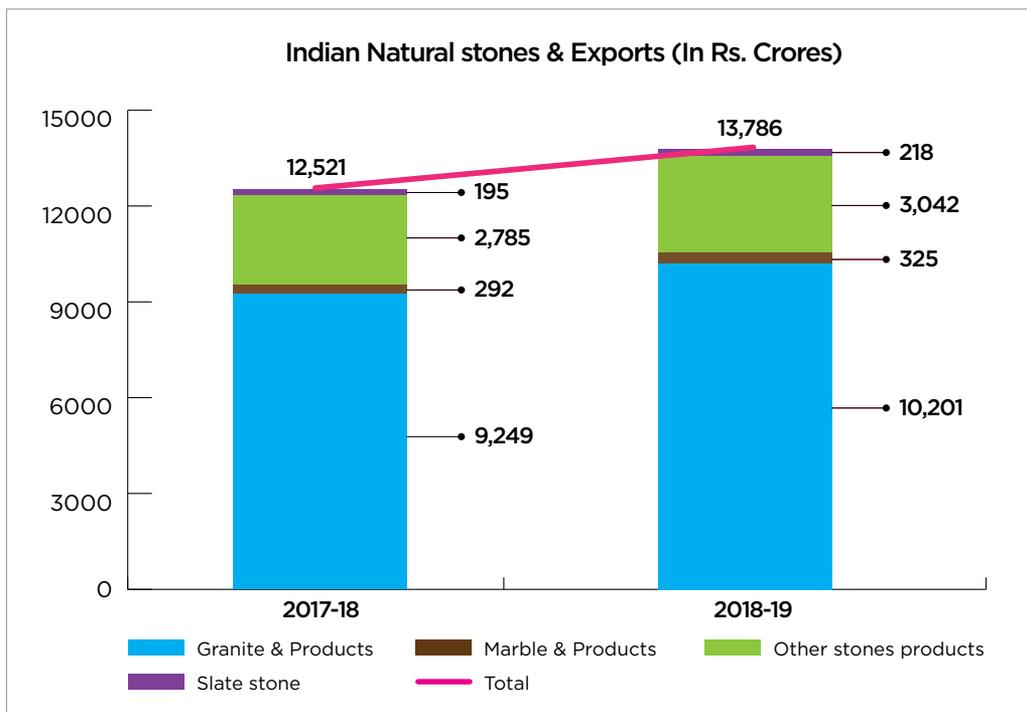
India is endowed with abundant resources with around 20% of world's granite reserves. India has a wide variety of granite reserves and has over 200 shades out of around 300 shades spread all over the world. As per Indian mineral year book 2019 India has 46,320 million cubic meters of granite reserves. Of these resources around 1% fall under reserves category and rest 99% fall under resources categories. Furthermore India has 7% of Black granite reserves which has huge demand globally.



In India granite is classified as a Minor Mineral under the MMDR Act 1957 and its reserves and leasing regulations are governed by state governments. Historically state governments used their discretion to allot quarries, which in turn promoted illegal granite mining. Since last few years Indian granite industry is facing challenges from raw material shortage due to shut down of granite quarries on large scale. Furthermore crackdown on granite quarries lacking environmental clearance (EC) aggravated the problem of raw material shortage.

In Tamil Nadu and Karnataka large number of quarries were shut down due to lack of EC. Rules for EC historically have been quite subjective and opaque so quarry owners have taken different interpretations of the same. The closure of the quarries has impacted granite production in Tamil Nadu and Karnataka quite significantly. Granite processors in Tamil Nadu and Karnataka have to source granite block from other states and other countries which have increased their transportation cost and impacted their competitiveness in the international markets.

Rajasthan which has huge granite reserves and better mining policies, along with shades that are in demand globally, is becoming a preferred state for sourcing of granite blocks.



Exports of natural stones out of India grew by 10.10% from ₹ 12,521 Cr in FY2017-18 to ₹ 13,786 Cr in FY2018-19. Export of granite from India also increased by 10.30% from ₹ 9,248 Cr in FY2017-18 to ₹ 10,201 Cr in FY2018-19.

China has been biggest consumer of Indian granite followed by USA, UK, Vietnam, Bangladesh and Germany. India exported largely raw blocks of natural stones to China and exports amounted to ₹ 3,093 Cr to China in FY2018-19. USA on the other hand is largest market for processed natural stones and products from India, in FY2018-19 exports amounted to ₹ 2,386 Cr of natural stones to USA.

### Impact of COVID-19

The Indian granite industry has been impacted badly by Covid-19. India exports granite in raw blocks as well as in form of tiles and slabs after processing. China being the largest importer of raw granite blocks from India has seen a big demand contraction as a result of the outbreak of the disease. While there are orders for processed granite, the local transportation issues and inability of buyers to travel to India, is impacting the future order pipeline.

Raw material availability has even worsened due to spread of Covid-19. Indian government imposed nationwide lockdown which stopped production at the granite quarries. Furthermore due to uncertainty over duration of lockdown migrant labour from Bihar, Uttar Pradesh and Jharkhand moved back to their native places which has created huge shortage of manpower especially in south India states like Tamil Nadu and Andhra Pradesh.

Overall the situation in stone industry is quite challenging and both the demand & supply will remain muted. The situation is expected to return to normal once a vaccine is found and social distancing and travel restrictions are removed.

### About the Company

Aro granite is the largest processed granite exporter from India. The Company has an experience of more than 35 years in processed granite exports. It has a 100% EOU plant located in Hosur, Tamil Nadu and set up a new 100% EOU unit in Jaipur, Rajasthan last year. It currently exports to more than 50 Countries. It has received "Star export House" certification from Ministry of Commerce and Industry. The Company uses the latest machinery for cutting & polishing and has developed a reputation of supplying quality products over the years.

In Hosur, the Company has a facility to process granite blocks into slabs, tiles and Cut-to-Size blocks. It has installed capacity of 7,35,000 sq. mtr. for granite slabs and 3,60,000 sq. mtr. for granite tiles. For Cut-to-Size segment it has 2 CNC machines and 1 edge policing machine. It also diversified its product portfolio and launched new product Quartzite in 2018, for which it has a processing capacity of 50,000 sq. mtr. For Quartzite processing it uses multi wire cutting machine with latest technology which uses diamond to cut raw blocks. In Jaipur it has an installed capacity of 150,000 sq. mtr. for granite slabs

Over the years natural stone has been facing stiff competition from engineered stones globally. Quartz is substitute product for natural stone and taking market share from natural granite stone. Due to the rising popularity of engineered stone, the Company decided to start a manufacturing line for Quartz engineered stone. The quartz plant will have a capacity of 1,80,000 sq. mtr. per year and is step up in the existing plant in Hosur. The common infrastructure around cutting and polishing has helped reduce the setup cost of the quartz plant. The commissioning of the plant has been delayed due to unavailability of technicians from China. The plant is expected to start later this year, as international travel is allowed once again in India.

### Jaipur Plant

The company has set up plant in Jaipur, Rajasthan which accounts for 20% of the granite reserves in India. The plant has a capacity of 1,50,000 sq. mtr. granite slabs per year. Construction of Jaipur plant has completed and production was started from August 2019. It is now processing raw material procured from North India in its Jaipur plant rather than transporting to Hosur plant which is saving upto 15% of cost of raw material.

Jaipur plant was operational for 8 months in FY2020 and inspite of operational challenges in the beginning it contributed 8% of total sales during the year. Company is using Mundra port for the exports from Jaipur unit and even during the lockdown, the Jaipur unit was able to ship regularly. Rajasthan has abundant resources and colors which are popular in North American market. We are hopeful of business scaling up in the Jaipur unit and its contribution to overall sales will grow in the years ahead.

### Company Performance

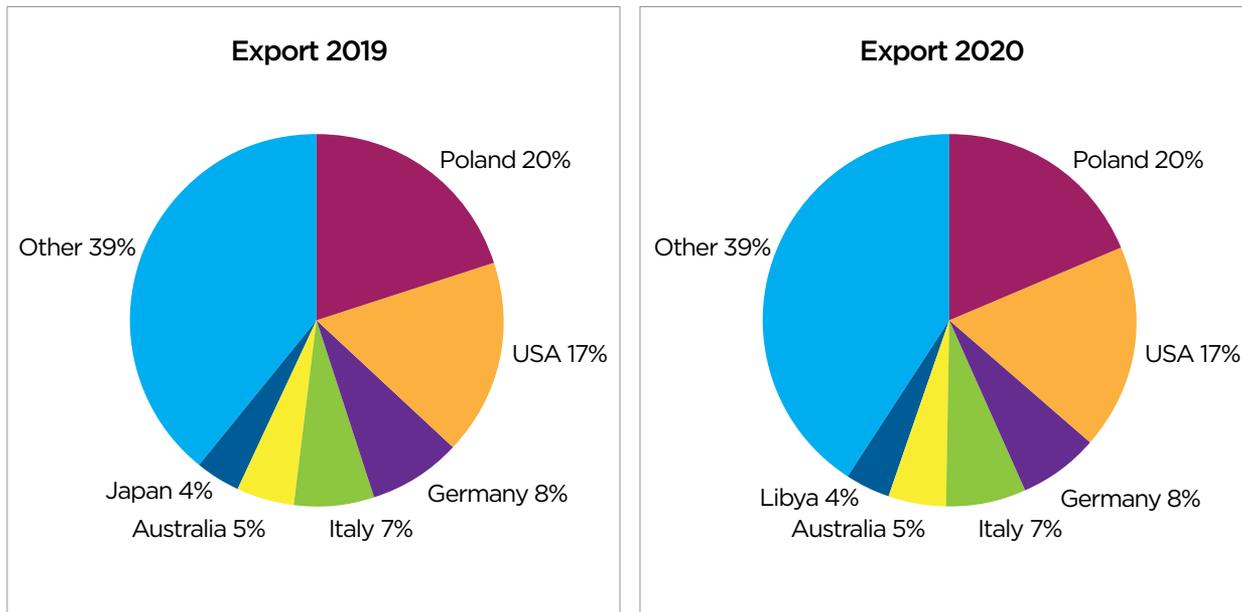
During FY2019-20 revenue of the company increased by 3% from ₹ 172 Cr in FY2018-19 to ₹ 177 Cr in FY2019-20. The increase in sales was largely on account of increase in sales volume which increased by 6.2% from 4.68 lakh sq. mtr. in FY2018-19 to 4.98 lakh sq. mtr. in FY2019-20. PAT declined by 62.87% from ₹ 9.71 Cr in FY2018-19 to ₹ 3.6 Cr in FY2019-20. Profitability of company mainly declined due to currency fluctuation during the year which is merely a book entry. Company has availed working capital loan in foreign currency so it is largely hedged against the risk of currency fluctuation.

Domestic sales of the company accounts for 6% of the total revenue. The sales in domestic market is lower due to high tax rates, lower realisations and unhealthy competition from the unorganised sector in India. Furthermore company deals in premium products with high cost and high quality which has a very limited market in India.



### Exports

Aro granite is largest processed granite exporter from India. It exports to more than 50 countries across the world. It has been awarded with "Special Export Award" by CAPEXIL for 7 years in a row. Exports accounted for 94% of revenue in FY2020. Its major exports markets are Poland, USA, Germany, Italy, Australia and Libya.

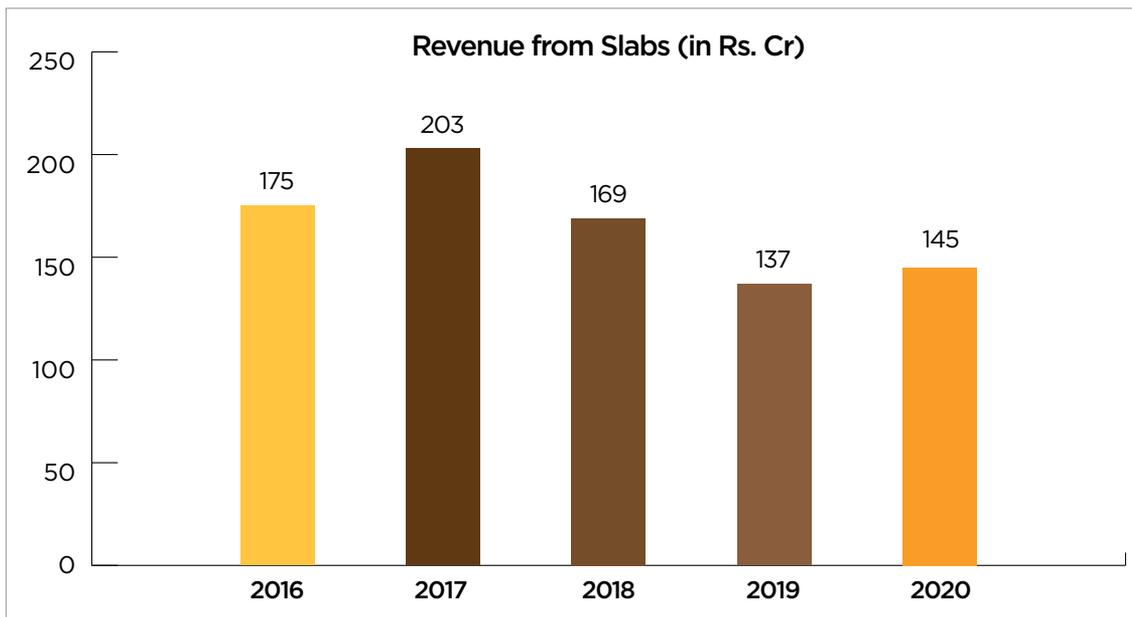


### Segment performance

Company reports its financial in 2 segments, granite slabs and tiles. Cut-to-size segment is accounted under tiles segment and quartzite segment under slabs segment.

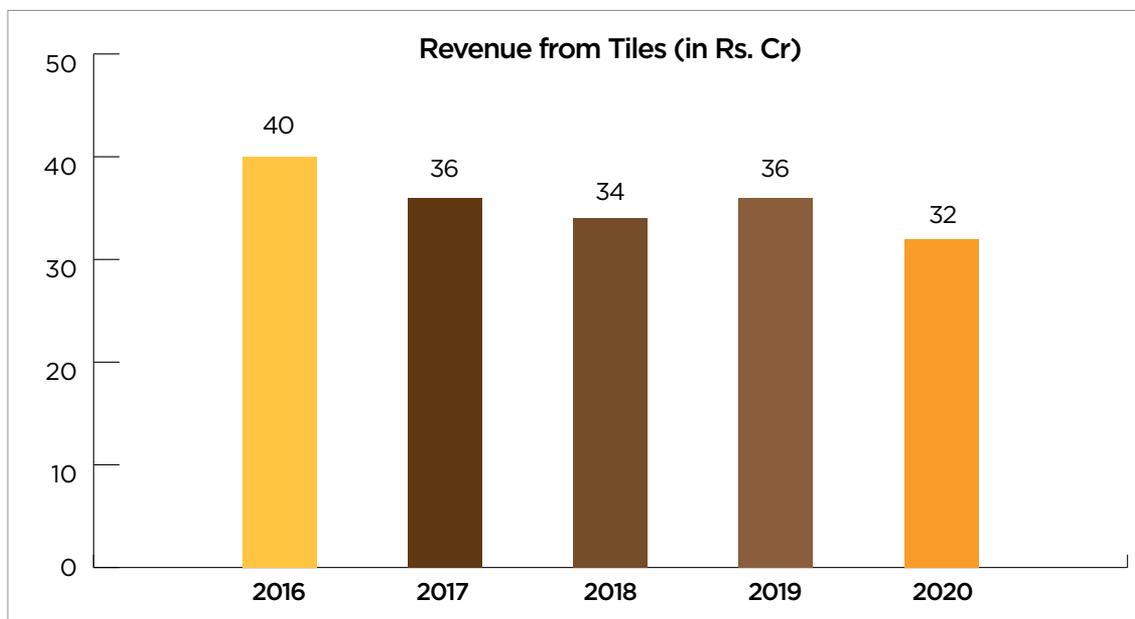
### Slabs

Slabs are major part of Aro's business and contributed 82% of its revenue in FY2019-20. Company has an installed capacity of 7,35,000 square meter for Granite slabs in Hosur plant and 1,50,000 sq. mtr. in Jaipur plant. The sales in slabs segment is expected to increase over time with higher contribution from Jaipur plant.



## Tiles

Tiles segment has a smaller contribution to Aro's business. It accounted for 18% of its revenue in the year. Aro has installed capacity of 3,60,000 square meter for this segment.



## Outlook

The outlook for granite industry in India in the current environment remains challenging. Raw material shortage remained the biggest concern for the industry, which is further aggravated due to Covid-19. Quarries across the country are operating at lower capacities and are only expected to reach the Pre Covid levels by next year, once things normalise.

Aro has regularly invested in its business and has strived to remain competitive in the industry. Its investments in warehouse in Hosur, Cut-to-size processing unit and new Slab plant Jaipur have helped it maintain its market share over time.

Investment in Quartz plant, which is yet to be commissioned, will add significant value to its business over time. USA has imposed dumping duty on granite & engineered stone from China and that has opened a window of opportunities for manufacturers from other countries like India. Aro's engineered quartz stone plant is expected to be operational once the travel ban is lifted, allowing the technicians to complete the pre production stage.

Aro has faced many cycles over the years and has managed to stay competitive in the changing industry. It will continue to adapt to change by upgrading its machinery and venturing into new business lines and stay competitive in the stone industry.

## Opportunities & Threats

### Opportunities

- Quartz plant shall help in increasing sales and profits of the company in coming years
- The new Jaipur plant will help the Company stay competitive in the industry
- Cut-to-size business with higher margins, will improve the overall margins of the Company
- Opening of closed quarries in Tamil Nadu and Karnataka, can improve utilisation of the Hosur plant.

### Threats

- Limited availability of raw material can impact the volumes of granite business
- Covid-19 impact on global economy can in turn have negative impact on the demand for granite stones
- Increasing protectionism by countries can impact exports of Granite out of India.



**Risk & Concern**

**Shortage of Raw Material**

Closure of many mines has caused big shortage in raw material. This can have a big impact on the overall competitiveness of Indian exports.

To counter the shortage of raw material the Company has started sourcing from new mines in other geographical regions like Rajasthan and Andhra Pradesh. The company has also started importing raw blocks

**Adverse Regulatory Policies**

Many granite mines and quarries have closed down over the last few years due to illegal mining, lack of Environmental Clearances or irregularity in the allotment process. This has resulted in reduced availability of raw blocks.

The closure of mines is resulting in revenue loss to the government and they are keen to have transparent and well defined mining policies, so that the mines can be reopened at the earliest.

**Currency Appreciation**

The relative currency appreciation of Indian currency vis-a-vis competing nations like Brazil or China can impact the business negatively.

The company is constantly working to find new export markets for its products and currently exports to over 50 countries. This helps in diversification of risks and any adverse currency movement in one country will have a minimal impact on Company's business.

Some shades are only found in India and their demand is not impacted by the currency movements.

**Change in Consumer Preference**

Over the last couple of years, the demand for engineered stone has increased at the expense of natural stones, which includes granite. While this change is more pronounced in certain countries, this trend could further accelerate in the coming years and impact the long term demand for processed granite.

The Company is aware of the trend and has tried to diversify its product line. It has entered the cut-to-size segment. It has also started a brownfield project for manufacturing engineered stone at its Hosur Unit.

**Internal financial control and their adequacy**

A Company's Internal Financial Control is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness is there 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.

**Financial Ratio**

S.No	Ratio	2019	2020	Change	Remarks
1	Debt Equity	0.68	0.83	22%	Debt equity ratio of company increased due to increase in borrowing because of funding of ongoing capital expenditure
2	Debtor turnover	2.71	3.05	13%	NA
3	Inventory Turnover	1.52	1.43	-6%	NA
4	Interest coverage ratio	3.47	1.87	-46%	Interest coverage ratio declined due to decrease in profitability of company
5	Current Ratio	1.50	1.26	-16%	NA
6	Operating Profit margin	15.03%	11.50%	-24%	Operating margins of company decreased due to currency fluctuation loss
7	Net Profit Margin	5.65%	2.04%	-64%	Net Profit margins of company decreased due to currency fluctuation loss
8	Return on net worth	5.54%	2%	-64%	Return on net worth decreased due to decrease in profits of the company

## Corporate Governance Report

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### 2. BOARD OF DIRECTORS

The Board of Directors presently consists of Seven 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 31<sup>st</sup> March 2020 on 11<sup>th</sup> May 2019, 10<sup>th</sup> August 2019, 19<sup>th</sup> October 2019 and 24<sup>th</sup> January 2020. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM attended (31.08.2019)	Outside Directorships and Committee positions			Directorship in other listed entity (Category of Directorship)
				Directorships#	Committee Membership*	Committee Chairmanship*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Shri Sunil K Arora@ (Managing Director) (00150668)	Executive (Promoter)	4	YES	-	-	-	-
Shri Sahil Arora@ Wholtime Director (07970622)	Executive (Promoter)	3	No	-	-	-	-
Shri Dinesh Chandra Kothari (00195609)	Non-Executive and Independent	2	NO	1	1	1	Asian Hotels (North) Limited (Non-executive Independent)
Shri Rahul Gupta (00024732)	Non-Executive and Independent	3	YES	4	1	1	1. Alfa Transformers Limited (Non-executive Independent) 2. Softtech Engineers Limited (Non-executive Independent)
Smt. Sujata Arora@ (00112866)	Non-Executive (Promoter)	4	NO	-	-	-	-
Shri K Raghavendra Acharya \$ Executive Director (06923476)	Executive	1	NO	-	-	-	-
Smt. Vinita Sood (006926832)	Non-Executive and Independent	4	NO	-	-	-	-
Shri Sundareshwara G Sastry (00165762)	Non-Executive and Independent	4	NO	-	-	-	-

# As per Section 165 of the Companies Act 2013 and Regulation 25 of the SEBI (LODR) 2015

\* Only covers Membership/Chairmanship of Audit Committee and Stakeholders Relationship Committee.

@ Sunil Kumar Arora is the husband of Smt. Sujata Arora and father of Shri Sahil Arora

\$ Executive Director till 14.06.2020 due to passing away.

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.



Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

Name	Category	No. of Equity Shares
Sujata Arora	Non-independent, Non-Executive	598572

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

International Business	Understanding of the international business dynamics across the globe specifically under various geographical markets and prevailing regulations.
Governance	Experience in driving corporate ethics and values, maintaining board and management accountability, practicing corporate governance of highest standard amongst the stakeholders
Strategy	Understanding of the requirement of long-term strategy and planning taking into account the diversified international business environment.

The Directors appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come. The appointment is mainly dependent on whether the person possesses the requisite skill sets identified by the Board and whether the person has the requisite ability in running a business that is relevant to the Company's business. Being an 100% Export Oriented Unit, Company's business runs across different geographical markets and is global in nature.

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.arotile.com](http://www.arotile.com)). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by the Managing Director.

### 3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 177 of the Companies Act 2013 & 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 Rahul Gupta (Chairman of the Committee), Shri Dinesh Chandra Kothari, Smt. Vinita Sood and Shri Sundareshwara G. Sastry, all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2020, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 11.05.2019(4), 10.08.2019(2), 19.10.2019(3) and 24.01.2020(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 Rahul Gupta (Chairman of the Committee), Shri Dinesh Chandra Kothari, Smt. Vinita Sood and Shri Sundareshwara G. Sastry all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2020, Three meeting was held. Date of Meeting (number of members attended): 11.05.2019 (4), 10.08.2019 (2) , 19.10.2019 (3)

### 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 Rahul Gupta (Chairman of the committee), Shri Sunil K Arora, Shri Dinesh Chandra Kothari, 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. During the Financial Year ended 31.03.2020, Three meetings of the Stakeholders Relationship Committee were held. Date of meetings (number of members attended): 11.05.2019(4), 10.08.2019(2), and 19.10.2019 (3).

## 7. CSR COMMITTEE

The CSR Committee is comprising of Shri Dinesh Chandra Kothari (Chairman), Smt. Sujata Arora, Smt. Vinita Sood and Shri Sundareshwara G. Sastry as other members. During the Financial Year ended 31.03.2020, One meeting was held. Date of Meeting (number of members attended): 11.05.2019 (4)

**8. REMUNERATION OF DIRECTORS**

- a) Executive Directors: The aggregate amount of Salary, HRA paid during the Financial Year ended 31<sup>st</sup> March 2020 to Shri Sunil Kumar Arora, Managing Director was ₹ 1,64,73,448/-, Shri Sahil Arora Whole Time Director was Rs 25,19,649 and Shri K. Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for ₹ 18,64,282/-.
- b) Non-Executive Directors: During the year 2019-2020, the Company has paid sitting fees of ₹ 7,65,000 /- to all the Independent Directors. Other Non-Executive Director Smt. Sujata Arora was paid sitting fees of ₹ 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
2016-17	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003	18th September 2017	10.00 A.M.	No
2017-18	Lakshmiapat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	17th September 2018	10.00 A.M.	Yes
2018-19	Lakshmiapat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	31 <sup>st</sup> August 2019	10.00 A.M.	Yes

**10. OTHER DISCLOSURES**

- a) 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>
- b) 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 2016-17, 2017-18 and 2018-19 respectively: **Nil**
- c) 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>
- d) 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>
- e) 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.
- f) 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<sup>st</sup>2020. The annual report of the Company contains a certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.
- g) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013:

Sl. No	Particulars	Details
1	Number of Complaints filed during the Financial Year	NIL
2	Number of Complaints disposed of during the Financial year	NIL
3	Number of complaints pending at the end of the financial year	NIL

- h) Certification from Company Secretary in Practice

Latika Jetley, Practicing Company Secretary has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed with this section as **Annexure A**.

- i) During the year 2019-20, total fees for all services paid by the Company to M/s. VAPS & Company, Statutory Auditors is ₹ 5.60 Lakhs.

## 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](http://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 and Date	:	Friday, the 25 <sup>th</sup> September 2020
	Time	:	12.30 P.M. (IST)
	Venue	:	VC/OAV means

(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)

<ul style="list-style-type: none"> <li>● Financial Reporting</li> <li>● for the quarter ending 30.06.2020</li> <li>● for the quarter ending 30.09.2020</li> <li>● for the quarter ending 31.12.2020</li> <li>● for the year ending 31.03.2021 (If unaudited)</li> <li>● Annual General Meeting for the Financial Year 2020-21</li> </ul>	}	<p>in 45 days of the end of the quarter</p> <p>Within 60 days of the end of the quarter Between July and September 2021</p>
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(iv) Date of Book Closure : From 21.09.2020 to 25.09.2020 (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 2020-21 has been paid to BSE and NSE.

(vi) Security Code for : **BSE:** 513729,  
Company's Equity Shares ISIN No. : **NSE:** AROGRANITE/EQ  
: INE210C01013

(vii) Stock Market Data

Month (2019-20)	Bombay Stock Exchange (BSE)		National Stock Exchange of India Limited (NSE)	
	HIGH	LOW	HIGH	LOW
APRIL 2019	56.70	47.50	56.95	47.50
MAY 2019	60.00	48.20	58.40	48.05
JUNE 2019	54.55	43.05	51.00	42.15
JULY 2019	46.00	33.00	46.45	36.00
AUGUST 2019	44.00	29.60	43.95	30.05
SEPTEMBER 2019	48.40	39.95	48.90	39.20
OCTOBER 2019	46.75	36.00	46.80	35.60
NOVEMBER 2019	45.90	36.00	42.60	35.80
DECEMBER 2019	39.90	34.80	40.00	35.00
JANUARY 2020	46.00	36.00	46.00	33.95
FEBRUARY 2020	39.85	28.05	38.95	28.00
MARCH 2020	31.30	15.35	31.20	14.65



(viii) Distribution of Shareholding as on 31<sup>st</sup> March 2020

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	1250598	8.17	7957	78.57
501-1000	884975	5.78	1137	11.23
1001-5000	1791043	11.71	893	8.82
5001-10000	517622	3.38	73	0.72
10001 and above	10855762	70.95	67	0.66
<b>TOTAL</b>	<b>15300000</b>	<b>100.00</b>	<b>10127</b>	<b>100.0</b>

(ix) Shareholding Pattern as on 31<sup>st</sup> March 2020

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6282856	41.06
2	Non-Residents Individuals/OCBs	231842	1.52
3	Private Corporate Bodies	866869	5.67
4	General Public	7918433	51.75
	<b>Total</b>	<b>15300000</b>	<b>100.00</b>

(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 31<sup>st</sup> March 2020, 97.74% 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 Shareholder.

(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: Shoologiri  
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

**M/s Alankit Assignments Limited**  
Registrar & Transfer Agent (RTA)  
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 31<sup>st</sup> March 2020 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. There are to the best of 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 system 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 are no significant changes in the 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 Kumar Arora)  
Managing Director

## Annexure A: Certificate from Company Secretary in Practice

### CERTIFICATE

(Pursuant to clause 10 of Part C of Schedule V of LODR)

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of Aro granite industries limited (CIN: L74899DL1988PLC031510) I hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2020, none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

-sd-

Latika Jetley  
Company Secretaries  
ACS: 12120 / C.P.NO.: 3074  
UDIN NO. A012120B000424171



# Independent Auditors' Report

To the Members of ARO GRANITE INDUSTRIES LIMITED

## Report on the Financial Statements

### Opinion

We have audited the financial statements of **ARO GRANITE INDUSTRIES LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2020, and profits, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw your attention to Note 40 to the financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID -19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<b>1. Adoption of Ind AS 116 'Leases'</b>	
<p>The company has adopted Ind AS 116 Leases (IND AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the company has many leases with different contractual terms.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet.</p> <p>The lease liabilities are initially measured by discounting future lease payments during the lease terms as per contract/arrangement. Adoption of the standard involves significant judgements including determination of the discount rates and the lease term.</p> <p>Additionally, the standard mandates detailed disclosures in respect of transition.</p> <p>Refer Note 31 to the financial statements.</p>	<p><i>Our audit procedures on adoption of Ind AS 116 included:</i></p> <ul style="list-style-type: none"> <li>• Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116)</li> <li>• Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business.</li> <li>• Involved our specialists to evaluate the reasonableness of the discount rates</li> <li>• Upon transition as at 1 April 2019:                             <ul style="list-style-type: none"> <li>➢ Evaluated the method of transition and related adjustments</li> <li>➢ Tested completeness of the lease data by reconciling the company's lease commitments to data used in computing ROU Asset and the lease liabilities.</li> </ul> </li> <li>• Assessed the key terms and conditions of each lease and the key estimates such as discount rates and the lease term.</li> <li>• Evaluated computation of lease liabilities and challenged the key estimates such as discount rates and the lease term.</li> <li>• Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.</li> </ul>

## 2. Related Party Transactions

The Company has entered into several transactions with related parties during the year 2019-20. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the financial statements including recoverability thereof; compliance with statutory regulations governing relate party relationships such as the Companies Act, 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.

Refer Note 38 to the financial statements.

*Our audit procedures on related party transactions included:*

- Assessed the key controls to identify and disclose related party relationships and transactions in accordance with the relevant accounting standard.
- Assessed compliances with the listing regulations and the regulations under Companies Act, 2013 including checking of approvals/scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions.
- Considered the adequacy and appropriateness of the disclosures in the financial statements, including recoverability thereof, relating to the related party transactions.
- Inspected relevant ledgers, agreements and other information that may indicate the existence of related party relationships or transactions. Further, we also tested completeness of related parties with reference to the various registers maintained by the company statutorily.
- On a sample basis, tested Company's assessment of related party transactions for arms' length pricing.

### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information. We are required to report the fact. We have nothing to report in this regard.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. That Board of Directors' are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw



attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would be reasonably expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations as at 31st March, 2020.
  - ii. The Company is not required to make any 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.

For **VAPS & Company**  
Chartered Accountants  
ICAI Firm Registration Number: 003612N

**Praveen Kumar Jain**  
Partner  
Membership Number: 082515

Place: Hosur  
Date: June 26, 2020  
UDIN: 20082515AAAACS9764

## Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ARO GRANITE INDUSTRIES LIMITED of event date)

- i. (a) The company is maintaining 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 programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.
- (c) The title deeds of immovable properties, as disclosed in Note 5 on fixed assets to the Ind AS financial statements, are held in the name of the Company.
- 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, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, there had been no delays in depositing undisputed statutory dues, including Income Tax, Goods and Services tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Value Added Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Goods and Services tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Value Added Tax, Cess and other material statutory dues, as applicable, were outstanding as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or borrowings to any bank. Further, the company has not obtained any loan or borrowing from government or financial institution.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the company during the year for the purposes for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xi. The Company has paid/ provided for managerial remuneration during the year in accordance with the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS Financial Statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- 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 (xvi) of the order is not applicable to the company.
- xv. The Company has not entered into any non-cash transactions with its Directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order 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. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **VAPS & COMPANY**  
Chartered Accountants  
ICAI Firm Registration No-003612N

**Praveen Kumar Jain**  
Partner  
Membership No. 82515

Place: Hosur  
Date: June 26, 2020



## Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aro Granite Industries Limited 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 LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the 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.

#### Auditor's 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 financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us are 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 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 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 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 be come in adequate 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, 2020, 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  
ICAI Firm Registration No-003612N

**Praveen Kumar Jain**  
Partner  
Membership No. 82515

Place: Hosur  
Date: June 26, 2020

## Balance Sheet as at March 31, 2020

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

PARTICULARS	Note	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5	12,844.88	8,994.33
Capital Work in Progress	5	4,155.43	2,268.70
Right of Use Asset	6	1,084.85	-
Financial assets			
- Investments	7(a)	80.65	69.50
- Other financial assets	7(b)	130.67	175.92
Other non current assets	8	100.95	1,806.47
<b>Total non current assets</b>		<b>18,397.43</b>	<b>13,314.92</b>
<b>Current Assets</b>			
Inventories	9	12,921.72	11,846.87
Financial Assets			
- Investments	10(a)	4.50	11.98
- Trade Receivables	10(b)	5,881.97	5,737.46
- Cash and Cash Equivalents	10(c)	36.66	434.99
- Earmarked Balances with Bank	10(d)	20.29	19.81
- Bank balances other than cash and cash equivalents	10(e)	1,000.36	907.12
- Loans	10(f)	0.95	0.70
- Other Financial Assets	10(g)	12.28	14.03
Other current assets	11	1,178.50	2,060.34
<b>Total current assets</b>		<b>21,057.22</b>	<b>21,033.31</b>
<b>Total Assets</b>		<b>39,454.66</b>	<b>34,348.23</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	12	1,530.00	1,530.00
Other Equity	13	16,618.68	16,492.47
<b>Total equity</b>		<b>18,148.68</b>	<b>18,022.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	14(a)	2,816.50	1,371.53
Other Liabilities	14(b)	795.33	-
Provisions	15	234.51	190.04
Deferred Tax Liabilities (Net)	16	773.62	629.72
<b>Total non-current liabilities</b>		<b>4,619.96</b>	<b>2,191.29</b>
<b>Current Liabilities</b>			
Financial Liabilities			
- Borrowings	17(a)	12,234.84	10,918.85
- Trade Payables	17(b)	2,820.41	1,509.07
- Other Financial Liabilities	17(c)	1,411.47	1,358.72
Provisions	18	32.82	20.94
Other Current Liabilities	19	180.35	209.95
Current Tax Liability (Net)	20	6.13	116.94
<b>Total current liabilities</b>		<b>16,686.02</b>	<b>14,134.48</b>
<b>Total Liabilities</b>		<b>21,305.98</b>	<b>16,325.77</b>
<b>Total Equity and Liabilities</b>		<b>39,454.66</b>	<b>34,348.23</b>

The above balance sheet should be read in conjunction with the accompanying notes 1-42

This is the balance sheet referred to in our report of even date

For VAPS & Co.  
Firm Reg. No. 003612N  
Chartered Accountants

For and On Behalf of the Board

Praveen Kumar Jain  
Partner  
Membership No. 082515

Sunil Kumar Arora  
Managing Director  
DIN-00150668

Sujata Arora  
Director  
DIN-00112866

S Panigrahi  
Company Secretary  
FCS No. - 4522

M. Madan Gopal  
CFO  
ICAI M No. - 207947

Place : Hosur, Tamilnadu  
Date : June 26, 2020



# Statement of Profit and Loss for the period ended March 31, 2020

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Particulars	Notes	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Revenue from Operations	21	17,770.99	17,243.65
Other Income	22	315.47	207.67
<b>Total Income</b>		<b>18,086.46</b>	<b>17,451.32</b>
Expenses:			
Cost of materials consumed	23	11,158.69	9,997.89
Purchase of Stock-in-Trade		137.49	315.94
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(1,769.75)	(489.12)
Employee Benefit Expense	25	1,535.87	1,347.12
Financial Costs	26	597.76	507.10
Depreciation and Amortization Expense	27	1,052.59	825.44
Other Expenses	28	4,856.47	3,693.30
<b>Total Expenses</b>		<b>17,569.11</b>	<b>16,197.68</b>
Profit before exceptional items & Tax		<b>517.35</b>	<b>1,253.64</b>
Less: Exceptional Items		-	-
<b>Profit/(Loss) before Tax</b>		<b>517.35</b>	<b>1,253.64</b>
Tax Expenses:	29		
- Current tax		86.36	361.71
Less : Mat Credit Entitlement		(86.36)	
- Deferred tax		156.72	(80.17)
		<b>156.72</b>	<b>281.55</b>
<b>Profit/(Loss) for the period</b>		<b>360.62</b>	<b>972.09</b>
Other Comprehensive Income (after tax)		(33.27)	(8.41)
<b>Total Comprehensive Income/(Loss)</b>		<b>327.35</b>	<b>963.68</b>
Earning per equity share of ₹ 10 each	30		
Basic		2.14	6.29
Diluted		2.14	6.29
The above Statement of Profit & Loss should be read in conjunction with the accompanying notes	1-42		

This is the Statement of Profit & Loss referred to in our report of even date

For VAPS & Co.

Firm Reg. No. 003612N

Chartered Accountants

Praveen Kumar Jain  
Partner  
Membership No. 082515

Sunil Kumar Arora  
Managing Director  
DIN-00150668

Sujata Arora  
Director  
DIN-00112866

S Panigrahi  
Company Secretary  
FCS No. - 4522

M. Madan Gopal  
CFO  
ICAI M No. - 207947

For and On Behalf of the Board

Place : Hosur, Tamilnadu  
Date : June 26, 2020

# Statement of Cash Flows for the year ended March 31, 2020

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash Flow from operating activities</b>		
Profit before exceptional item and tax	517.35	1,253.64
Adjustments For		
Depreciation and amortization expense	1,052.59	825.44
Finance Cost	597.76	507.10
Foreign currency fluctuation (Gain/Loss)	804.09	(60.87)
Profit on sale of Property, Plant and equipment	(0.27)	(0.98)
Interest Income on FD with banks and others	(60.87)	(52.56)
Operating Profit before working capital changes	<b>2,910.64</b>	<b>2,471.77</b>
Adjustment for Working Capital Changes		
Decrease/(Increase) in Trade receivables	(144.50)	1,260.91
Decrease/(Increase) in other receivables	2,630.45	(2,266.41)
Decrease/(Increase) in inventories	(1,074.85)	(1,014.52)
(Decrease )Increase in Provisions	56.34	3.10
(Decrease )Increase in Trade and other payables	2,129.82	(532.28)
Cash generated from Operations	<b>6,507.90</b>	<b>(77.42)</b>
Taxes paid	(213.85)	(240.00)
Net Cash flow from operating activities	<b>6,294.05</b>	<b>(317.42)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and equipment & WIP	(7,834.20)	(2,684.82)
Sale of Fixed Assets	0.38	0.98
Interest received	60.87	52.56
Net cash flow from investing Activities	<b>(7,772.94)</b>	<b>(2,631.28)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long term Borrowings (Secured)	1,444.97	658.32
Proceeds from Non Current Borrowings	1,315.98	2,967.81
Interest paid	(597.76)	(507.10)
Foreign currency fluctuation (Gain/Loss)	(804.09)	60.87
Dividend paid	(153.00)	-
Dividend Distribution Tax Paid	(31.83)	-
Net Cash from financing Activities	<b>1,174.28</b>	<b>3,179.90</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>(304.61)</b>	<b>231.20</b>
Opening balance of Cash & Cash equivalents	1,361.92	1,131.70
Closing balance of Cash & cash equivalent	1,057.31	1,362.90
Cash and cash Equivalents comprises		
Cash in Hand	15.94	9.21
Balance with Scheduled Banks		
-In current Accounts	20.73	425.78
-Earmarked Balances with Bank	20.29	19.81
-In Other Fixed Deposit Accounts	148.33	113.06
-In Fixed Deposit Accounts as Margin Money	852.02	794.06
<b>Total Cash and Cash Equivalents</b>	<b>1,057.31</b>	<b>1,361.92</b>

i) The above Cash Flow Statement has been prepared under the ' Indirect Method' as set out in Indian Accounting Standard 7, "Statement of Cash flows"

ii) Figures in Bracket indicate cash outgo

iii) The figures for the previous year have been regrouped in order to make them comparable with the current year figures.

This is the statement of changes in equity referred to in our report of even date.

For VAPS & Co.

Firm Reg. No. 003612N

Chartered Accountants

For and On Behalf of the Board

Praveen Kumar Jain  
Partner  
Membership No. 082515

Sunil Kumar Arora  
Managing Director  
DIN-00150668

Sujata Arora  
Director  
DIN-00112866

S Panigrahi  
Company Secretary  
FCS No. - 4522

M. Madan Gopal  
CFO  
ICAI M No. - 207947

Place : Hosur, Tamilnadu

Date : June 26, 2020



## Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts are in Indian Rupees unless otherwise stated)

### A. Equity Share Capital

Particulars	Amount ₹ in Lakhs
Balance as at March 31, 2019	1,530.00
Changes during the Year ended March 31, 2020	-
Balance as at March 31, 2020	1,530.00

### B. Other Equity

Particulars	Reserves and Surplus						Other Comprehensive Income	Total
	General Reserve #	Retained Earnings	Securities Premium Reserve ^	Processing Fees on Bank Loan	Equity Instruments through OCI	Remeasurement of defined benefit Plan		
Balance as at March 31, 2019	3,170.68	12,922.99	407.20	(4.36)	2.93	(6.98)	16,492.47	
Balance as at April 1, 2019	3,170.68	12,922.99	407.20	(4.36)	2.93	(6.98)	16,492.47	
Prior Period Adjustments	-	-	-	-	-	-	-	
Net Balance as at April 1, 2019	3,170.68	12,922.99	407.20	(4.36)	2.93	(6.98)	16,492.47	
Profit for the year	-	360.62	-	-	-	-	360.62	
Previous Year Tax Paid	-	(16.69)	-	-	-	-	(16.69)	
Other comprehensive income for the year, net of income tax	-	-	-	(4.44)	(5.40)	(23.43)	(33.27)	
Final Dividend Including Dividend Tax	-	(184.45)	-	-	-	-	(184.45)	
Balance as at March 31, 2020	3,170.68	13,082.47	407.20	(8.80)	(2.47)	(30.41)	16,618.68	

#### Notes:

# General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by the transfer from one component of equity to another and is not an item of other comprehensive income; items included in the General Reserve will not be reclassified subsequently to profit or loss.

^ Securities Premium Reserve is used to record the premium on issue of shares. This is utilized in accordance with the provisions of the Companies Act, 2013.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

This is the statement of changes in equity referred to in our report of even date.

For VAPS & Co.  
Firm Reg. No. 003612N  
Chartered Accountants

For and On Behalf of the Board

Praveen Kumar Jain  
Partner  
Membership No. 082515

Sunil Kumar Arora  
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Company Secretary  
FCS No. - 4522

M. Madan Gopal  
CFO  
ICAI M No. - 207947

Place : Hosur, Tamilnadu  
Date : June 26, 2020

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## 1. Corporate Information

Aro Granite Industries Limited incorporated on May 3, 1988 is engaged in the manufacturing and trading of Granite Slabs and Tiles. The Company is a public company listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is in New Delhi

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020

## 2. Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the presentation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of Preparation

#### (i) Compliance with Ind AS

The Financial statements (FS) of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015, as amended by notification dated March 31, 2016] and other provisions of the Act.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP.

These financial statements are authorized for issue on 26 June 2020 in accordance with a resolution of the Board of Directors. Board of Directors permits the revision to the financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013.

The financial statements are presented in Indian Rupees and all amounts disclosed in the financial statements and notes have been rounded off in Rupees (as per the requirement of Schedule III), unless otherwise stated.

#### (ii) Historical Cost Convention

The Financial Statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities which are measured at fair value / amortized cost
- Defined Benefit Plans- plan assets measured at fair value

#### (iii) Current v/s Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

The operating cycle is the time between the acquisition of assets for processing and its realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 2.2 Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss during the reporting period, in which they are incurred.



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the Straight Line method (SLM) over the estimated useful lives of assets, based on the rates prescribed under Schedule II to the Companies Act, 2013, as applicable on the last date of accounting period. The useful life of assets has been used as per Schedule - II of the Companies Act 2013.

Assets	Estimated useful life (Years)
Factory Building	30
Building Other Than Factory	60
Computers	3
Plant and Machinery	15
Electrical Equipment	10
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8

The property, plant and equipment acquired under finance leases and other leasehold improvements are depreciated over the assets' useful life or over the shorter of the assets' useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The asset's useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount of the asset. These are included in profit or loss within other income.

### 2.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at historical cost. Intangibles assets have a finite life and are subsequently carried at cost less any accumulated amortization.

Intangible assets with finite lives are amortized over the useful life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

### 2.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excludes taxes/ duties collected on behalf of the government.

#### (a) Sale of goods

Revenue from the sale of goods is recognized, when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discounts, volume rebates. Accordingly, revenues from sale of goods are stated gross of GST, sales tax and value added tax (VAT) are not received by the company on its own account but collected on behalf of the government and accordingly, are excluded from revenue.

#### (b) Interest income

Interest income is recognized using the time proportion basis, based on the underlying interest rates.

#### (c) Rental Income

Rental income is recognized on a time-apportioned basis in accordance with the underlying substance of the relevant contract.

#### (d) Dividend

Dividend is recognized when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## 2.5 Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

Raw materials, goods in transit, packing materials and stores and spares are valued at cost. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Finished goods and work-in-progress are valued at lower of cost and net realizable value. Cost is determined on the basis of actual cost and comprises material, labour and applicable overhead expenses including depreciation. The net realizable value of materials in process is determined with reference to the selling prices of related finished goods. Stores and spares are valued at cost.

Traded Goods are valued on actual cost. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2.6 Fair Value Measurement

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

## 2.7 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

## 2.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets

#### (a) Initial recognition and measurement:

All financial assets are recognized initially at fair value and, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### (b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

Financial assets at fair value

Financial assets at amortized cost

#### (c) Classification:

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

#### (d) Financial assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

#### (e) Financial assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognized in profit or loss.

### Financial Liabilities

#### (a) Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(b) Classification & Subsequent measurement:

If a financial instrument that was previously recognized as a financial asset is measured at fair value through profit or loss and its fair value decreases below zero, it is a financial liability measured in accordance with IND AS. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term.

(c) Financial liabilities measured at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. At initial recognition, such financial liabilities are recognized at fair value.

Financial liabilities at fair value through profit or loss are, at each reporting date, measured at fair value with all the changes recognized in the Statement of Profit and Loss.

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis to realize the asset and settle the liability simultaneously.

Subsequent recoveries of amounts previously written off are credited to Other Income.

### 2.9 Leases

#### As a lessee

The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### As a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### 2.10 Employee Benefit

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and performance incentives.

(i) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
  - (b) in case of non-accumulating compensated absences, when the absences occur.
- (ii) Other long-term employee benefit obligations

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

- (iii) Post-employment obligations

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized.

## 2.11 Income Taxes

Tax Expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and current tax.

Current Income Taxes

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity).

Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognized for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

## 2.12 Share Capital and Securities Premium Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium reserve.

### 2.13 Earnings per Share

As per Ind AS 33, Earning Per Share, Basic earnings per share are computed by dividing the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments. Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

### 2.14 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 3. Provisions ,Contingent Liabilities, Contingent Assets and Commitments

#### (a) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the amount of a provision shall be the present value of expense expected to be required to settle the obligation Provisions are therefore discounted, when effect is material, The discount rate shall be pre-tax rate that reflects current market assessment of time value of money and risk specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

#### (b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, Contingent assets are not recognized, but are disclosed in the notes. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

### 4. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

#### a) Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

##### i) Contingencies:

Contingent liabilities may arise from the ordinary course of business in relation to claims against the company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

ii) Recognition of Deferred tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

b) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Useful lives of tangible/in tangible assets :

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

ii) Defined benefit obligation :

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii) Inventories:

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date.

iv) Fair Value measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets shows at cost.

₹ in Lakhs

### Note 5 : Property, Plant and Equipment

#### 5. Property, Plant and Equipment (A)

	Plant & Equipment	Buidings	Furniture & Fixtures	Office Equipment	Vehicle	Freehold Land	Tangible Assets	Capital Work -in Progress	Total
As at April 1, 2019	9,603.86	5,864.35	55.20	188.52	424.17	306.63	16,442.74	52.68	16,495.43
Add : Addition	4.05	1.52	0.61	9.04	18.42	-	33.65	41.22	74.86
Less : Dipsals	-	-	-	-	5.93	-	5.93	0.18	6.11
As at March 31, 2020	<b>9,607.91</b>	<b>5,865.88</b>	<b>55.81</b>	<b>197.56</b>	<b>436.66</b>	<b>306.63</b>	16,470.46	<b>93.72</b>	<b>16,564.18</b>
<b>Accumulated Depreciation</b>									
As at April 1, 2019	5,845.82	1,289.82	38.57	81.89	279.12	-	7,535.21	-	7,535.21
Add : Charge For the year	598.12	189.09	5.21	25.65	40.50	-	858.58	-	858.58
Less : Disposals	-	-	-	-	5.81	-	5.81	-	5.81
As at March 31, 2020	<b>6,443.94</b>	<b>1,478.91</b>	<b>43.78</b>	<b>107.54</b>	<b>313.81</b>	-	8,387.98	-	<b>8,387.98</b>
<b>Net Block</b>									
As at April 1, 2019	3,758.04	4,574.54	16.64	106.63	145.05	306.63	8,907.54	52.68	8,960.22
As at March 31, 2020	<b>3,163.97</b>	<b>4,386.97</b>	<b>12.04</b>	<b>90.02</b>	<b>122.85</b>	<b>306.63</b>	8,082.48	<b>93.72</b>	<b>8,176.20</b>
<b>5. Property, Plant and Equipment at Jaipur (B)</b>									
<b>Gross Block</b>									
As at April 1, 2019	-	69.73	-	6.10	10.96	-	86.79	2,200.66	2,286.17
Add : Addition	2,687.24	1,952.33	6.75	69.01	20.95	126.08	4,862.35	-	4,862.35
Less : Dipsals	-	-	-	-	-	-	-	2,200.66	2,200.66



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### 5. Property, Plant and Equipment at Jaipur (B)

	Plant & Equipment	Buidings	Furniture & Fixtures	Office Equipment	Vehicle	Freehold Land	Tangible Assets	Capital Work -in Progress	Total
As at March 31, 2020	2,687.24	2,020.77	6.75	75.11	31.91	126.08	4,947.86	-	4,947.86
<b>Accumulated Depreciation</b>									
As at April 1, 2019	-	-	-	-	-	-	-	-	-
Add : Charge For the year	127.73	44.16	0.36	9.56	2.64	-	184.46	-	184.46
Less : Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2020	127.73	44.16	0.36	9.56	2.64	-	184.46	-	184.46
<b>Net Block</b>									
As at April 1, 2019	-	69.73	-	6.10	10.96	-	86.79	2,200.66	2,286.17
As at March 31, 2020	2,559.51	1,975.61	6.38	65.55	29.27	126.08	4,762.40	126.08	4,762.40
<b>5. Property, Plant and Equipment at Quartz Plant (C)</b>									
<b>Gross Block</b>									
As at April 1, 2019	-	-	-	-	-	-	-	15.36	15.36
Add : Addition	-	-	-	-	-	-	-	4,046.36	4,046.36
Less : Diposals	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	-	-	-	-	-	-	4,061.72	4,061.72
<b>Accumulated Depreciation</b>									
As at April 1, 2019	-	-	-	-	-	-	-	-	-
Add : Charge For the year	-	-	-	-	-	-	-	-	-
Less : Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	-	-	-	-	-	-	-	-
<b>Net Block</b>									
As at April 1, 2019	-	-	-	-	-	-	-	15.36	-
As at March 31, 2020	-	-	-	-	-	-	-	4,061.72	4,061.72
<b>GROSS TOTAL (A+B+C)</b> As At March 31,2019	3,758.04	4,644.27	16.64	112.74	156.01	306.63	8,994.33	2,268.70	11,263.03
<b>GROSS TOTAL (A+B+C)</b> As At March 31,2020	5,723.47	6,362.58	18.42	155.57	152.12	432.71	12,844.88	4,155.43	17,000.32

### Note 6 : Right to use Asset

Particulars	Land	Total
Balance as at March 31, 2019	-	-
Reclassified on adoption of IND-AS 116	1,094.39	1,094.39
Additions	-	-
Deductions	-	-
Depreciation/Amortisation	9.55	9.55
Balance as at March 31, 2020	1,084.85	1,084.85

### Note 7 (a) : Investments

Particulars	Paid Up Value	As at March 31, 2020		As at March 31, 2019	
		Number of Shares	Amount	Number of Shares	Amount
Investment in Equity Instruments at FVOCI					
Tulip Renewable Powertech Pvt Ltd	10 each	806,500	80.65	695,000	69.50
		806,500	80.65	695,000	69.50

\* (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)

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 7 (b) : Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	130.67	175.92
<b>Total</b>	<b>130.67</b>	<b>175.92</b>

### Note 8 : Other Non Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good:		
Capital Advances	100.95	721.65
Operating Lease Prepayments	-	1,084.82
<b>Total</b>	<b>100.95</b>	<b>1,806.47</b>

### Note 9 : Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	1,239.58	1,874.71
Finished Goods/Semi Finished Goods/ Work in Progress	10,421.93	8,652.18
Packing Materials	58.30	57.73
Stores and Spares	555.71	560.53
Consumables	646.19	701.71
<b>Total</b>	<b>12,921.72</b>	<b>11,846.87</b>

### Note 10 (a) : Investments

Particulars	As at March 31, 2020		As at March 31, 2019		
	Paid Up Value	No .of Shares	Amount	No .of Shares	Amount
Investment in Equity Instruments					
I. Quoted- Others (at fair value through OCI)					
Bank of Baroda	10 each	5980	3.20	5,980	7.70
Pokerna Limited	10 each	2500	1.30	2,500	4.28
			4.50		11.98

### Note 10(b) : Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Outstanding for a period less than 6 months from the date they are due for payment	4,629.81	4,572.04
Others Receivables	1,252.16	1,165.42
<b>Total</b>	<b>5,881.97</b>	<b>5,737.46</b>

### Note 10(c) : Cash & Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
-In Current Account	20.73	425.78
Cash in Hand	15.94	9.21
<b>Total</b>	<b>36.66</b>	<b>434.99</b>



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 10 (d) : Earmarked Balances with Bank

Particulars	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend deposited in Bank	20.29	19.81
<b>Total</b>	<b>20.29</b>	<b>19.81</b>

### Note 10(e) : Bank Balances other than Cash & Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances in fixed deposit accounts with original maturity more than 3 months but less than 12 months	8.89	113.06
Balances in fixed deposit accounts with original maturity more than 12 months	139.45	-
Balances with the Banks to the extent held as margin money or security against the borrowings, guarantees & other commitments	852.02	794.06
<b>Total</b>	<b>1,000.36</b>	<b>907.12</b>

### Note 10 (f) : Loans

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good:</b>		
Loan to Employees	0.95	0.70
<b>Total</b>	<b>0.95</b>	<b>0.70</b>

### Note 10 (g) : Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	12.28	14.03
<b>Total</b>	<b>12.28</b>	<b>14.03</b>

### Note 11 : Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good:</b>		
Prepaid Expenses	82.29	47.03
Advance to Suppliers	307.44	399.05
Indirect Tax Balances/recoverable/credits	676.41	1,575.50
Operating Lease Prepayments	-	12.76
Income Tax Receivables	26.00	26.00
MAT Credit Entitlement	86.36	-
<b>Total</b>	<b>1,178.50</b>	<b>2,060.34</b>

### Note 12: Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
<b>(a) Authorised :</b>				
Equity shares of the par value of ₹ 10/- each	19600000	1,960.00	19600000	1,960.00
40,000, 10% Convertible Cumulative Preference Shares		-		-
(CCPS) of ₹ 100 each (PY 40,000 CCPS)	40000	40.00	40000	40.00
	<b>19640000</b>	<b>2,000.00</b>	<b>19640000</b>	<b>2,000.00</b>
<b>(b) Issued and subscribed:</b>				
Outstanding at the end of the year	15300000	1,530.00	15300000	1,530.00
	<b>15300000</b>	<b>1,530.00</b>	<b>15300000</b>	<b>1,530.00</b>

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### a) Reconciliation of Number of Shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	15300000	1,530.00	15300000	1,530.00
Additions during the year	-	-	-	-
Deletion during the year	-	-	-	-
Balance as at the end of the year	<b>15300000</b>	<b>1,530.00</b>	<b>15300000</b>	<b>1,530.00</b>

### b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Shareholders holding more than 5% share in the company are set out below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	% of Shares	Number of Shares	% of Shares
Sunil Kumar Arora	4,887,540	31.95	4,887,540	31.95
Dilip Kumar Lakhi	1612124	10.54	1612124	10.54

### Note 13 : Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	13,082.47	12922.99
General Reserve	3,170.68	3,170.68
Securities premium account	407.20	407.20
Other comprehensive income	(41.68)	(8.41)
<b>Total</b>	<b>16,618.68</b>	<b>3,569.61</b>

### Note 14 (a) : Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured</b>		
Term Loan from Banks	3,657.20	1,964.38
Less: Current Maturities of Long Term Debt	840.71	592.86
<b>Total</b>	<b>2,816.50</b>	<b>1,371.53</b>

Description of Loan	Term of Repayment	As at March 31, 2020	As at March 31, 2019
FCNRB - BOB A/C NO 21000600000816	Quarterly	3,248.30	1,207.48
External Commercial Borrowing From Bank of Baroda DIFC	Half Yearly	408.90	756.90

### Note: Secured Loans

Working Capital	<ol style="list-style-type: none"> <li>1. First charge on entire current assets of the Company.</li> <li>2. Extension of charge over entire fixed assets of the Company, both present and future including land &amp; building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District, Tamil Nadu and Land &amp; Building at Kamandoddi Village, Hosur.</li> </ol>
ECB	<ol style="list-style-type: none"> <li>1. Exclusive First Charge over entire fixed assets of the Company, both present and future.</li> <li>2. Charge on Debt Service Reserve Account (DSRA) to be maintained for one quarter interest and one installments of the facility (for ECB facility only).</li> <li>3. Extension of charge on all current assets of the company.</li> </ol>



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Term Loan (FCNR B) for Jaipur Unit	<ol style="list-style-type: none"> <li>1. Exclusive charge on entire fixed assets of the Company proposed to be created out of said term loan.</li> <li>2. Extension of First Charge over entire fixed assets of the Company, both present and future including land &amp; building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District, Tamil Nadu and Land &amp; Building at Kamandoddi Village, Hosur which has been provided as collateral security.</li> <li>3. Charge on Debt Service Reserve Account (DSRA) to be maintained for one quarter interest and one installment of the facility</li> </ol>
All facilities	<ol style="list-style-type: none"> <li>1. First charge on the property in the name of Company measuring 10.41 acres situated at Kamandoddi Village, Hosur Taluk, District Shoolagiri.</li> <li>2. EM of Office premises at 1001, 10<sup>th</sup> floor, DLF Tower A, Jasola, New Delhi.</li> <li>3. Pledge of FDR i.e. ₹ 2.50 Crores equivalent to 10% of FBP limit in lieu of waiver of buyer-wise ECGC cover.</li> <li>4. Personal Guarantee of Mr. Sunil Kumar Arora, Ms. Sujata Arora and Mr. Sahil Arora.</li> </ol>

₹ in Lakhs

### Note 14 (b) : Other Liability

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Creditors (Against Supplier's Credit From Veegoo Tech Co. Ltd)	795.33	-
<b>Total</b>	<b>795.33</b>	<b>-</b>

### Note 15 : Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision For Leave Encashment	18.82	19.31
Provision for Gratuity	215.69	170.73
<b>Total</b>	<b>234.51</b>	<b>190.04</b>

### Note 16 : Deferred Tax Assets/ Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred Tax Assets</b>		
Provision for Gratuity & Leave Encashment	74.37	61.44
OCI Adjustments	12.82	-
	<b>87.20</b>	<b>61.44</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	860.82	687.18
OCI Adjustments	-	3.98
	<b>773.62</b>	<b>691.16</b>
<b>Deferred Tax Assets(Net)</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax Liabilities(Net)</b>	<b>773.62</b>	<b>629.72</b>

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

## Note 17 (a) : Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured</b>		
Loan repayable on demand from Banks	11,810.50	10,918.85
<b>Unsecured</b>		
<u>Loan From Related Parties</u>	-	-
Loan from Directors	424.34	-
<b>Total</b>	<b>12,234.84</b>	<b>10,918.85</b>

## Note 17 (b) : Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to Micro, Small and Medium Enterprises	24.25	-
Total outstanding dues to other than Micro, Small and Medium Enterprises	2,796.15	1,509.07
<b>Total</b>	<b>2,820.41</b>	<b>1,509.07</b>

## Note 17 (c) : Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debt	840.71	592.86
Contribution to PF & ESI	9.75	6.57
Expenses Payable	175.24	332.01
Privision for CSR Expenses	31.06	21.73
Book Overdraft with Banks	166.28	-
Capital Creditors	168.76	386.35
Unclaimed Dividend	19.68	19.21
<b>Total</b>	<b>1,411.47</b>	<b>1,358.72</b>

## Note 18 : Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Gratuity	30.01	19.23
Provision for Compensated Absences	2.81	1.71
<b>Total</b>	<b>32.82</b>	<b>20.94</b>

## Note 19 : Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from customers	91.83	146.89
Retention Money	50.91	-
Statutory liabilities	37.61	63.06
<b>Total</b>	<b>180.35</b>	<b>209.95</b>



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 20 : Current Tax Assets/ Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Taxation	86.36	361.71
Less: Advance Tax & TDS	80.22	244.78
<b>Current Tax Liabilities (Net)</b>	<b>6.13</b>	<b>116.94</b>
<b>Current Tax Assets (Net)</b>	<b>-</b>	<b>-</b>

### Note 21 : Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Products		
Finished Goods:		
Outside India	16,639.23	16,223.36
within India	1,131.76	1,020.29
<b>Total Sales</b>	<b>17,770.99</b>	<b>17,243.65</b>

### Note 22 : Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income earned on financial assets that are not designated as at FVTPL		
Bank & Financial Institutions Deposits	55.14	45.76
Other Interest Income	5.74	6.80
<b>Other Income</b>		
Profit on Sale of Property, Plant & Equipment	0.27	0.98
Exchange Fluctuation (Net)	-	60.87
Misc. Income	254.33	93.26
<b>Total</b>	<b>315.47</b>	<b>207.67</b>

### Note 23 : Cost of Materials Consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) Raw Material Consumption		
Opening Stock of Raw Material	1,874.71	1,451.54
Add: Purchases of Raw Material	7,502.14	7,556.35
Less: Closing Stock of Raw Material	(1,239.58)	(1,874.71)
<b>Total (A)</b>	<b>8,137.28</b>	<b>7,133.18</b>
(B) Packing Material Consumption		
Opening Stock of Packing Material	57.73	53.04
Add: Purchases of Packing Material	556.22	543.55
Less: Closing Stock of Packing Material	(58.30)	(57.73)
<b>Total (B)</b>	<b>555.65</b>	<b>538.86</b>
(C) Consumable Consumption		
Opening Stock of Consumable	701.71	597.71
Add: Purchases of Consumable	2,410.24	2,429.85
Less: Closing Stock of Consumable	(646.19)	(701.71)
<b>Total (C)</b>	<b>2,465.75</b>	<b>2,325.85</b>
<b>Total (A+B+C)</b>	<b>11,158.69</b>	<b>9,997.89</b>

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 24 : Changes in inventories of finished goods, WIP & stock in trade

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Opening Stock</b>		
Finished/Semi Finished Goods	8,652.18	8,163.06
	(A) 8,652.18	8,163.06
<b>Closing Stock</b>		
Finished/Semi Finished Goods	10,421.93	8,652.18
	(B) 10,421.93	8,652.18
<b>Total (A-B)</b>	<b>(1,769.75)</b>	<b>(489.12)</b>

### Note 25 : Employee Benefit Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Wages & Bonus	1,280.05	1,127.14
Contribution to provident and other funds	67.43	58.73
Gratuity	32.12	27.99
Compensated Absences	15.93	-
Staff welfare expenses	140.34	133.27
<b>Total</b>	<b>1,535.87</b>	<b>1,347.12</b>

During the year, the Company recognized an amount of ₹145.62 Lakhs (Year ended March 31, 2019 ₹ 123.46 Lakhs) as remuneration to key managerial personnel. The details of such remuneration is as below

- Short term employee benefits	145.62	123.47
- Post employment benefits	-	-
<b>Total</b>	<b>145.62</b>	<b>123.47</b>

### Note 26 : Financial Costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense:		
Bank Charges & Interest	140.01	119.99
Packing Credit	360.44	312.29
Cash Credit	-	30.35
Foreign Bills Discounted / Purchases	97.31	44.47
<b>Total</b>	<b>597.76</b>	<b>507.10</b>

### Note 27 : Depreciation and amortization

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Tangible assets	1,043.04	825.44
ROU Asset Amortisation	9.55	-
<b>Total</b>	<b>1,052.59</b>	<b>825.44</b>

### Note 28 : Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement & Publicity	14.30	10.33
Auditors Remuneration		
- Auditor's Fee	5.60	5.60



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Bad Debts W/off	0.55	3.43
CSR Activity Expenses	20.13	16.32
Donation	0.43	-
Freight and Forwarding Charges	827.68	798.96
Insurance Expenses	73.70	68.82
Loss on Exchange Fluctuation	804.09	-
Legal Expenses	11.62	11.21
Membership & Subscription	3.34	9.37
Miscellaneous Expenses	8.51	5.42
Other Manufacturing Expenses	752.28	605.41
Printing & Stationery	18.99	14.30
Power & Fuel	888.16	833.95
Professional Service Charges	80.35	69.56
Rent Paid	13.86	13.59
Rates & Taxes	29.12	43.66
Custom Duty on Domestic Sales	21.38	24.38
Rebate & Discount	53.32	110.46
Repairs to Buildings	104.47	48.24
Repair to Plant & Machinery	178.25	170.93
Repair & Maintenance		
- Electricals	3.68	11.86
- Vehicles	94.02	100.36
- Others	65.10	54.58
Sales Promotion	128.95	118.58
Security Service Charges	49.83	46.62
Stores & Spares Consumptions	359.71	285.48
Telephone & Telex	27.48	30.03
Travelling & Conveyance		
- Employees (Foreign Travel - 2.62) (P.Y. 2.89 Lakhs)	146.38	93.25
- Director (Foreign Travel - 42.70 Lakhs) (P.Y. 82.60 Lakhs)	71.22	88.21
<b>Total</b>	<b>4,856.47</b>	<b>3,693.30</b>

### Note 29 : Tax Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Income Tax</b>		
Current Tax on profits for the year	86.36	361.71
MAT Credit Entitlement	(86.36)	-
<b>Total current tax expense (A)</b>	<b>-</b>	<b>361.71</b>
<b>Deferred Tax</b>		
(Decrease) / increase in deferred tax liabilities	156.72	(80.17)
<b>Total deferred tax expense/(benefit) (B)</b>	<b>156.72</b>	<b>(80.17)</b>
<b>Total</b>	<b>156.72</b>	<b>281.55</b>

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 30 : Earnings Per Share

except EPS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>a) Basic</b>		
Net Profit after Tax attributable to shareholders ( Amount in ₹)	327.35	963.68
Basic Earnings per share of ₹ 10/- each (March 31,2019 : ₹ 10/- each)	2.14	6.29
<b>b) Diluted</b>		
Net Profit after Tax attributable to shareholders ( Amount in ₹)	327.35	963.68
Weighted Average number of equity shares of ₹ 10/- each ( March 31,2019 :₹ 10/- each)	2.14	6.29
outstanding at the end of the year		
Diluted Earnings Per share of ₹ 10/- each (March 31,2019 : ₹ 10/- each)		

The company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same.

### Note 31: Transition to IND AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 10,94.39 Lakhs. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Category of ROU Asset	Total
Balance as at April 1, 2019	-	-
Reclassified on adoption of Ind AS 116	1,094.39	-
Additions	-	-
Deletions	-	-
Depreciation	9.55	-
Balance as at March 31, 2020	<b>1,084.85</b>	-

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

### Note 32 : Payable to MSMED

Based on the details regarding the status of the supplier obtained by the company, the amount payable to the supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This has been relied upon by the auditors.

### Note 33 : Segment Information

The Company is engaged in manufacturing and trading of Granites Slab and Tiles. Information is reported to and evaluated regularly by the Operational Decision Maker (CODM) i.e. Managing Director for the purpose of resource allocation and assessing performance focuses on the business as whole. The CODM reviews the Company's performance focuses on the analysis of profit before tax at an overall entity level. Accordingly, there is no other separate reportable segment as defined by IND AS 108 "Operating Segments".



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 34 : Corporate Social Responsibility

The Corporate Social Responsibility (CSR) obligation for the year as computed by the Company and relied upon by the auditors is ₹ 20.13 (for the year ended March 31,2019: ₹ 16.32 Lakhs CSR amount spent during the year is ₹ 10.80 Lakhs ( For the year ended March 31,2019: ₹ 24.15 Lakhs)

### Note 35: Employee Benefits Plan

#### a. General description of the employee Benefit Plan

The company has an obligation towards gratuity, unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days/ one month salary, as applicable, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the company or as per payment of Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

#### b. Plan typically exposes the company to actuarial risks such as : investment risks, interest rate risk, longevity risk and salary risk.\

##### Investment Risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount risk which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, for the plan in India, it has relatively balanced mix of investments in Insurance related products.

##### Interest Rate Risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt.

##### Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### Salary Risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the employees.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31,2020 by an actuary. The present value of the defined benefit obligation were carried out as at March 31,2019 by an actuary. The present value of the defined benefit obligation, and the related current service cost and the past service cost, were measured using the projected unit credit method.

#### Details of defined benefit plan -As per Actuarial valuation are as follows:

##### Defined Contribution Plans

The Company has a defined contribution plan in respect of provident fund. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

During the year, the Company has recognized the following amounts towards defined contribution plan in the Statement of Profit and Loss

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund	67.43	58.73
Included in 'Contribution to provident and other funds' under Employee Benefits Expense (Refer Note 25)		
(i) Change in present value of obligation		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of obligation as at the beginning of the period	189.96	186.79

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Acquisition adjustment	-	-
Interest cost	13.30	14.48
Service cost	18.82	13.51
Past service cost including curtailment Gains/ Losses	-	-
Benefits paid	(8.85)	(21.92)
Total Actuarial (Gain)/Loss on obligation	32.47	(2.90)
Present value of obligation as at the end of period	<b>245.70</b>	<b>189.96</b>
<b>(ii) Liabilities recognized in the Balance Sheet</b>		
Particulars	As at 31 March, 2020	As at 31 March, 2019
Net defined benefit liability at the start of the period	189.96	186.79
Acquisition Adjustment	-	-
Total Service Cost	18.82	13.51
Net Interest cost (Income)	13.30	14.48
Re-measurements	32.47	(2.90)
Contribution paid to the fund	-	-
Benefit paid directly by the enterprise	(8.85)	(21.92)
Net defined benefit liability at the end of the period	245.70	189.96
Net Asset/(Liability) recognized in Balance Sheet	<b>245.70</b>	<b>189.96</b>
Recognized Under :		
Short Term Provision	30.01	19.23
Long Term Provision	215.69	170.73
Total	<b>245.70</b>	<b>189.96</b>
<b>(iii) Expense recognized in the Statement of Profit and Loss</b>		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Total service cost	18.82	13.51
Interest cost	13.30	14.48
Expenses recognized in the Statement of Profit & Losses	<b>32.12</b>	<b>27.99</b>
<b>(iv) Other Comprehensive Income (OCI)</b>		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net cumulative unrecognized actuarial gain/ (loss) opening	0.91	3.81
Actuarial gain/ (loss) for the year on PBO	32.47	(2.90)
Actuarial gain/ (loss) for the year on Assets	-	-
Unrecognized actuarial gain/ (loss) for the year	<b>33.37</b>	<b>0.91</b>
<b>(v) Principal Actuarial assumptions</b>		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount Rate per annum	7%	7.75%
Salary Escalation rate per annum	5%	5%
Retirement age	58 Years	58 Years
Mortality tables	IALM [2012-2014]	IALM [2006-2008] Ultimate



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 36 : Contingent Liabilities

#### Letters of Credit

Letter of Credit – ₹ 93.42 Lakhs (PY – ₹ 1,901.50 Lakhs)

#### Contingent liabilities and commitments (to the extent not provided for)

Bills of Exchange Discounted ₹ 1,752.64 Lakhs (PY- ₹ 913.09 Lakhs)

Guarantee & counter guarantee outstanding – ₹ 9.61 Lakhs (PY – ₹ 9.61 Lakhs)

### Note 37 : Auditor's Remuneration

	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory Audit Fees Excluding GST	5.60	5.60

Note 38 : Information on Related Party Transactions as required by Ind AS 24 - 'Related Party Disclosures' for the year ended March 31, 2020

#### Details of related parties:

#### a) Key Managerial Personnel:

Name	Designation
Mr. Sunil Kumar Arora	Managing Director
Mr. K. Raghavendra	Key managerial personnel
Mrs. Sujata Arora	Key managerial personnel
Mr. Sahil Arora	Key managerial personnel
Mrs. Shivani Arora	Relative of Key managerial personnel
Aro Granite International Inc., USA	Relative of Key managerial personnel

#### b) Relatives of Key Managerial Personnel

Name	Relation
Mrs. Shivani Arora	Daughter of Sunil Kumar Arora
Aro Granite International Inc., USA	Relative of Key managerial personnel

₹ in Lakhs

#### Transactions with Related Parties

Particulars	Relationship	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Goods			
Aro Granite International Inc., USA	Relative of Key managerial personnel	638.96	711.56
Employee Benefit Expenses			
Mr. Sunil Kumar Arora	Managing Director	164.73	165.54
Mr. K. Raghavendra	Key managerial personnel	18.64	15.84
Mrs. Sujata Arora	Key managerial personnel	1.50	1.50
Mr. Sahil Arora	Key managerial personnel	25.20	22.81
Mrs. Shivani Arora	Daughter of Sunil Kumar Arora	9.74	8.64
Interest Paid			
Mr. Sunil Kumar Arora	Managing Director	6.63	-
Loans/Advances Received			
Mr. Sunil Kumar Arora	Managing Director	424.34	-

#### Balance Outstanding at the end of Accounting Year

Particulars	Relationship	Year ended March 31, 2020	Year ended March 31, 2019
Trade Receivables			
Aro Granite International Inc., USA	Relative of Key managerial personnel	768.41	666.87

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 39 : Financial Instruments

#### Financial Instruments by Category

Particulars	As at 31-March-20			As at 31-March-19		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets</b>						
Investments	4.50	80.65	-	11.98	69.50	-
Trade receivable	-	-	5,881.97	-	-	5,737.46
Cash and Bank Balances	-	-	1,037.02	-	-	1,342.11
Loans	-	-	0.95	-	-	0.70
Other Financial Assets	-	-	142.95	-	-	189.95
<b>Total Financial Assets</b>	<b>4.50</b>	<b>80.65</b>	<b>7,062.89</b>	<b>11.98</b>	<b>69.50</b>	<b>7,270.22</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	15,051.34	-	-	12,290.38
Trade Payables	-	-	2,820.41	-	-	1,509.07
Other Financial Liabilities	-	-	1,411.47	-	-	1,358.72
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>19,283.22</b>	<b>-</b>	<b>-</b>	<b>15,158.17</b>

#### Fair Value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at 31-March-20	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Financial Investments at FVTPL			
Quoted equity instruments	4.50	-	-
Financial Investments at FVOCI			
Unquoted equity instruments	-	-	80.65
<b>Total Financial Assets</b>	<b>4.50</b>	<b>-</b>	<b>80.65</b>
<b>As at 31-March-19</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets</b>			
Financial Investments at FVTPL			
Quoted equity instruments	11.98	-	-
Financial Investments at FVOCI			
Unquoted equity instruments	-	-	69.50
<b>Total Financial Assets</b>	<b>11.98</b>	<b>-</b>	<b>69.50</b>

**Level 1:** Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of quoted equity shares and debt based open ended mutual funds.

**Level 2:** Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of debt based close ended mutual fund investments and over the counter (OTC) derivative contracts.

**Level 3:** Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main item in this category are unquoted equity instruments.

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in debt mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e.. Net asset value (NAV) for investments in mutual funds declared by mutual fund house.



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Fair value is derived on the basis of income approach, in this approach the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.

### Note 40 : COVID-19

Manufacturing facilities of the Company in Jaipur (Rajsthan), Hosur (Tamilnadu) were closed on March 22, 2020 following countrywide lockdown due to COVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities partially at Jaipur (Rajsthan), Hosur (Tamilnadu). Based on the immediate assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is positive of serving customer orders and obtaining regular supply of raw materials and logistics services after resumption of the operations. In assessing recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risks profile of the customers based on their industry, macroeconomic forecasts and internal and external information available up to the date of issuance of these results. In assessing recoverability of inventories, the Company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of COVID-19 may be different from that estimated as at the date of approval of these approval of the financial results, the Company will continue to closely monitor the developments. In the case of inventory, Management has performed the year-end 'wall to wall' inventory verification at each of its locations and again at a date subsequent to the year end in the presence of its internal auditor to obtain comfort over the existence and condition of Inventories as at March 31, 2020 including roll-back procedures etc.

### Note 41: Financial Risk Management

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The management reviews cash resources, implements strategies for foreign currency exposures and ensuring market risk limit and policies.

#### (a) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements can not be normally predicted with reasonable accuracy.

#### (i) Foreign currency risk

The Company's functional currency in Indian Rupees (INR). The Company undertakes transactions denominated in the foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to raw material. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in the increase in the Company's overall debt positions in Rupee terms without the Company having incurred additional debt and favorable movements in the exchange rates will conversely result in reduction in the Company's receivable in foreign currency.

Details of derivative instruments and unhedged foreign currency exposure :-

(1) The position of foreign currency exposure of loans to the Company as at the end of the year are as follows :

₹ in Lakhs

	As at March 31, 2020	As at March 31, 2019
Forward contract outstanding		
USD	116.92	113.15
Equivalent amount in Rupees	8,756.04	7,826.33
EURO	91.27	65.15
Equivalent amount in Rupees	750.70	5,062.44

#### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

### (C) Liquidity Risk

The Company has a liquidity risk management framework for managing its short term, medium term and long term sources of funding vis-à-vis short term and long term utilization requirement. This is monitored through a rolling forecast showing the expected net cash flow, likely availability of cash and cash equivalents, and available undrawn borrowing facilities.

#### Note 42: Capital management

##### (a) Risk management

The Company's capital requirement is mainly to fund its capacity expansion, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

Particulars	₹ in Lakhs	
	As at March 31, 2020	As at March 31, 2019
Non current borrowings	2,816.50	1,371.53
Current maturities of non current borrowings	840.71	592.86
Current borrowings	12,234.84	10,918.85
Less: Cash and cash equivalents	36.66	434.99
Less: Bank balances other than cash and cash equivalents	1,000.36	907.12
Total Debts	14,855.02	11,541.13
Total Equity	18,148.68	18,022.47
Gearing Ratio	81.85	64.04

Equity includes all capital and reserves of the Company that are managed as capital.

##### (b) Dividends

Particulars	As at March 31, 2020	As at March 31, 2019
Final dividend for the year ended March 31, 2020 of ₹ - NIL (March 31, 2019 - ₹1,53,00,000/-)	-	153.00
Dividend not recongised at the end of the reporting	-	-
Dividend distribution tax	-	31.45

The board of directors did not recommended any dividend for the year ended March 31, 2020

This is the Statement of Profit & Loss referred to in our report of even date

For VAPS & Co.

Firm Reg. No. 003612N  
Chartered Accountants

Praveen Kumar Jain  
Partner  
Membership No. 082515

Sunil Kumar Arora  
Managing Director  
DIN-00150668

Sujata Arora  
Director  
DIN-00112866

S Panigrahi  
Company Secretary  
FCS No. - 4522

M. Madan Gopal  
CFO  
ICAI M No. - 207947

For and On Behalf of the Board

Place : Hosur, Tamilnadu  
Date : June 26, 2020



**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 BUSINES PROFILE

I. Registration Details

Registration No.: L74899DL1988PLC031510(CIN) State Code: 55

Balance Sheet Date:	31	03	2020
	Date	Month	Year

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

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

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

Sources of Funds

<b>Total Assets</b>	<b>Total Liabilities</b>
39,45,466	39,45,466
Paid up Capital	Reserve & Surplus
153,000	1814868
Secured Loans	Unsecured Loans
365720	42434
Net Fixed Assets	Investments
1700031	8515
Net Current Assets	Misc. Expenditure
437120	Nil
Accumulated Loss	Nil

IV. Performance of the Company (Amount in thousands)

Turnover	Total expenditure
1777099	1756911
Profit/Loss before Tax	Profit/Loss after Tax
51735	36062
Earning Per Share	Dividend Rate
2.14	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.*  
(100%) Export Oriented Unit)

