



Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

Notice

NOTICE is hereby given that the 28th Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Saturday, the 10th September 2016 at 10.00 A.M. at Lakshmpat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 2016 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Sujata Arora, who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and, if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution**

"**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and the Companies (Audit and Auditors) Rules 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby ratifies the appointment of M/s Alok Mittal & Associates, Chartered Accountants, New Delhi (Firm Registration No. 005717N), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty-ninth Annual General Meeting to be held in the year 2017 and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March 2017 as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration as may be agreed upon between the Auditors and the Board of Directors".

SPECIAL BUSINESS

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

"**RESOLVED THAT** pursuant to the provisions of Sections 190, 196, 197, 198, 203 and Schedule V and other applicable provisions, if any, of the Companies Act 2013 ("the said Act"), and rules made there under or any statutory modification(s) or re-enactment(s) thereof the re-appointment of Shri Sunil Kumar Arora as Managing Director of the Company for a further period of five years w.e.f. 1st April 2016 be and is hereby approved on the following terms of remuneration as approved/recommended by the Nomination & Remuneration Committee of Directors and in the event of inadequacy or absence of Profits under Section 198 of the said Act in any financial year or years, the remuneration comprising salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Managing Director, for a period not exceeding three years in the aggregate subject to requisite approvals under the said Act.

"**RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and are hereby authorised to vary and/or revise the terms and conditions of appointment including remuneration of the said Managing Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto without any further approval of the Company in general meeting".

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

"**RESOLVED THAT** in furtherance to the resolution passed by the members in the Annual General Meeting of the Company held on 11th September 2015, appointment of Shri K Raghavendra Acharya (DIN 06923476) as Wholetime Director of the Company with the designation of Executive Director for a period of three years with effect from 01st November 2014, further approval of the Company be and is hereby accorded for payment of the remuneration as determined by the Nomination and Remuneration Committee and approved by the members of the Company at the aforesaid Annual General Meeting and reproduced in the explanatory statement annexed hereto which shall be deemed to form part hereof as minimum remuneration in the event of inadequacy or absence of profits under section 198 of the said Act in any financial year or years subject to requisite approval under the said Act"

"**RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and are hereby authorised to vary and/or revise the terms and conditions of appointment including remuneration of the said Executive Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto without any further approval of the Company in general meeting".

For & on behalf of the Board

Place: Hosur
Date: 18th July, 2016

(Sunil K. Arora)
Managing Director



NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from **06.09.2016 to 10.09.2016 (Both days inclusive)**.
4. The Dividend @ 10% (Re. 1/- per Equity Share of Rs. 10/- each) as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose name shall be borne on the Company's Register of Members on 10.09.2016 or to their mandatees. In respect of the shares held in dematerialised form, dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for the purpose.
5. 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.
6. **Voting through electronic means (E-Voting)**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and as substituted by the companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). E-voting is optional.

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on 7th September 2016 at 10.00 a.m. and ends on 9th September 2016 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialised form as on **cutoff** date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|--|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> ● 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). |



- (viii) After entering these details appropriately, click on “**SUBMIT**” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **Aro granite industries ltd.** 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter the User ID and the Captcha code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 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.
- (xix) 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 **3rd September 2016** may follow the same instructions as mentioned above for e-voting.
- (xx) 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 of 3rd September 2016**.
- (xxi) 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.
- (xxii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- (xxiii) The Results shall be declared after the AGM of the Company. The results declared along with the Consolidated Scrutinizer’s Report shall be placed on the Company’s website www.arotile.com and on the website of CDSL immediately.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.



7. 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 Equity Shares (3.91%) Equity Shares in the Company.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 5

Shri Sunil Kumar Arora had been re-appointed as the Managing Director of the Company for a period five years by the Board of the Company on 22.04.2011 and the same was approved by the Shareholder in the General Meeting held on 29.07.2011. The present tenure of Shri Sunil K Arora as the Managing Director expires on 31.03.2016. Considering his depth of knowledge, expertise in the granite business and his contribution for the all round growth and development of the Company, the Board of Directors in its meeting held on 23.01.2016 re-appointed Mr. Sunil Kumar Arora as Managing Director for a further period of five years w.e.f. 01.04.2016 subject to the approval of the shareholders, in the ensuing Annual General Meeting of the Company on the following terms of remuneration as approved/recommended by the Nomination and Remuneration Committee of Directors for a period of three years and subject to requisite approvals under the said Act. The resolution is accordingly recommended as Special Resolution for the approval of the shareholders of the Company

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

I. General Information

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

| Particulars for the Financial year ended 31 st March 2016 | Rs. in Crores |
|--|---------------|
| Net Sales and Other Income | 216.76 |
| Operating Profits (Before Interest, Depreciation and Tax) | 21.12 |
| Profit before Tax | 6.78 |
| Profit after Tax | 5.86 |

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

II. Information about the Appointee:

1. **Background details:** Shri Sunil Kumar Arora, aged 58 years, holds a Bachelor Degree in Science. He is the founder promoter of Aro granite industries ltd. He has more than 30 years experience in the granite industry. He is responsible for the overall management of the Company.
2. **Past Remuneration** of Shri Sunil Kumar Arora was approved by the Shareholders at Annual General Meeting of the Company held on 29th July 2011.
3. **Job Profile and his Suitability:** Shri Sunil Kumar Arora, Managing Director of the Company is vested with substantial powers of the management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long term developmental activities of the company. He has in-depth knowledge, expertise in the granite business, having more than 30 years of experience, which has evolved the all round growth of the Company.
4. **Remuneration proposed:** The Remuneration Committee and Board of Directors of the company at their respective meetings held on 23rd January 2016 have approved the following terms of remuneration of Shri Sunil Kumar Arora for a tenure of 3 years w.e.f. 01.04.2016 subject to approval of the shareholders in the next General Meeting, as under
 - a) Salary: Basic Salary Rs. 8,00,000/- per month (in grade of 8,00,000 – 50,000 – 10,00,000).
 - b) Commission upto 5% of the net profits of the Company computed under section 198 of the Companies Act 2013 or any statutory modification thereto or re-enactment thereof subject to a ceiling of 100% of annual salary.
 - c) Perquisites: Residential accommodation or House Rent Allowance @ 50% of the Salary. Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company. Company shall provide such furniture and furnishings as may be required. Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family. Reimbursement of all the expenses



- i.e. travel fare, lodging, boarding, conveyance and other expenses incurred for self and family members during the leave travel holidays period whenever undertaken whether in India or abroad. Subscription or reimbursement of membership fee for clubs in India or abroad including admission and life membership fees. Personal Medical / Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 20,000/- p.a. Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / schemes and available to other employees.
- d) Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - e) Gratuity payable shall not exceed half a month's salary for each completed year of service.
 - f) Entitled for leave with full pay or encashment thereof as per the rules of the Company.
 - g) The Board or the Nomination and Remuneration Committee thereof may, from time to time, increase, or vary the salary range, subject to the overall ceiling prescribed under the Companies Act, 2013.
 - h) In the event of inadequacy or absence of profits under Section 198 of the Companies Act, 2013 in any financial year or years, the Managing Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified in paras a above, as minimum remuneration and be also entitled to perquisites mentioned in paras c, d, e and f above.

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

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

III Other Information:

- 1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. The standoff between Russia and Ukraine caused western countries to impose sanctions and our export to Russia came to a standstill because of those sanctions. Post subprime meltdown our export to US housing market was stalled and it hit our export growth. Further there is a change in the trend in usage of natural stones across the globe. New products like engineered stone are making a mark and consumer preference is shifting towards the new products. Due to global economic instability, major currencies across the globe faced high exchange rate volatility against US DOLLAR which affected our order position leading to decline in sales and low profitability.

Further margins are under pressure because realization was severely hit by the steep decline in EURO against the US DOLLAR. Another reason is the sharp decline of the Brazilian currency against US DOLLAR which made granite export more competitive from Brazil. Customers' resistances are there against upward revision of selling price of the product.

Apart from the above, non-availability of good quality rough granite blocks, sharp increasing in the prices of rough granite blocks i.e the primary raw materials, high input costs and slowdown of export markets because of several external factors which were beyond our control, the turnover was affected and consequently the profitability was also reduces substantially.

- 2. **Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization are some of the measures being taken to improve the performance of the Company. With these steps the Company is expected to grow at the rate of more than 10% for the year 2016-17 and will maintain the same for the next few years and profitability wise also, it is expected to maintain 8 to 9% PAT rate.

The Resolution is accordingly recommended as **Special Resolution** for the approval of the shareholders of the Company. None of the Directors except Mr. Sunil Kumar Arora or his relatives or Key Managerial Person or their relatives has any nature of concern or interest, financial or otherwise, directly or indirectly in respect of the proposed resolution.



Item no. 6

Shri K Raghavendra Acharya was appointed as Whole Time Director of the Company with the designation of Executive Director for a period of three years with effect from 01.11.2014 on the terms & remuneration determined by the Nomination and Remuneration Committee and approved by the members at the Annual General Meeting held on 11.09.2015. However, due to inadequacy of profits during the financial year 2015-16, the Company has submitted requisite application to the Central Government for payment of approved remuneration as the Minimum Remuneration to Shri K Raghavendra Acharya subject to compliance of the requirement of Part II of the Schedule V of the Companies Act 2013. The resolution is accordingly, recommended for the approval of the Members as **Special Resolution**.

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

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

I General Information

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

| Particulars for the Financial year ended 31 st March 2016 | Rs. In Crore |
|--|--------------|
| Net Sales and Other Income | 216.76 |
| Operating Profits (Before Interest, Depreciation and Tax) | 21.12 |
| Profit before Tax | 6.78 |
| Profit after Tax | 5.86 |

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

II. Information about the Appointee:

1. **Background details:** Raghavendra Acharya, aged 48 years, is a Commerce Graduate from Bangalore University having done Post Graduation in Foreign Trade Management from International Institute of FTM affiliated to Bangalore University (IIFTM). He has a total professional experience over 23 years in the Granite industry in the field of International Sales & Procurement under the Management Cadre. Has handled the overseas sales operations and have travelled extensively around the globe in promotion of the natural Granite Slabs and Tiles. With professional experience behind, he has also been carrying out the job of procuring overseas natural granites/ Quartzite in the block form from different parts of the world.
2. **Past Remuneration:** The Company had appointed Shri K. Raghavendra Acharya as the Whole Time Director of the Company for a period of three years w.e.f. 01.11.2014 and same has been approved by the shareholder in their General Meeting held on 11th September 2015.
3. **Job Profile and his Suitability:** Shri K. Raghavendra Acharya, Whole Time Director of the Company is vested with the overseas sales operations and have travelled extensively around the globe in promotion of the natural Granite Slabs and Tiles. With professional experience behind, he has also been carrying out the job of procuring overseas natural granites/ Quartzite in the block form from different parts of the world.
4. **Remuneration proposed:** The Remuneration Committee and Board of Directors of the company at their respective meetings held on 31st October 2014 have approved the following terms of remuneration of Shri K. Raghavendra Acharya for a tenure of 3 years w.e.f.2014 and approved by the shareholder in the Annual General Meeting held on 11th September 2015, as under:
 - A. **Salary:** Basic Salary of 55000/- per month with such increments as may be decided by the Board/Nomination and Remuneration Committee of the Directors of the Company from time to time in the Salary grade of Rs. 55,000-5500-66,000 per month.
 - B. **Perquisites, allowances and benefits:** Perquisites comprising provision of residential accommodation or house rent allowance in lieu thereof Conveyance allowance, Education allowance, Children Education Allowances, Uniform Maintenance Allowances, Books & Magazine Allowances, Medical Reimbursement and Special Allowance. Premium on personal accident insurance, car(s) with driver, telephone etc., and other perquisites, allowances and benefits as per the schemes, policies and the rules of the Company as applicable from time to time subject to any change as may be decided by the Board/ Nomination and Remuneration Committee of the Directors of the Company. The perquisites shall be evaluated as per the actual cost or Income tax Rules, as applicable.



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

5. **Comparative Remuneration profile with respect to industry, Size of the company, profile of the position and person:** The remuneration being paid in the industry to the executives has increased manifold. The Central Government has also from time to time raised the ceilings. The Remuneration Committee of the Directors of the company had, while approving the remuneration of Shri K Raghavendra Acharya, taken into account the financial position of the Company and trends in the industry, qualification, experience, responsibilities, past performance, past remuneration etc. and the remuneration drawn by the managerial persons in the industry.

6. **Pecuniary relations directly or indirectly with the company or relationship with the managerial personnel, if any:** Besides the remuneration proposed herein, Shri K Raghavendra Acharya does not have any pecuniary relationship with the Company.

III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. The standoff between Russia and Ukraine caused western countries to impose sanctions and our export to Russia came to a standstill because of those sanctions. Post subprime meltdown our export to US housing market was stalled and it hit our export growth. Further there is a change in the trend in usage of natural stones across the globe. New products like engineered stone are making a mark and consumer preference is shifting towards the new products. Due to global economic instability, major currencies across the globe faced high exchange rate volatility against US DOLLAR which affected our order position leading to decline in sales and low profitability.

Further margins are under pressure because realization was severely hit by the steep decline in EURO against the US DOLLAR. Another reason is the sharp decline of the Brazilian currency against US DOLLAR which made granite export more competitive from Brazil. Customers' resistances are there against upward revision of selling price of the product.

Apart from the above, non-availability of good quality rough granite blocks, sharp increasing in the prices of rough granite blocks i.e the primary raw materials, high input costs and slowdown of export markets because of several external factors which were beyond our control, the turnover was affected and consequently the profitability was also reduces substantially.

2. **Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization are some of the measures being taken to improve the performance of the Company. With these steps the Company is expected to grow at the rate of more than 10% for the year 2016-17 and will maintain the same for the next few years and profitability wise also, it is expected to maintain 8 to 9% PAT rate.



FOR THE ATTENTION OF THE SHAREHOLDERS

- 1 Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General Meeting.
- 2 Please check the pin code in the address slip printed on the envelop and advise correction, if any therein. Also please do indicate the pin code number of your delivery post office while notifying change in your address to the Company where shares are held in physical form.
- 3 Transferee(s) seeking transfer of shares in physical form should furnish copy of PAN card to the Company/RTA for registration of transfers.
- 4 Shareholders having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
- 5 Requests for transfer of Shares and related correspondence should be addressed to the Company's **Registrar & Share Transfer Agent M/s Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi 110055**. The shareholder may approach their Depository Participant for getting their shares dematerialised and in respect of the shares already held in dematerialised mode for registration of change in their addresses, bank mandates and nominations etc. For any further clarifications and other matters kindly write to the **Company Secretary at 1001, 10th Floor, DLF Tower A, Jasola, New Delhi 110025 or E mail: investorgrievance@arotile.com**. Please quote your folio no/DP ID/Client ID or number of shares for prompt attention.
- 6 The Members are requested to furnish to the Company their Bank particulars to enable the Company to directly credit the dividend amount in their Account through **Electronic Clearing Services**. Members are also requested to advise details of their Bank Account i.e. name and address of their Bank, Account No. and name of account Holder(s) for printing on the Dividend Warrants to avoid fraudulent encashment thereof.
- 7 **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 31.03.2009 will be transferred to the Investor Education and Protection Fund. It may be noted that no claim shall be lie against the IE&PF or the Company after transfer of the unclaimed/unpaid dividend to the IE&PF. 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 2009-10 to 2014-15 are requested to send the same for revalidation to the Company at the address given at point No. 5 above.
- 8 **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.
- 9 **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.
- 10 Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notice/documents under the Companies Act 2013, to its shareholders, through electronic mode. We request to Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Limited (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./DP ID –Client ID, PAN, Name (s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s).
- 11 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) and send the same under your signature(s)



Aro granite industries Ltd.

(CIN: L74899DL1988PLC031510)

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

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

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



ADMISSION SLIP

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

I/We hereby record my/our presence at the 28th Annual General Meeting of the Company being held at Lakshmiapat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 on Saturday, the 10th September 2016 at 10.00 A.M.

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

Signature of the attending Shareholder/Proxy/Authorised Representative*

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

#Applicable for shareholders holding shares in dematerialised form.

*Strike out which is not applicable

Aro granite industries Ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

PROXY FORM

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

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

(1) Name: _____ Address: _____

E Mail ID: _____ Signature: _____ or failing him;

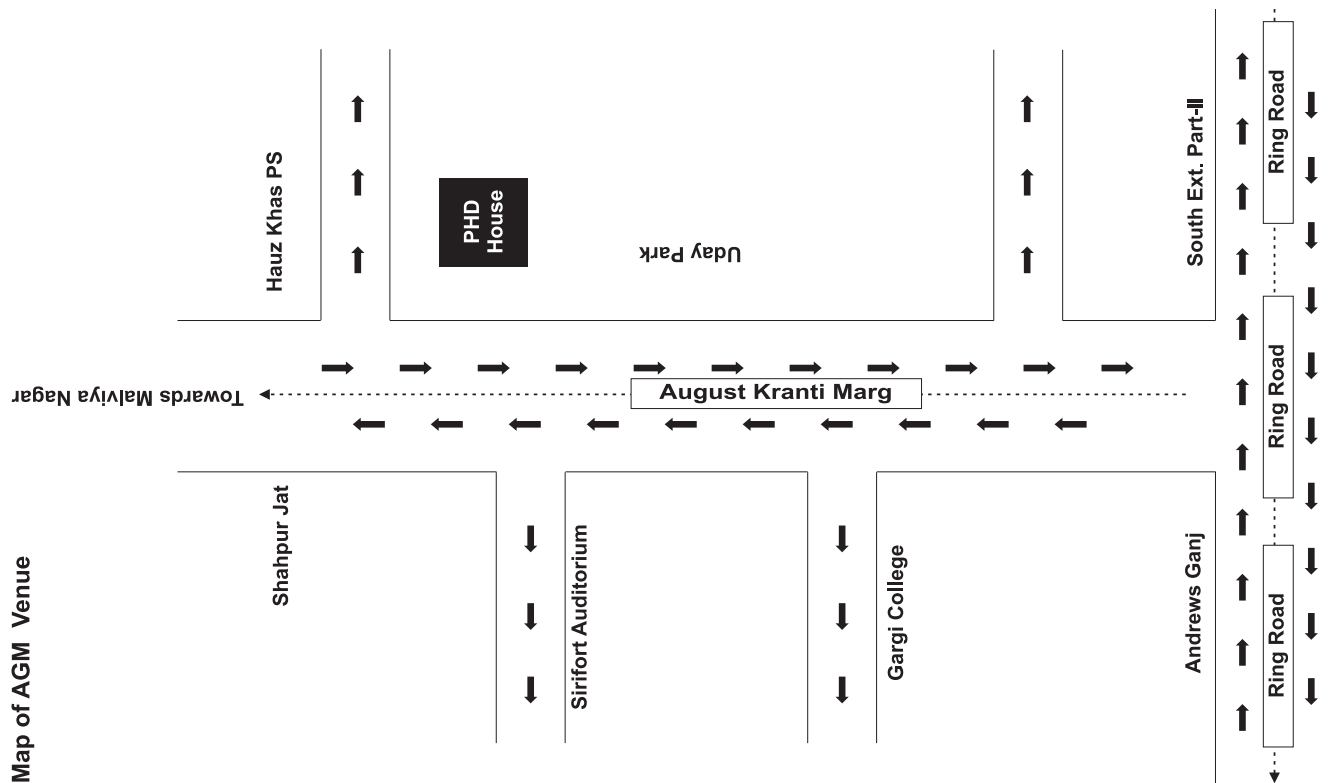
(2) Name: _____ Address: _____

E Mail ID: _____ Signature: _____ or failing him;

(3) Name: _____ Address: _____

E Mail ID: _____ Signature: _____ or failing him;

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Saturday, the 10th September 2016 at 10.00 A.M. at Lakshmiapat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 and at any adjournment thereof in respect of the resolutions as are indicated overleaf:



| Resolution Number | Resolution |
|--------------------------|---|
| ORDINARY BUSINESS | |
| 1 | Adoption of Audited Financial Statements for the year ended 31st March 2016. |
| 2 | Declaration of Dividend for the year ended 31st March 2016. |
| 3 | Appointment of Smt. Sujata Arora, Director who retires by rotation and being eligible offers herself for re-appointment. |
| 4 | Ratification of appointment of M/s Alok Mittal & Associates, Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of 28th Annual General Meeting till the conclusion of 29th Annual General Meeting. |
| SPECIAL BUSINESS | |
| 5 | Re-appointment of Shri Sunil Kumar Arora as the Managing Director of the Company |
| 6 | Approval of Statement of Schedule V with regard to Shri K. Raghavendra Acharya Executive Director. |

Signed this _____ Day of _____ 2016

Signature of Shareholder

Signature of Proxy holder(s)

Affix
revenue
stamp

Notes:

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

