



Investor Update – For the Quarter Ending 30th June 2016

July 2016



Aro granite industries Ltd.

An 100% Export Oriented Unit



Disclaimer

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

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

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

Company Snapshot



Started commercial operation in 1991



Largest processed Granite exporter out of India

Awarded Top Export Award by CAPEXIL for 2012-13*

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

100% EOU

100% export oriented, located at Hosur, Tamil Nadu



Listed on NSE Since 2007 & BSE Since 1997 in India



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



Export to more than 50 countries



Installed capacity

Granite Slab:
585,000 Square Meters

Granite Tiles:
360,000 Square Meters



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

Indian Granite Industry

20%

Accounts for 20% of the world's granite resources

66%

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

97%

97% of the total granite resources are untapped

\$2.62_{Bn}

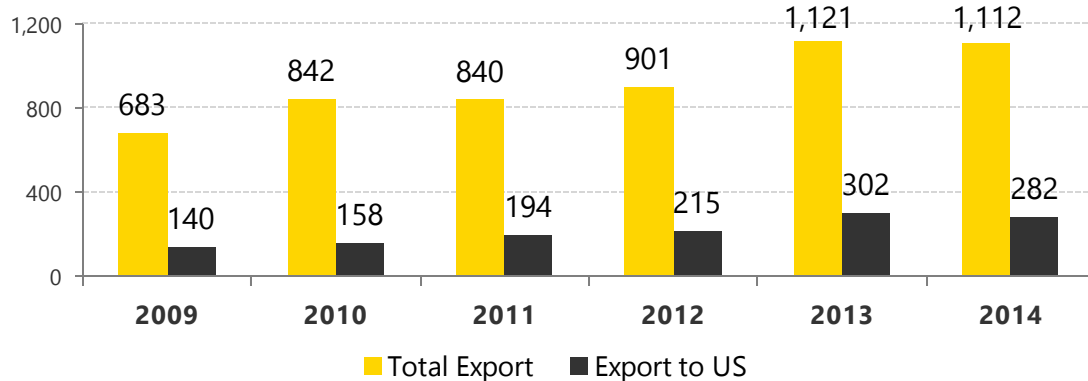
Market size approximately \$2.62 bn.

9%

Accounts for more than 9% of the world stone exports

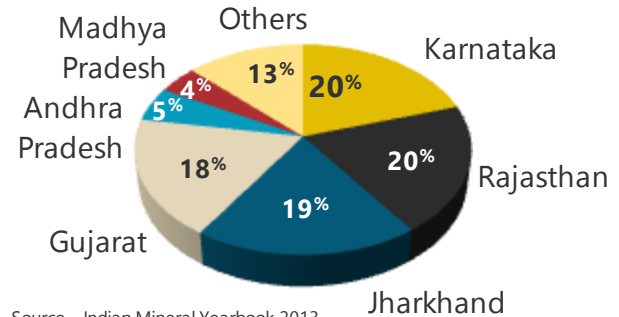
India Processed Stone Export

Figures in USD \$ Mn.



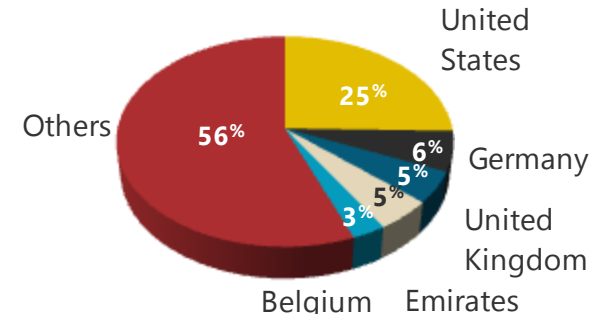
Source - XXVI world marble and stones report 2015

Statewise Granite Reserves



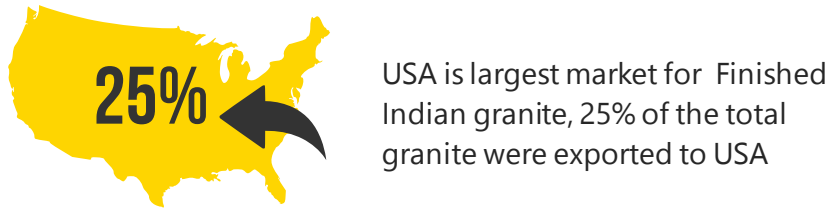
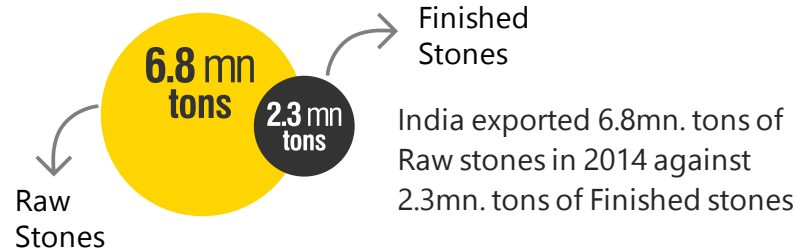
Source - Indian Mineral Yearbook 2013

India Stone Export (%)



Source - XXVI world marble and stones report 2015

Indian Granite Industry



Large players finished products are

Aro granite industries limited

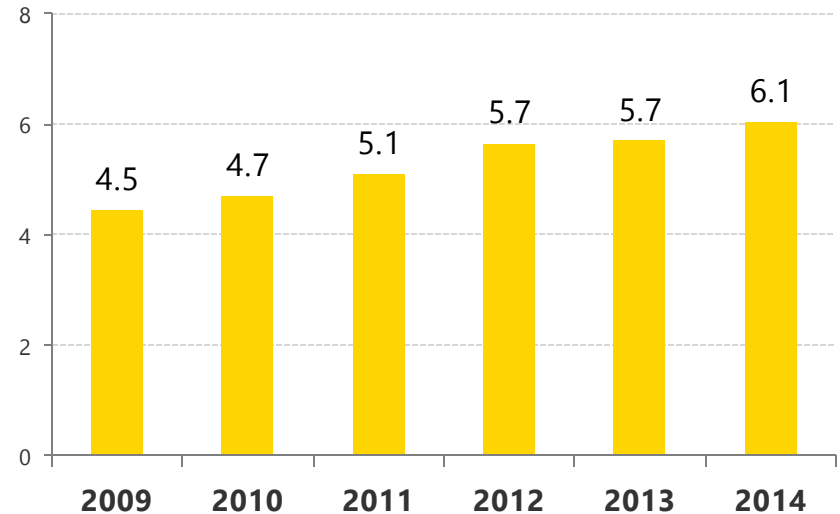
Pokarna Ltd

Bannari Amman Sugars Ltd

Pacific Industries Ltd

Internal Use of Stone In India

(mn. Tons)



Source -XXVI world marble and stones report 2015

Our Infrastructure

Over 35,000 sqm of covered shed area

Handling Equipment

Gantry Cranes	3
EOT Cranes	20

Tile Plant

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

Slab Plant

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



New Infrastructure



Granite Studio

- 11,000 square meter Warehouse to store and display entire range of products
- 8 EOT Cranes and dedicated inspection areas
- 280 "A" Frames – 500 Blocks
- Display of over 1 lakh square meters of Finished Slabs



Operational Highlights

- We partially commissioned our new 11,000 square meter warehouse, that helped us to push more production. In 2012 when we expanded our operations from 8 gangsaws to 12 we were lacking space for finished goods and Work in progress (WIP)
- With the new warehouse we are able to better display our entire stock helping in quick movement of material. With more space in production area our WIP has been streamlined and we are able to process more material on a weekly basis
- There was a volume growth of 15% in the Slabs segment & 1% in Tiles Segment on a YOY basis
- Our state of the art 2007 machines has helped us stay ahead of the pack, however demand for granite tiles is shrinking

Operational Highlights (contd.)

- We have entered new markets like Slovakia and Iran
- Northern African countries are slowly recovering and we are beginning to pick up on sales in those countries
- Russian Market is still slow. All oil producing nations have cash flow issues and most South American Countries (Equador, Colombia, Argentina etc.) are facing issues with expensive imports due to devaluation of currency
- We have started taking up small projects in Germany, Japan and USA in the CUT-TO-SIZE segment. The Japanese project is a Marquee project where we have supplied granite for the exterior wall cladding of the entire office building

Current Challenges

- Though availability of raw material within India has improved, there is still a mismatch between supply and demand.
- The current trend in color tonality is restricted to White, Grey and Black, whereas the India is known for the color granites like Browns, Reds, Greens and yellow
- Competition from Brazil due to the big depreciation in their currency Real
- Competition from Engineered Stones (quartz and porcelain slabs) has affected the market of natural stone globally

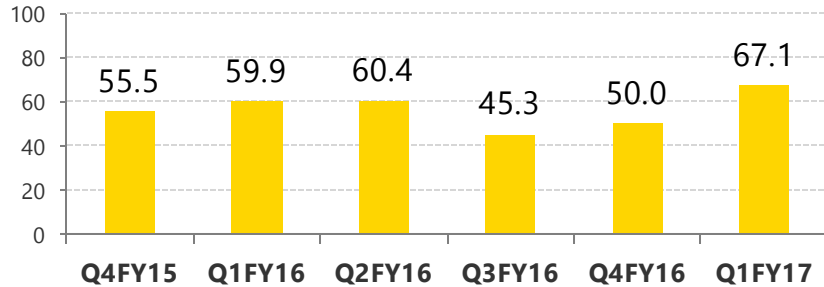
Financial Highlights

- Sales Increased By 12.17% From 59.85 Crores in Q1 FY2015-16 to Rs 67.13 Crores in Q1 FY2016-17
- EBITDA Increased By 35.85% From 7.09 Crores in Q1 FY2015-16 to Rs 9.63 Crores in Q1 FY2016-17
- PAT Increased by 252.22% From 1.42 Crores in Q1 FY2015-16 to Rs 5.00 Crores in Q1 FY2016-17
- EBDITA Margin Increased from 12.16% in Q1 FY2015-16 to 14.29% in Q1 FY2016-17

Financial Overview

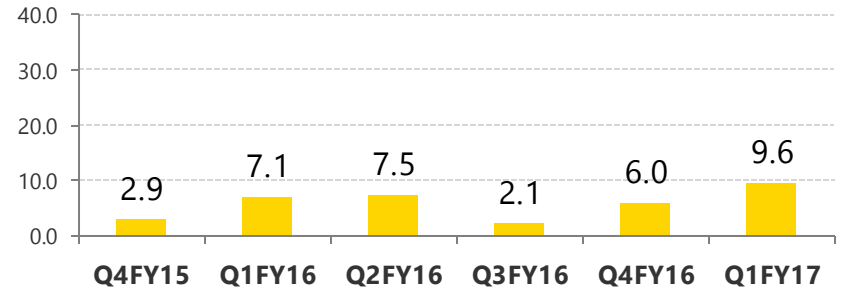
Revenues

Figures in INR Cr.



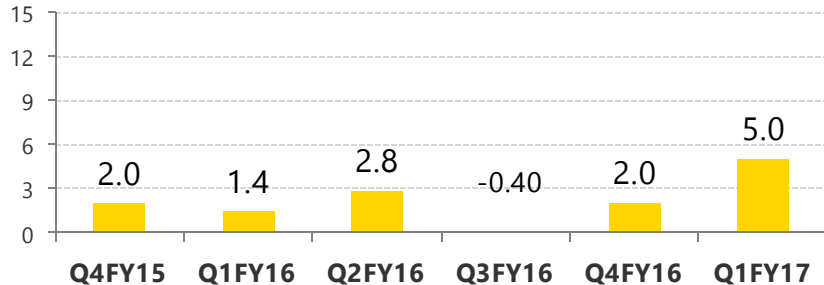
EBITDA

Figures in INR Cr.

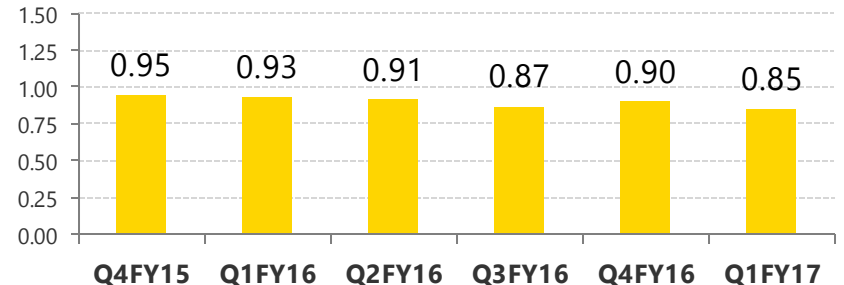


Profit After Tax

Figures in INR Cr.



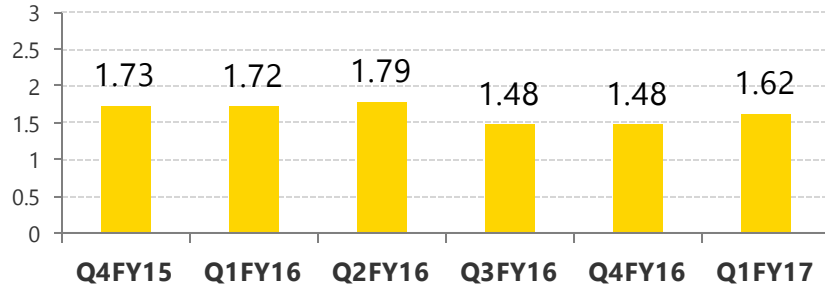
Debt to Equity Ratio



Financial Overview

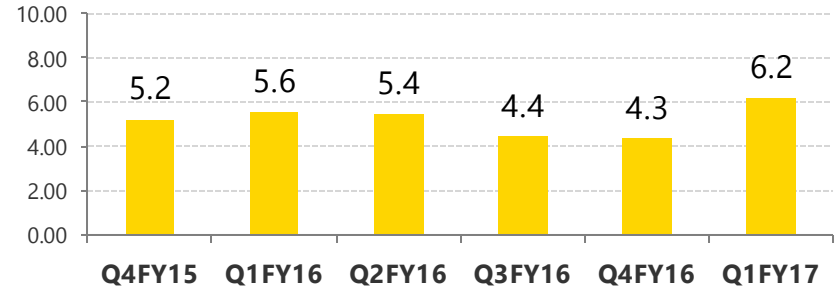
Sales Volume (Square Meters)

Figures in Lakh Sqm.



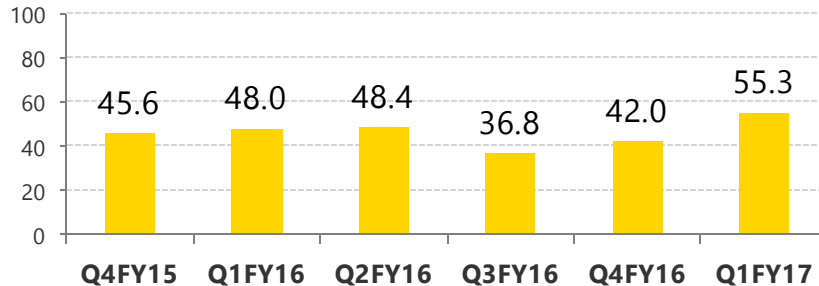
Raw Material Consumption (Cubic Meters)

Figures in '000



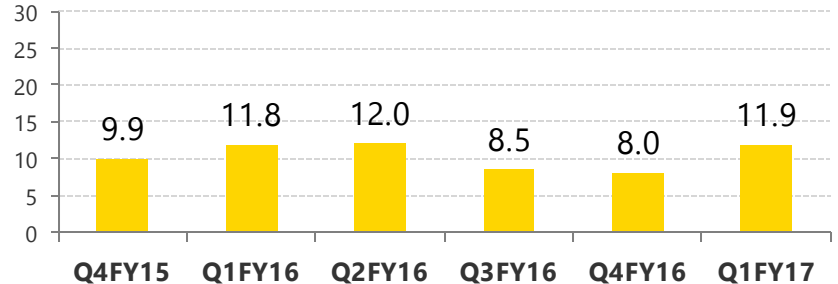
Segment Sales - Slabs

Figures in INR Cr.



Segment Sales - Tiles

Figures in INR Cr.



Financial Performance

Particulars In Rs. Cr	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17
Sales	55.48	59.85	60.39	45.32	50.02	67.13
Operating Exp	54.49	56.37	56.54	46.69	50.38	60.94
EBITDA	2.85	7.09	7.45	2.12	5.96	9.63
PAT	1.97	1.42	2.83	-0.39	2.01	5.00
EBITDA Margins (in %)	5.14	11.85	12.34	4.68	11.92	14.35
Net Profit/Loss Margins (in %)	3.55	2.37	4.69	-0.86	4.00	7.45

Outlook

- In the coming quarter we plan to start full swing production with our 2 CNC machines (being installed in September 2016) for CUT-TO-SIZE
- CUT-TO-SIZE is a value added process, that will allow us to sell products at better margins
- We Plan to further commission the warehouse helping us
 - Optimize WIP
 - Better display of Finished Goods stock to improve visibility
- Optimize current processes to become more efficient and install the ERP
- We exhibited in the Xiamen Stone Fair 2016 and plan to exhibit in 2017 also to help open up new markets to us like some Asian markets (mainly for CUT-TO-SIZE projects)

For any further information, please contact

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Aro granite industries ltd.

An 100% Export Oriented Unit

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