



## 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 31<sup>st</sup> Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Saturday, the 31<sup>st</sup> August 2019 at 10.00 A.M. at Lakshmipt 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 2019 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.

#### 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 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 remuneration to be paid to the Shri Sunil Kumar Arora (DIN 00150668), Managing Director of the Company for the remaining two years period, from 01.04.2019 to 31.03.2021, of his existing tenure be and is hereby approved on the terms of remuneration as approved and recommended by the Nomination and Remuneration Committee of Directors & 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 of salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Managing Director.

**RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and is hereby authorized 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."

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 Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V thereto including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force, Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the recommendation of Board and Nomination and Remuneration Committee of Directors of the Company and in pursuance of the Special Resolution no. 6 passed by the Members at the 23<sup>rd</sup> Annual General Meeting of the Company held on 29<sup>th</sup> July 2011 ("23<sup>rd</sup> AGM"), consent of the members of the Company be and is hereby accorded to ratify and confirm the waiver of the recovery of Rs. 61.78 lacs being a part of the Minimum Remuneration paid to **Shri Sunil Kumar Arora (DIN: 00150668)**, Managing Director of the Company during the Financial Year 2016-17, as per the terms of his appointment and remuneration approved by the Members by means of Special Resolution at the 23<sup>rd</sup> AGM which is within the overall limits approved by them but which exceeded the limits specified under Section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said Financial Year; and to the consequential retention thereof by him.

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 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Schedule V thereto and the Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force and in furtherance of the Special Resolution no. 5 passed in the 28<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> September 2016 ("28<sup>th</sup> AGM") and pursuant to the recommendations of Nomination and Remuneration Committee of Directors and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded by way of renewal to payment of remuneration to **Shri Sunil Kumar Arora (DIN: 00150668)**, Managing Director of the Company during the period commencing on 1<sup>st</sup> April 2016 and ending on 31<sup>st</sup> March 2021, on the terms of his appointment and remuneration approved by the Members by means of Special Resolution at the 28<sup>th</sup> AGM and as set out in the Statement annexed hereto; which is within the remuneration structure and overall limits approved by them at the above AGM and which in any financial year(s) may exceed 5% of the net profits of the Company subject to the overall limits for all managerial persons specified in Section 197(1) read with other relevant provisions of the said Act, and in the event of inadequacy or absence of profits in any financial year during the above period(s), the remuneration comprising salary, performance linked incentive, perquisites, allowances and benefits, as already approved by the Members at above AGM, be paid as minimum remuneration to the said Managing Director, subject to approval, if any, required under the said Act.



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

**“RESOLVED THAT** pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 (the 'Act') read with Companies (Appointment and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act including any statutory modification(s) or re-enactment thereof for the time being in force and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 or any amendment thereto, Shri Dinesh Chandra Kothari (DIN: 00195609), who was appointed as a Director (Non-executive & Independent) of the Company and whose term of office expires at this Annual General Meeting and who has offered himself for re-appointment as an Independent Director and has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of Five consecutive years on the Board of Company from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting subject to the Approval of Shareholders in the ensuing Annual General Meeting.

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

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

**“RESOLVED THAT** pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 (the 'Act') read with Companies (Appointment and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 or any amendment thereto, Shri Rahul Gupta (DIN: 00024732), who was appointed as a Director (Non-executive & Independent) of the Company and whose term of office expires at this Annual General Meeting and who has offered himself for re-appointment as an Independent Director and has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation and to hold office for second term of Five consecutive years on the Board of Company from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting subject to the Approval of Shareholders in the ensuing Annual General Meeting.

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

For & on behalf of the Board

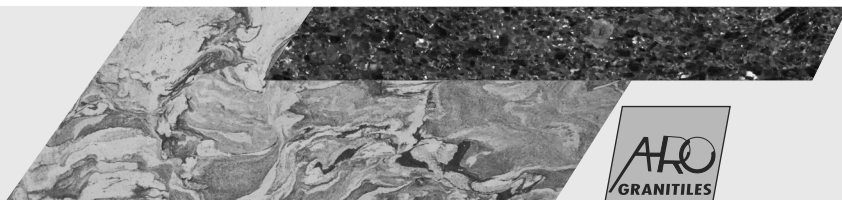
Place: Hosur  
Date: 11<sup>th</sup> May 2019

(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 27.08.2019 to 31.08.2019 (Both days inclusive)**
- 3 The Dividend @10% (Re 1/- per Equity Shares 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 31.08.2019 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.**
- 4 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.**
- 5 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 31<sup>st</sup> 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 28<sup>th</sup> August 2019 at 10.00 a.m. and ends on 30<sup>th</sup> August 2019 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialised form as on cut-off date of 24.08.2019 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](http://www.e-votingindia.com).
- (iii) Click on Shareholders/Members
- (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](http://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"><li>● 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.</li><li>● In case the sequence number is less than 8 digits enter the applicable number of 0'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.</li></ul>
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"><li>● If both the details are not recorded with the depository or Company, please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (viii) After entering these details appropriately, click on **"SUBMIT"** tab.
- (ix) Members holding shares in physical form will then directly reach 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 a print of the votes cast by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (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 Store 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](http://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](mailto: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](mailto: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.com](http://www.e-votingindia.com) under help section or write an e-mail to [helpdesk.e-voting@cdslindia.com](mailto: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. 24<sup>th</sup> August 2019 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. 24<sup>th</sup> August 2019**.

(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](http://www.arotile.com) and on the website of CDSL immediately.

6. 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(1) OF THE COMPANIES ACT 2013

### ITEM NO. 4

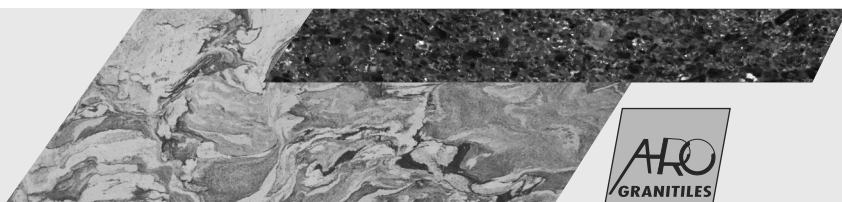
Shri Sunil Kumar Arora, had been re-appointed as the Managing Director of the Company for a period of five years by the Board of Directors on 18.07.2016 and the same was approved by the Shareholder in the General Meeting held on 10.09.2016. As per the terms of the appointment, the remuneration was to be paid for a period of three years. The Nomination & Remuneration Committee and Board of Directors of the Company at their respective meetings held on 19<sup>th</sup> January 2019 have recommended the remuneration to be paid to the Managing Director for the remaining two years period under the current appointment 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 of salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Managing Director which is within the over-all limit already approved by the Shareholders in the above referred General Meeting.

The Nomination and Remuneration Committee and Board of Directors of the Company at their respective meetings held on 19<sup>th</sup> January 2019 have recommended above Resolution for approval of the Members by means of Special 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 31st March 2019	Rs. in Crores
Net Sales and Other Income	174.50
Operating Profits (Before Interest, Depreciation and Tax)	25.85
Profit before Tax	12.53
Profit after Tax	9.71

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

II. Information about the Appointee:

- Background details:** Shri Sunil Kumar Arora, aged 61 years, holds a bachelor's degree in science. He is the founder promoter of Aro granite industries ltd. He has more than 35 years experience in the granite industry. He is responsible for the overall management of the Company.
- Past Remuneration of Shri Sunil Kumar Arora** was approved by the Shareholders at the Annual General Meeting of the Company held on 10<sup>th</sup> September 2016 for a period for a period of 3 years.
- 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 35 years of experience, which has evolved the all round growth of the Company.
- Remuneration proposed:** The Nomination and Remuneration Committee and Board of Directors of the Company at their respective meetings held on 19<sup>th</sup> January 2019 have approved the following terms of remuneration of Shri Sunil Kumar Arora for a tenure of 2 years with effect from 01.04.2019 subject to the approval of the Shareholders in the next Annual General Meeting as under

- Salary: Basic Salary Rs. 9,00,000/- per month (in grade of 9,00,000 – 50,000 – 9,50,000).
- 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.
- 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 periods 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.
- 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.
- Gratuity payable shall not exceed half a month's salary for each completed year of service.
- Entitled for leave with full pay or encashment thereof as per the rules of the Company.
- 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.
- 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.

- 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 husband of Smt. Sujata Arora, Director and father of Shri Sahil Arora, whole time Director of the Company.

### III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly affected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. 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 resulting a pressure on the margins. Availability of alternate product in the market has affected the demand for granite as well. 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.

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 2019-20 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.

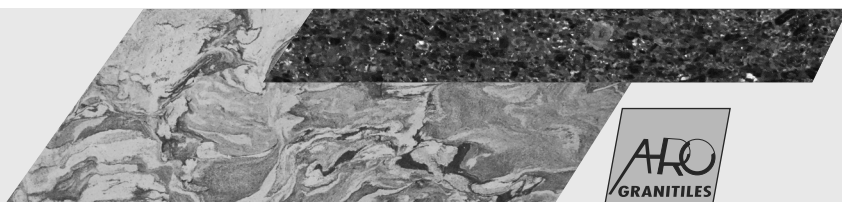
### ITEM NOS. 5 & 6

As the Members are aware, Shri Sunil Kumar Arora, Managing Director was re-appointed as Managing Directors of the Company for a period of five years each with effect from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016 and further re-appointed as the Managing Director for a period of five years with effect from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2021 by means of Special Resolutions passed by the Members at the 23<sup>rd</sup> Annual General Meeting ("23<sup>rd</sup> AGM") and 28<sup>th</sup> Annual General Meeting ("28<sup>th</sup> AGM") respectively

The Terms of his remuneration approved by the Members at the 28<sup>th</sup> AGM *inter alia* includes payment of "Minimum Remuneration" to the said Managing Directors in the event of inadequacy or absence of profits, in any financial year or years during the currency of his tenure, comprising of basic salary, performance linked incentive, contribution to Provident and other funds, perquisites, allowances and benefits etc., as under, subject to requisite approvals under the Act.

### REMUNERATION

- Salary: Basic Salary Rs. 8,00,000/- per month (in grade of 8,00,000 – 50,000 – 10,00,000).
- 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.
- 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.
- 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.
- Gratuity payable shall not exceed half a month's salary for each completed year of service.
- 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.

As the Members are aware, the Company had been making consistent and adequate profits upto the Financial Year 2014-15. However, there was a drop in the profitability in subsequent years for reasons beyond the control of the Company as explained hereinafter. As a result, the Company had inadequate profits for the Financial Years 2015-16 for the purpose of payment of Managerial Remuneration to the Managing Director.

While the Company continued to make payment of dividends to the Members, no commission was given to the Managing Director subsequent to his re-appointment in the year 2016. The Company had to therefore pay Minimum Remuneration to him, within the limits as approved by the Members at the 28<sup>th</sup> AGM, which exceeded the limits specified under Section 197 of the Companies Act, 2013 (Act) read with Schedule V thereto. Further, the Company sought requisite approval of the Central Government, Ministry of Corporate Affairs (MCA) to such payment of Minimum Remuneration to the Managing Director for above Financial Years. The Company's application to MCA in respect of Shri Sunil Kumar Arora remained pending MCA approval as on 12<sup>th</sup> September 2018

Meanwhile, MCA vide its Notification dated 12<sup>th</sup> September 2018, notified the relevant provisions of the Companies (Amendment) Act, 2017 and Schedule V thereto. Pursuant to Section 197(17) of the said Act, as so amended, the Company's aforesaid Applications pending with MCA, stands abated and the Company is required to obtain the approval of the Members by means of Special Resolution for waiver of recovery of the excess Remuneration paid to the Managing Director during the year 2015-16 as mentioned in the resolutions at Item No. 5 of the Notice

Pursuant to the amended provisions of Section 197 (3) of the Act read with Schedule V thereto, if in any Financial Year, the Company has no profits or its profits are inadequate, it can pay remuneration to its Managing Director in accordance with the provisions of Schedule V to the Act i.e. not exceeding the limits specified under Item (A) of Section II of Part II of the said Schedule: provided that the remuneration in excess of above limits may be paid if the resolution passed by the Members is a Special Resolution.

Based on Financial Results of the Company as on the year ended 31<sup>st</sup> March 2019 and other relevant factors including prevailing market conditions, the Company may not have adequacy of Profits in the Financial Year 2018-19 ending 31<sup>st</sup> March 2019, to pay (Minimum)

Remuneration to Managing Director, as was approved by the Members at the time of their appointments at the 28<sup>th</sup> AGM. It is therefore considered desirable to obtain fresh approval of Members by way of Special Resolutions for payment of minimum remuneration to the said Managing Directors for FY 2018-19, in case the Company has inadequacy of Profits for that year.

The Special Resolution earlier passed by the Members in the 28<sup>th</sup> AGM for the re-appointment of the Managing Director for a period of five years specified that "in the event of inadequacy or absence of profit under Section 197 and 198 of the said Act in any financial year or years, the remuneration comprising salary, performance linked incentives, perquisites, allowances and benefit, as approved herein be paid as minimum remuneration to the said Managing Director for a period of not exceeding three years in the aggregate subject to requisite approvals under the said Act.

In view of the above, it is also proposed to obtain fresh approval of the Members by way of renewal through Special Resolution as mentioned at Item No. 6 of the Notice to the terms of remuneration payable to Shri Sunil Kumar Arora for the Financial Year 2016-17 to 2020-21 which shall be in accordance with and within the remuneration structure and overall limits of managerial remuneration already approved by the Members at the aforesaid 28<sup>th</sup> AGM.

The Nomination and Remuneration Committee and Board of Directors of the Company at their respective meetings held on 11<sup>th</sup> May 2019 have *inter alia* recommended above Resolution for approval of the Members by means of Special 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 31st March 2019	Rs. in Crores
Net Sales and Other Income	174.50
Operating Profits (Before Interest, Depreciation and Tax)	25.85
Profit before Tax	12.53
Profit after Tax	9.71

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

II. Information about the Appointee:

- Background details:** Shri Sunil Kumar Arora, aged 61 years, holds a Bachelor Degree in Science. He is the founder promoter of Aro granite industries ltd. He has more than 35 years experience in the granite industry. He is responsible for the overall management of the Company.
- Past Remuneration** of Shri Sunil Kumar Arora was approved by the Shareholders at Annual General Meeting of the Company held on 29<sup>th</sup> July 2011 for a period of five years and 10<sup>th</sup> September 2016 for a period of 3 years.
- 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 35 years of experience, which has evolved the all round growth of the Company.
- Remuneration proposed: There is no change in the terms of appointment and remuneration of the abovementioned Managerial Personnel as was approved by the Members at the 28<sup>th</sup> AGM. The approval is sought as required under the Companies (Amendment) Act, 2017 applicable w.e.f. 12th September 2018
- 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.
- 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 husband of Smt. Sujata Arora, Director and father of Shri Sahil Arora, whole time Director of the Company.

III Other Information:

- Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly affected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. 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 resulting a pressure on the margins. Availability of alternate product in the market has affected the demand for granite as well. 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.

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.

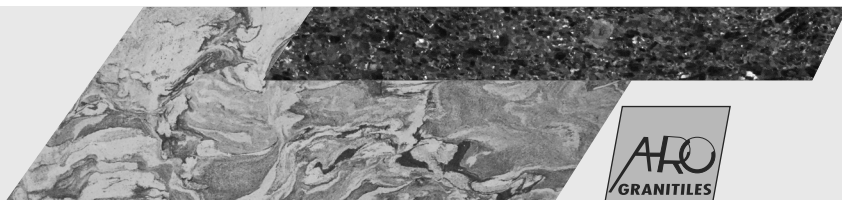
- Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for 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 2019-20 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. 7

Shri Dinesh Chandra Kothari (DIN 00195609) had been appointed as an Independent Director of the Company for a period of five years in the Annual general Meeting held on 6<sup>th</sup> September 2014 on the recommendation of the Board of Directors of the Company in its





meeting held on 19<sup>th</sup> April 2014. Accordingly, his term of appointment expired in the ensuing Annual General Meeting. Pursuant to provisions of Section 150 of the Companies Act 2013, Board of Directors in its Meeting held on 11<sup>th</sup> May 2019, on the recommendation of the Nomination and Remuneration Committee, has given its consent for the re-appointment of Shri Dinesh Chandra Kothari as a Non-Executive Independent Director of the Company for a second term of five consecutive years from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual general Meeting to be held in the year 2024.

Shri Dinesh Chandra Kothari is a Chartered Accountant by profession having 46 years of Corporate and Entrepreneur experience. Shri Kothari served in Bukhatir Investment Group in Sharjah. Hard work and dedication saw him rise to the position of CEO of the Bukhatir Group at the young age of 29 years. After thirteen years of service, he branched out and setup his own Corporate Advisory and Investment Banking. In furtherance of Investment banking, he then diversified to Merger & Acquisition (M&A) practice, thus bringing foreign investment in Dubai. He is founder DPS, Sharjah (UAE) and DPS Dubai (UAE). In the year 2013, Shri Kothari opened Victory Heights Primary School (VHPS), a British Curriculum school in Dubai to engage and contribute to a wider section of expatriates. The latest inclusion in his chain of schools is another British Curriculum Secondary School - South View School, in RemRaam opened in 2018. Shri Kothari has been conferred "Pride of India" award by Indian Business & Professional Council for **Contribution in the field of Education** and honored with the **prestigious Mother Teresa Award** by Mother Teresa International Awards Committee for **Excellence in the field of Education**.

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

Board of Directors of the Company evaluated the performance of Shri Dinesh Chandra Kothari and found the same satisfactory and is of the opinion that Company shall be benefitted by re-appointment on the Board.

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

#### ITEM NO. 8

Shri Rahul Gupta (DIN 00024732) had been appointed as an Independent Director of the Company for a period of five years in the Annual general Meeting held on 6<sup>th</sup> September 2014 on the recommendation of the Board of Directors of the Company in its meeting held on 19<sup>th</sup> April 2014. Accordingly, his term of appointment expired in the ensuing Annual General Meeting Pursuant to provisions of Section 150 of the Companies Act 2013, Board of Directors in its Meeting held on 11<sup>th</sup> May 2019 has recommended the re-appointment of Shri Rahul Gupta as a Non-Executive Independent Director of the Company for a second term of five consecutive years from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual general Meeting to be held in the year 2024.

Shri Rahul Gupta is a seasoned professional with more than 30 years of rich global experience in executive management, operations and investing. Shri Gupta provides strategic directions and guidance in business analysis, operational excellence, financial planning and capital raising.

Shri Gupta has started his own Company Evista Homes and Resorts Pvt. Ltd. a High-end Residences and Resorts project on outskirts of Kasauli hills. He also is the founder & CEO of RT Global Infosolutions Pvt. Ltd., an IT service firm based in Chandigarh and Bangalore.

He was Managing Partner in Sonoma Management Partners (2008-2012), CEO of two global technology business IDES and KMG, CFO at QAI Consulting in India (2001-2002), general partner in RCTC (Venture Capital Firm) 1993-2001.

He has expertise in Strategy formulation, Long and medium range planning, Dashboard creation, Review mechanism, Financial discipline, Legal and financial compliance, Creating "winning teams", Investments in unlisted and listed space, Business viability analysis, Mergers and acquisitions and Funding

Shri Gupta holds BE (Mechanical) degree from Punjab Engineering College, Chandigarh and MBA (Finance) from Kurukshetra University, India.

In terms of section 149 of the Companies Act 2013 and other relevant provisional Shri Rahul Gupta, being eligible and offering himself for re-appointment as an independent Director for the further period of Five years effective from the Board 11<sup>th</sup> May 2019. In the opinion of the Board, Shri Rahul Gupta fulfills the conditions of his appointment as an independent director as prescribed under the Company's Act and rules made thereunder. Shri Rahul Gupta is Independent of management. The Company has received the declaration of Independence from him as prescribed under Sub Section (6) of section 149 of the act. Shri Rahul Gupta neither holding any shares or related to any Director or Key Management Person of the Company.

Board of Directors of the Company evaluated the performance of Shri Rahul Gupta and found the same satisfactory and is of the opinion that Company shall be benefitted by re-appointment on the Board.

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

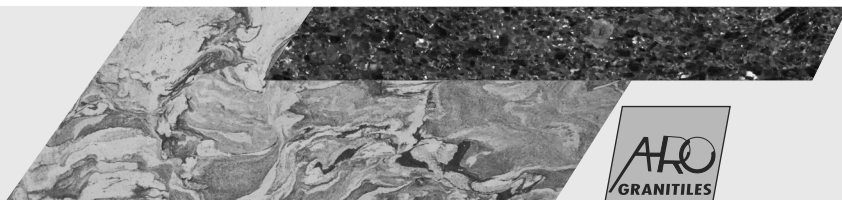


## FOR THE ATTENTION OF THE SHAREHOLDERS

- 1 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, 10<sup>th</sup>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 31.03.2012 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 2012-13 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.

### 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)



## 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

### ATTENDANCE SLIP

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

I/We hereby record my/our presence at the 31st Annual General Meeting of the Company being held at Lakshmiapat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 on Saturday, the 31st August 2019 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 attendance 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 dematerialisation form

\*Strike out which is not applicable

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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/her;

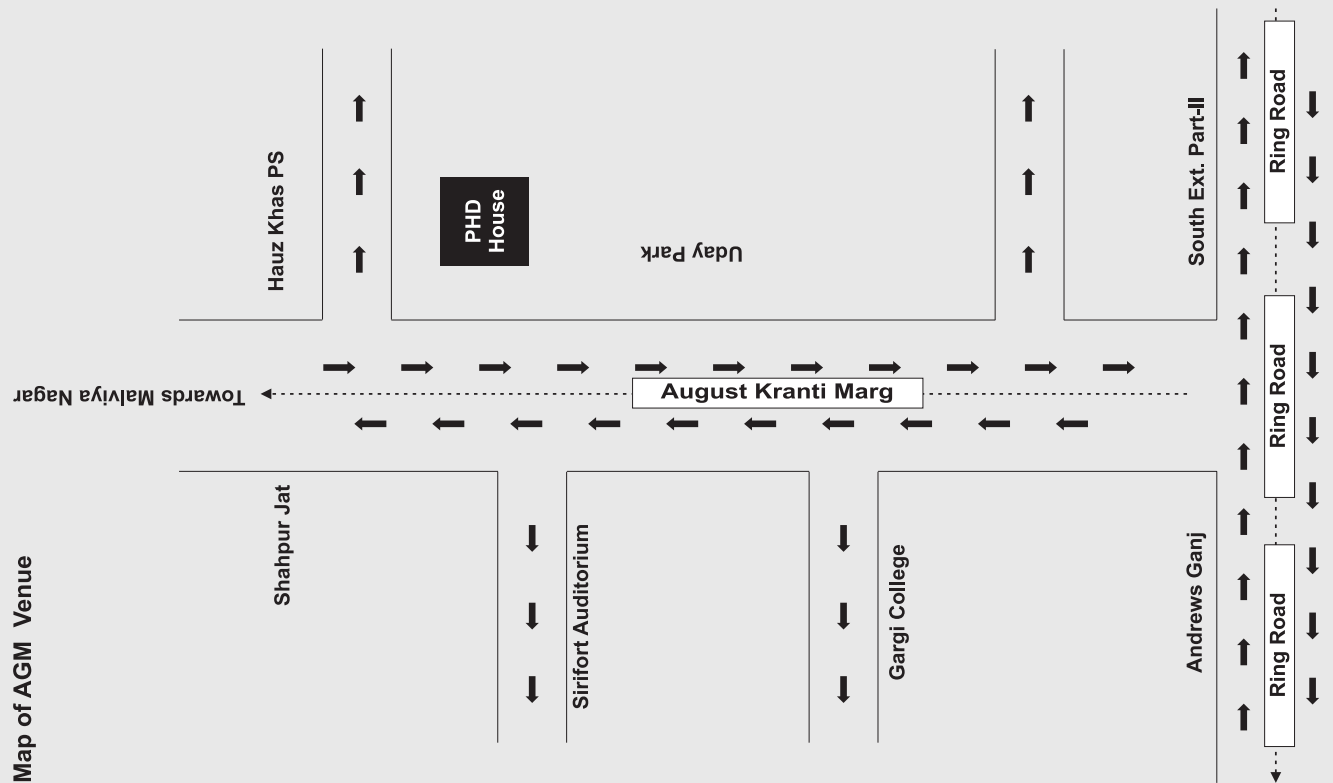
(2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her;

(3) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her;

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on Saturday, the 31st August 2019 at 10.00 A.M. at Lakshmiapat Singhanian 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
<b>ORDINARY BUSINESS</b>	
1	Adoption of Audited Financial Statements for the year ended 31st March 2019.
2	To Declare Dividend.
3	Appointment of Smt. Sujata Arora, Director who retires by rotation and being eligible offers herself for re-appointment.
<b>SPECIAL BUSINESS</b>	
4	Remuneration for the Managing Director for the remaining two years of the current term
5	Ratification and confirmation of waiver of recovery of excess remuneration
6	Renewal to the payment of remuneration of the Managing Director
7	Re-appointment of Shri Dinesh Chandra Kothari as the Independent Director of the Company.
8	Re-appointment of Shri Rahul Gupta as the Independent Director of the Company.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2019

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.