



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

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

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

Sub.: Investor Presentation of the Company

Dear Sir,

Please find enclosed herewith a copy of Investor Presentation of the Company for your information and record please.

Thanking You

Yours faithfully
For Aro granite industries ltd.

Company Secretary

Encl.: a/a

CORP. OFF. & WORKS :

KONERIPALLI VILLAGE, SHOOLAGIRI TALUK, HOSUR - 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



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Investor PRESENTATION

ARO GRANITE
INDUSTRIES LIMITED



Aro granite industries ltd.

An 100% EOU

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01

COMPANY SNAPSHOT



About the Company

Incorporated in 1988, Aro Granite Industries has established itself as India's leading exporter of processed granite over the past three decades. The Company's state-of-the-art manufacturing facilities in Hosur and Jaipur, along with its diverse product offering and superior service, have enabled it to become a globally recognised brand. In 2020, the company also forayed into manufacturing of quartz at its existing Hosur facility by adding the requisite capacities.

PREMIUM QUALITY PRODUCTS



Multi Materials

Natural Stone &
Engineered Stone



100+

Shades of granites
and quartzites

ESTABLISHED GLOBAL BRAND



Largest

processed granite
exporter out of India



50+

Countries

TOP-NOTCH MANUFACTURING CAPABILITIES



2

Manufacturing sites
Equipped with state-of-the-art
Italian manufacturing lines and fully
trained personnel

GROWTH PLATFORM



BSE & NSE

Listed Company

PRODUCT OFFERINGS



Granite Tiles

INSTALLED CAPACITY
3,60,000 Sq. Mt.



Granite Slabs

INSTALLED CAPACITY
5,85,000 Sq. Mt. at Hosur &
1,50,000 Sq. Mt. at Jairpur

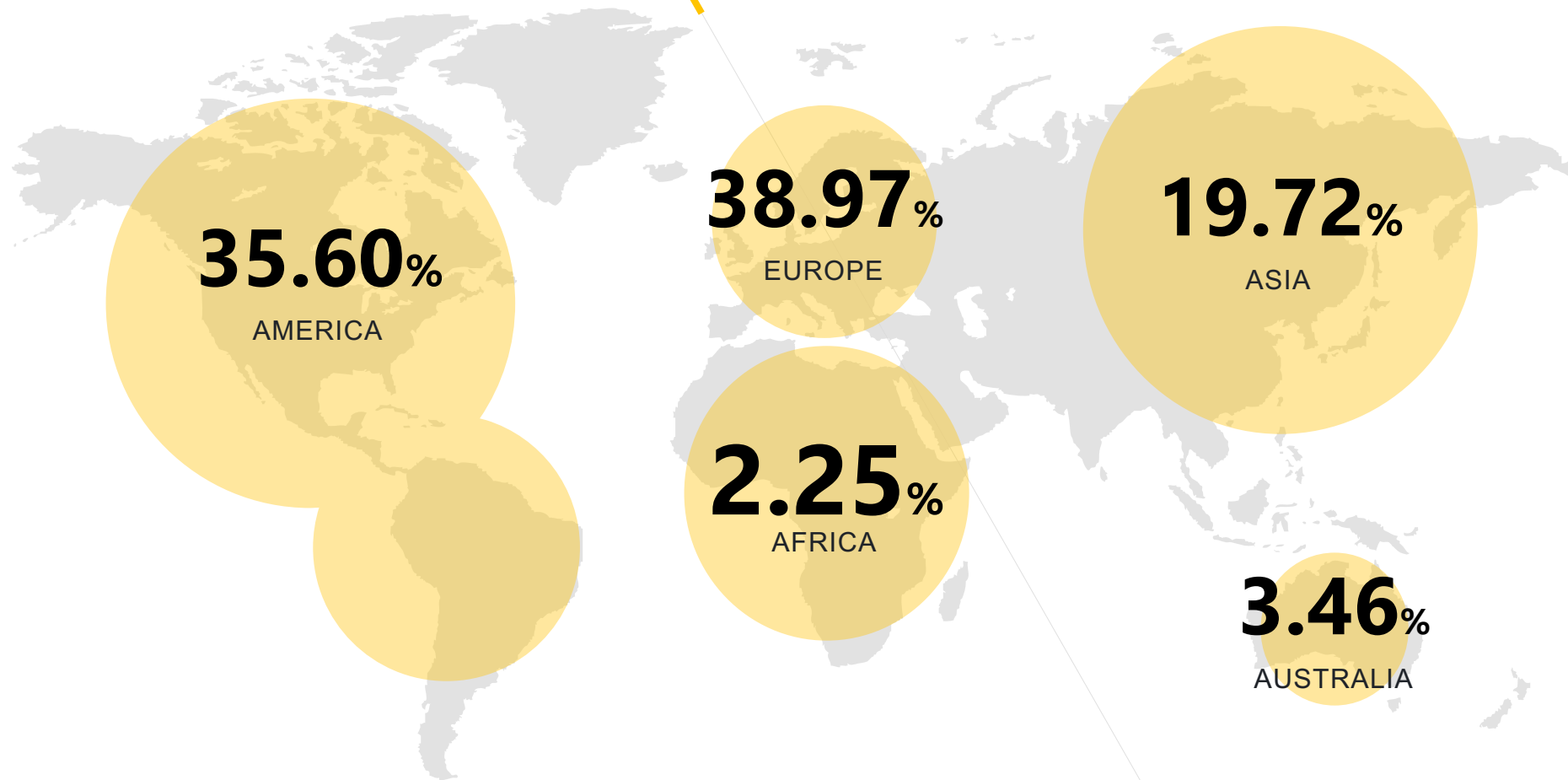


Quartz

INSTALLED CAPACITY
1,80,000 Sq. Mt.

GLOBAL PRESENCE

CONTINENT WISE - CONTRIBUTION FY23



COUNTRY WISE TOP CONTRIBUTIONS 2023

35%
USA

14%
POLAND

12%
INDIA-DTA

08%
GERMANY

04%
ITALY

Business Model EVOLUTION

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02

GROWTH PHASE – HOSUR TILES



1991

STARTED COMMERCIAL
PRODUCTION WITH CAPACITY OF
90,000 Sq. Mt.



1995

EXPANDED CAPACITY TO
1,80,000 Sq. Mt.



2001

STARTED COMMERCIAL
PRODUCTION WITH CAPACITY OF
1,68,000 Sq. Mt.

**Capacity as at September 2022 – 3,60,000 Sq. Mt*



GROWTH PHASE – HOSUR SLABS

The slab plant at Hosur was setup using state-of-the-art manufacturing lines from some of the worlds leading manufacturers.



2003

EXPANDED CAPACITY TO
1,97,000 Sq. Mt.



2006

DOUBLED TILING CAPACITY TO
3,60,000 Sq. Mt.



2012

EXPANDED CAPACITY BY 50% TO
3,90,000 Sq. Mt.



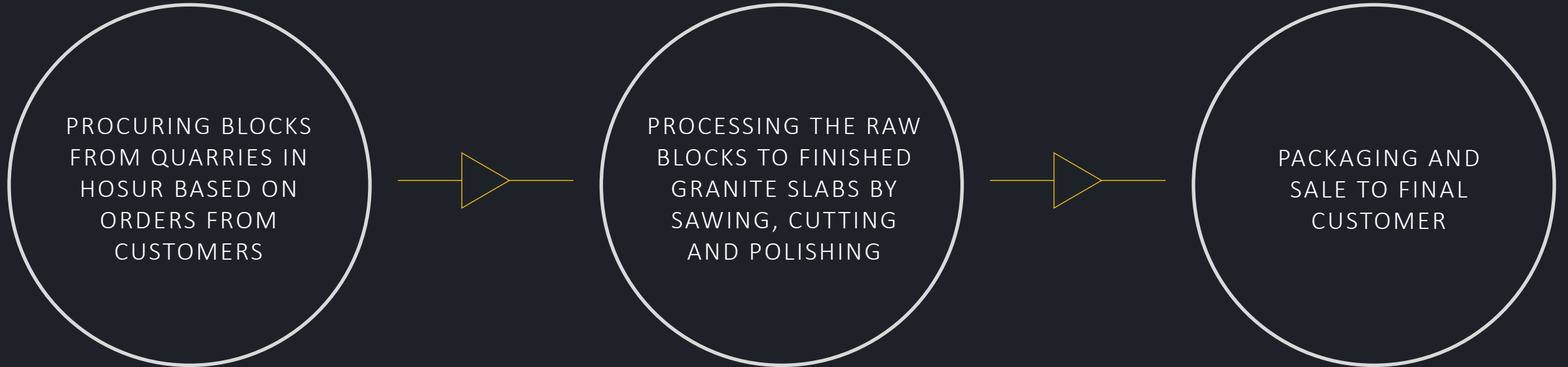
2006

EXPANDED CAPACITY TO
2,95,000 Sq. Mt.

* Capacity as at September 2022 – 5,85,000 Sq. Mt



3 STEP VALUE CHAIN FOR



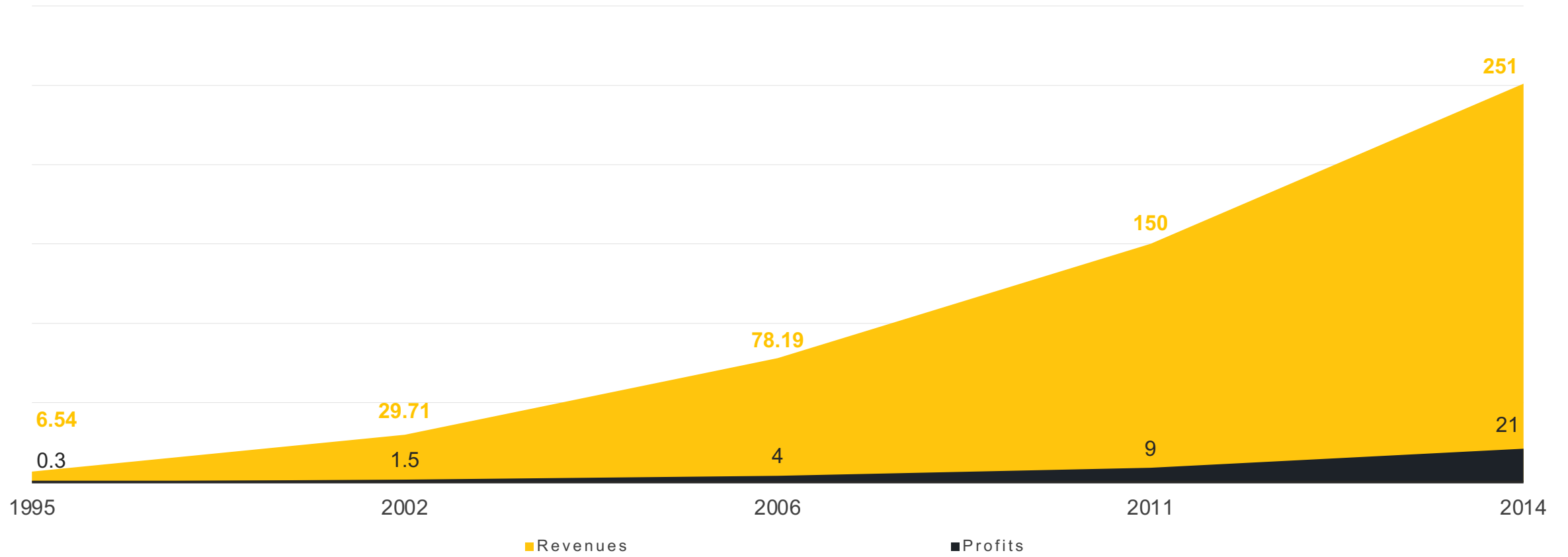
**MADE TO ORDER
BUSINESS**



CONSISTENT PERFORMANCE

REVENUE & PROFITABILITY

(₹ IN CRORES)



THE CHALLENGING TIMES



By 2010

The Bangalore - Hosur cluster was well-established and well-known for its capacity to process high-quality granite.

The majority of processors lacked captive mines and sourced their rough blocks from Madurai region which had abundant of premium granite mines.



By 2012

200+

QUARRIES OF GRANITE WERE SHUT DOWN IN MADURAI REGION DUE TO ALLEGED IRREGULARITIES IN MINING OPERATIONS



By 2014

900+

QUARRIES OF GRANITE WERE SHUT DOWN IN MADURAI REGION DUE TO ALLEGED IRREGULARITIES IN MINING OPERATIONS



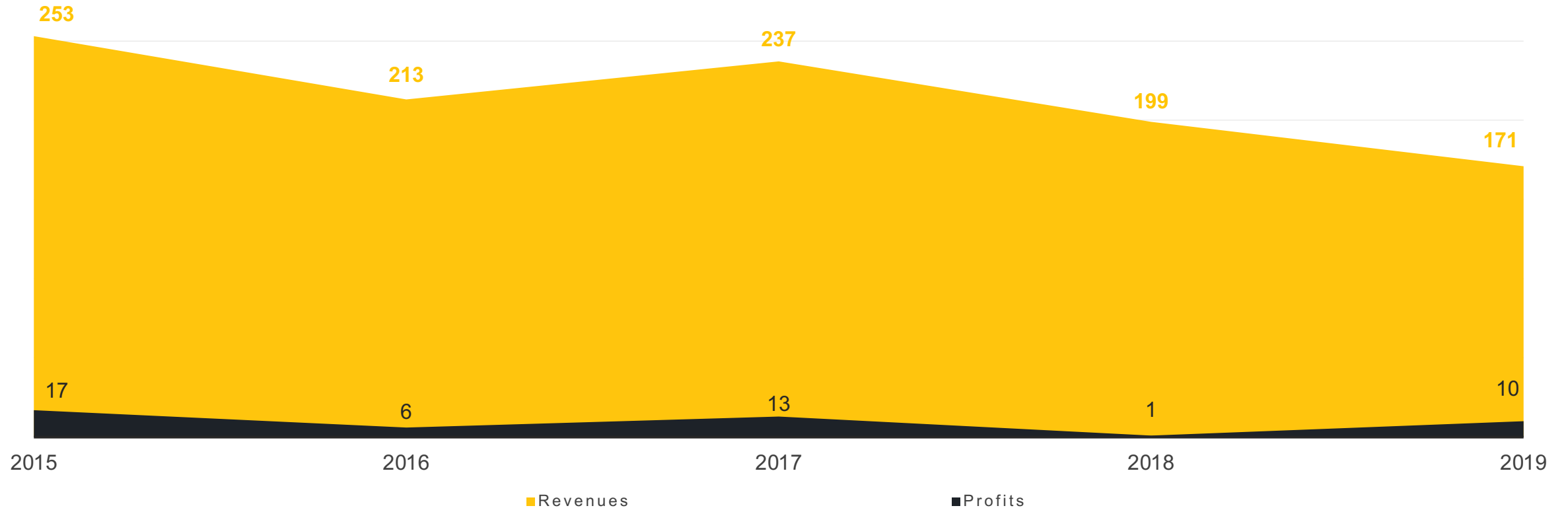
Resulting in **acute shortage of granite rough blocks** for the entire industry



RESULTING IN

REVENUE & PROFITABILITY

(₹ IN CRORES)



CORRECTIVE ACTIONS

01



SELL

Transition of business model to **Stock & Sell** from Made to Order

02



Providing **value added service** like cut-to-size for margin protection

03



Added **Multi-Wire capacities** in Hosur to enable processing of high-value imported blocks

04



Setup a **new manufacturing facility in Jaipur** for processing high-value blocks through **Multi-Wire Technology**

05





Further diversified business and forayed into **manufacturing of Quartz**


TRANSITION OF BUSINESS MODEL



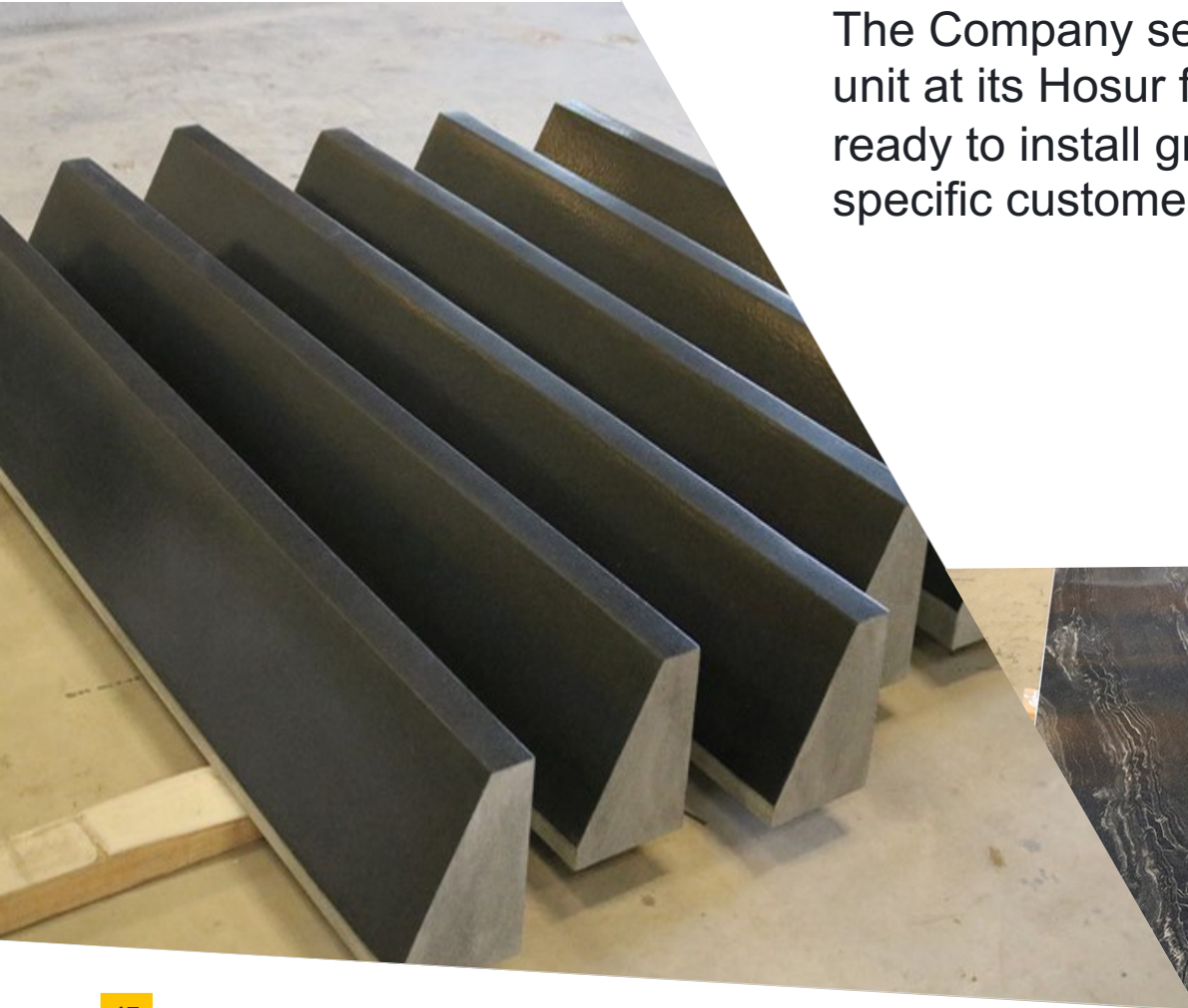
The Company created state-of-the-art 11,000 Sq. Mt. warehouse facility in its Hosur facility to stock and showcase its inventory.

 With majority of mines shutdown, the availability of rough granite posed as a challenge and hence the operations of Make-to-Order were no longer viable.

 Company invested ₹ 15 crores for setting up the warehouse to carry higher inventories.

 This enabled customers to make quick and informed purchase decisions.

VALUE ADDED SERVICE



The Company setup a Cut-to-Size unit at its Hosur facility to process ready to install granites as per specific customer requirements



The setup consisted of Intra CNC bridge sawing and polishing machines.



This enabled the Company to cater to specific requirements of large domestic and international customers.

MULTI-WIRE CAPACITY IN HOSUR



The Company installed a new Multi-Wire granite cutting machine at its facility in Hosur.



Multi-Wire technology is the latest available technology and is more efficient.



Multi-Wire machines are useful for sawing rough blocks that are hard and brittle.



This enabled the Company to start importing rough blocks and also process rough block available from mines in Rajasthan.

NEW GRANITE SLAB PLANT – JAIPUR

With advent of Multi-Wire technology the granite mined from Rajasthan could now be processed.

To efficiently capitalize on the opportunity, in 2019 the Company commenced a greenfield plant in Jaipur to process granite slabs.

₹ 60 crores capital investment towards setting up the plant with 1,50,000 Sq. Mt. capacity



Initial ramp-up

The Company ramped up production to optimum levels in the first year of operation



Capacity expansion

The Company doubled the capacity to 1,50,000 Sq. Mt. in 2021 to cater to the growing demand at incremental capital investment of ₹ 7 crores



Asset Turns

At optimum utilisations, the current facility can achieve total sales of ₹ 80 crores



Additional Land

Availability of additional land at existing site to further enhance capacities



NEW QUARTZ PLANT – HOSUR

Imposition of ADD and CVD on China by USA for quartz, opened up the market for Indian manufacturers.

Aro Granite setup a brownfield quartz manufacturing facility and commenced operations in 2021

₹ 45 crores capital investment towards setting up the plant with 1,80,000 Sq. Mt. capacity

The facility was expected to begin operations in March 2020. However, COVID-19 resulted in the delay.



Initial ramp-up

The Company significantly ramped up production levels in the first year of operation. However, the Company only focused on manufacturing basic designs first.



Capacity expansion

The initial investment covered all the common utilities and infrastructure to support an incremental 150% capacity.










Capital expenditure

The Company can double the existing quartz capacity at an incremental investment of ₹ 20 crores



SUMMARIZING

INITIATIVE	IMPACT ON BUSINESS	IMPACT ON FINANCIALS
TRANSITION IN BUSINESS MODEL TO STOCK AND SELL	Helped curtail the drop in revenues and loss of business	<ul style="list-style-type: none">  Increased the working capital requirement of the business  Incremental CAPEX with no additional topline
CUT-TO-SIZE	Added a value-added offering to cater to niche and specific requirement of customers	<ul style="list-style-type: none">  Incremental margins as against just processing of rough granite blocks
MULTI-WIRE TECHNOLOGY	Addressed raw material availability challenge for the Company	<ul style="list-style-type: none">  Higher efficiencies leading to higher margins
NEW PLANT – SLABS	Addressed raw material availability challenge for the Company and created a new growth platform	<ul style="list-style-type: none">  Higher margins due to limited competition
NEW PLANT – QUARTZ	Created a new growth platform for the business	<ul style="list-style-type: none">  Increase in operating revenues  Higher margins as against the granite business

Current Macro ENVIRONMENT

23 CHALLENGING MACRO
ENVIRONMENT



03

CHALLENGING MACRO ENVIRONMENT



Unprecedented increase in freight cost.

Freight cost which used to be in the range of 7-12% of landed cost for customer, at peak reached 45-55% of landed cost resulting in decrease in demand



Post cooling off of freight rates, the channel is stuffed with high-cost inventory, resulting in lower-than-normal demand.



High inflation and resultant interest rates have resulted in slowdown in US markets which happens to be a major market for quartz and granite for the Company.



War between Ukraine and Russia has resulted in slowdown in European markets which happen to be a major market for the Company.



Imposition of preliminary 161.5% duty on Indian quartz in the USA markets made the quartz exports unviable in FY23. In January 2023, this duty was removed

Short term macro headwinds are resulting in sub-par financial performance in near term and masking the true benefits of investments made over the last few years.

Responsible Corporate CITIZEN

25 CORPORATE SOCIAL
RESPONSIBILITY



04

CORPORATE SOCIAL RESPONSIBILITY



The Company has developed a rural health centre adjacent to the factory premises at Hosur.



The health centre has been operational since September 2017 and provides free medical service to the public in and around the village nearby.



The health centre has manpower of 1 Doctor, 2 Nurses, 1 Pharmacist and a housekeeper.



~ 50 patients are being treated on a daily basis.



Financial & OPERATIONAL HIGHLIGHTS

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STATEMENT



05

OPERATIONAL HIGHLIGHTS

FY 23

PARTICULARS	HOSUR TILES	HOSUR SLABS	JAIPUR SLABS	HOSUR QUARTZ
SALES (In Sq. Mt.)	1,04,194	2,08,918	88,704	53,488
PRODUCTION (In Sq. Mt.)	1,10,919	2,03,626	89,671	43,121
CAPACITY UTILISATION	30.81	34.81	59.78	23.95

SUMMARY OF PROFIT AND LOSS STATEMENT

(₹ IN CRORES)

PARTICULARS	FY 19	FY 20	FY 21	FY 22	FY 23
REVENUE FROM OPERATIONS	172.44	177.71	179.37	224.74	163.90
OTHER INCOME	2.07	3.15	0.63	1.36	0.55
TOTAL INCOME	174.51	180.86	180.00	226.10	164.45
EBITDA	25.85	21.68	24.43	31.44	19.60
EBITDA MARGIN (%)	14.81	11.99	13.57	13.91	11.96
FINANCE COST	5.07	5.98	5.38	7.93	12.78
DEPRECIATION AND AMORTISATION EXPENSES	8.25	10.52	11.06	12.74	12.73
PROFIT AFTER TAX	9.71	3.61	6.05	8.91	(5.78)

SUMMARY OF BALANCE SHEET

(₹ IN CRORES)

PARTICULARS	FY 19	FY 20	FY 21	FY 22	FY 23
SHAREHOLDERS FUND	180.22	181.48	187.64	196.42	190.61
NON CURRENT LIABILITIES	8.19	18.04	14.80	14.10	13.6
LONG TERM BORROWINGS	13.72	28.16	41.78	65.32	60.21
CURRENT LIABILITIES	26.23	44.51	33.62	41.55	41.12
SHORT TERM BORROWINGS	115.12	122.35	126.65	133.98	144.83
TOTAL EQUITY AND LIABILITIES	343.48	394.54	404.49	451.37	450.37
NON CURRENT ASSETS	20.64	13.97	13.54	13.59	13.77
NET BLOCK	112.63	170.00	164.44	159.63	150.39
CURRENT ASSETS	20.75	11.96	13.37	18.18	19.35
INVENTORIES	118.47	129.22	139.14	177.31	199.36
TRADE RECEIVABLES	57.37	58.82	64.02	73.08	61.53
CASH & BANK BALANCES	13.62	10.57	9.98	9.58	5.97
TOTAL ASSETS	343.48	394.54	404.49	451.37	450.37

SUMMARY OF CASH FLOW STATEMENT

(₹ IN CRORES)

PARTICULARS	FY19	FY20	FY21	FY22	FY23
CASH FLOW FROM OPERATING ACTIVITIES	(7.64)	62.94	0.65	(18.15)	13.96
CASH FLOW FROM INVESTING ACTIVITIES	(26.32)	(77.73)	(3.95)	(6.19)	(3.03)
CASH FLOW FROM FINANCING ACTIVITIES	36.26	11.74	2.70	23.94	(14.53)
NET CASH FLOW	2.30	(3.05)	(0.60)	(0.40)	(3.6)
CASH AT THE BEGINNING OF YEAR	11.32	13.62	10.58	9.98	9.58
CASH AT THE END OF YEAR	13.62	10.58	9.98	9.58	5.97

Quarterly HIGHLIGHTS

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STATEMENT

06

A hand holding a pen pointing to a financial chart on a document. The chart features a bar graph at the bottom and several pie charts above it. The background is a blurred office setting with a person's hands on a desk.

OPERATIONAL HIGHLIGHTS

Q4 FY 23

PARTICULARS	HOSUR TILES	HOSUR SLABS	JAIPUR SLABS	HOSUR QUARTZ
SALES (In Sq. Mt.)	22,352	66,754	25,831	21,678
PRODUCTION (In Sq. Mt.)	25,003	44,141	22,424	15,841
CAPACITY UTILISATION	27.78	30.18	59.79	35.20

MANAGEMENT COMMENTARY



Sahil Arora

Whole Time Director



I am pleased to present the earnings update for Aro Granite Industries Limited. In the past year, we encountered several challenges that impacted our business operations. However, we are delighted to inform you that we have successfully overcome these hurdles and are witnessing a gradual improvement in the operating environment.

The year 2022-23 commenced with record-high container prices, severely affecting our customers who were burdened with exorbitant freight costs. This led to a significant decline in the sales of budget and lower-cost goods. Moreover, our Quartz plant faced a temporary closure due to an interim duty imposed on Quartz imports from India by the USA. Fortunately, subsequent deliberations rectified this situation, allowing us to resume production in March 2023. Europe experienced an energy crisis due to the ongoing conflict in Ukraine, resulting in increased fuel and electricity costs. Consequently, the real estate market suffered a negative impact, affecting our customers' sales. Furthermore, the post-pandemic scenario exacerbated the worker shortage in several Western European countries.

As stimulus cheques dried up and interest rates continued to rise in the USA and Europe, certain segments of the real estate markets experienced a downturn. However, we observed a promising trend in the strong market demand for renovations.

Fortunately, in early 2023, freight rates took a significant plunge, alleviating the burden on our customers. However, this sudden decline in prices led to inventory management challenges, as customers with higher-valued stocks encountered difficulties in sales, indirectly affecting our business.

As a 100% Export Oriented Unit, the slowdown in the USA and European markets adversely impacted our performance in FY 2022-2023. Nonetheless, we are pleased to share that we have successfully navigated and overcome the following hurdles:

High Freight Rates: *The steep decline in freight prices has relieved our customers and facilitated smoother operations.*

Duty on Quartz: *The rectification of duty rates on Quartz imports has enabled us to resume production and regain market share.*

Stabilization of Europe amidst the war: *Despite the challenging energy crisis and worker shortage, we have maintained stability in the European market, adapting to the prevailing circumstances.*

With these obstacles now behind us and anticipating a decline in interest rates in the upcoming quarters, we expect a gradual recovery and improved financial performance. We are optimistic that the operating environment will continue to improve, allowing us to capitalize on emerging opportunities.

SUMMARY OF PROFIT AND LOSS STATEMENT

(₹ IN CRORES)

PARTICULARS	Q4FY22	Q3FY23	Q4FY23	Q-o-Q	Y-o-Y
REVENUE FROM OPERATIONS	57.62	34.3	46.96	36.91%	(18.50%)
OTHER INCOME	1.21	0.18	0.05	(72.22%)	(95.87%)
TOTAL INCOME	58.83	34.48	47.01	36.34%	(20.09%)
EBITDA	6.39	(0.36)	7.08	(2,066.67%)	10.80%
EBITDA MARGIN (%)	10.86	(1.05)	15.08	(1,536.19%)	38.86%
FINANCE COST	2.08	3.24	3.72	14.81%	78.85%
DEPRECIATION AND AMORTISATION EXPENSES	3.18	3.19	3.20	0.31%	0.63%
PROFIT AFTER TAX	1.13	(7.14)	0.49	(106.86%)	(56.64%)

CONTACT US

For any further information, please contact

Sabyasachi Panigrahi

ARO GRANITE INDUSTRIES
LIMITED

sabyasachi@arotile.com
+91 11 41686169

Abhishek Mehra

TIL ADVISORS PRIVATE
LIMITED

abhishek@theinvestmentlab.in
+91 95588 14500

ARO GRANITE INDUSTRIES LIMITED

REGISTERED OFFICE:

#1001, 10th Floor, DLF Tower A,
Jasola , New Delhi - 110 025, INDIA

CORPORATE OFFICE & WORKS:

Koneripalli Village, Shoolagiri (Via),
Hosur (TK) - 635 117, Tamilnadu, India

