



Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

Notice

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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



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

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

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

For & on behalf of the Board

Place: Hosur
Date: 21st July, 2018

(Sunil K. Arora)
Managing Director

NOTES:

1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/ authority, as applicable.

2 The Share Transfer Books and Register of Members of the Company shall remain closed from 12.09.2018 to 17.09.2018 (Both days inclusive)

3 Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically.

4 Voting through electronic means (E-Voting)

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

The instructions for Shareholders voting electronically are as under:

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

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 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 (iv).



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



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

ITEM NO 4

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

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

Statement as required under Schedule V of the Companies Act 2013

I General Information

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

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

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

II. Information about the Appointee:

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



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

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

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

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

III Other Information:

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

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

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

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

ITEM NO 6

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



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

Statement as required under Schedule V of the Companies Act 2013

I. General Information

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

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

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

II. Information about the Appointee:

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



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

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

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

III Other Information:

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

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

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

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

ITEM NO 7

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

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

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

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



FOR THE ATTENTION OF THE SHAREHOLDERS

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

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

Green Initiative in Corporate Governance: Register E-mail Address

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