

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes in good Corporate Governance, which is an integral part of its business ethics. Through Corporate Governance, the Company wants to achieve highest level of transparency, accountability and equity in all its activities and functions. The overall target is to enhance the value of the stakeholders by providing them with all sorts of information with regard to the functioning of the Company and remain committed to the highest level of customer satisfaction and high standard of business ethics in the long run. The Company firmly believes that over a period of time all its operations and actions must serve the underlying goal of enhancing overall shareholders value.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eight Directors comprises of Five Non-Executive Directors (NED) of which Four are Independent. The Board does not have a permanent Chairman. At each Board Meeting, Directors present elect one amongst themselves as the Chairman of the Meeting. Four Board Meetings were held during the Financial Year ended 31st March 2018 on 22nd April 2017, 22nd July 2017, 28th October 2017 and 21st January 2018. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (18.09.2017)	Outside Directorships and Committee positions			Shareholding in the Company as on 31.03.2018
				Directorships [#]	Committee Membership*	Committee Chairmanship*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Shri Sunil K Arora Managing Director (00150668)	Executive	4	YES	1	1	–	4887540
Shri Sahil Arora (07970622)	Executive	1	No	1	–	–	303688
Shri Dinesh Chandra Kothari (00195609)	Non-Executive & Independent	2	No	3	4	1	NIL
Shri Rahul Gupta (00024732)	Non-Executive & Independent	4	YES	1	2	2	NIL
Smt. Sujata Arora (00112866)	Non-Executive	4	NO	1	–	–	598572
Shri K. Raghavendra Acharya (06923476)	Executive	3	NO	1	–	–	NIL
Smt. Vanita Sood (06926832)	Non-Executive & Independent	4	NO	1	1	–	NIL
Shri Kanwaljit Singh@ (01388140)	Non-Executive & Independent	–	NO	1	2	–	NIL
Shri Sundareshwara G. Sastry (00165762)	Non-Executive & Independent	1	NO	1	2	–	NIL

@ Resigned w.e.f. 16th November 2017. As per Section 165 of the Companies Act, 2013 and

Regulation of 25 of the SEBI (Listing Obligations and Disclosure Requirements)

* Regulations 2015 Only covers Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

The Company has a Code of Conduct for Management Cadre Staff which is strictly adhered to. In terms of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 contemporary practices of good corporate governance, a Code of Conduct was laid down by the Board for all the Board Members and Senior Management of the Company. The said code is available on the Company's website (www.arotile.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by the Managing Director.

3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 177 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee is consisting of Four Non-Executive Directors namely Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the Committee), Smt. Vanita Sood and Shri Sundareshwara G. Sastry, all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2018, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 22.04.2017(3), 22.07.2017(2), 28.10.2017(2) and 21.01.2018(4).



4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee is consisting of Four Non-Executive Directors namely Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the Committee) Smt. Vanita Sood and Shri Sundareshwara G. Sastry all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2018, One meeting was held. Date of Meeting (number of members attended): 28.10.2018 (2)

5. NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of the Companies Act 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has a Nomination and Remuneration Policy which is disclosed below.

Criteria for recommending a person to become Director:

The Committee shall take into consideration the following criteria of qualification, positive attributes and independence for recommending to the Board for appointment of a Director:

Qualification & Experience:

The incumbent shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, operations, corporate governance, education, community service or other disciplines.

Attributes/Qualities:

The incumbent Director may possess one or more of the following attributes/qualities:

- Respect for and strong willingness to imbibe the Company's Core Values
- Honesty and professional integrity.
- Strategic capability with business vision.
- Entrepreneurial spirit and track record of achievement.
- Ability to be independent and capable of lateral thinking.
- Reasonable financial expertise.
- Have contacts in fields of the business/Corporate World/Finance/Chambers of commerce & industry.
- Can effectively review and challenge the performance of management.

In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the provisions of the Act, SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws & regulations. "He" or "his" as mentioned in this policy includes any gender.

The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

Director's Compensation

The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

Evaluation

The Board will review the performance of a Director as per the structure of performance evaluation.

Board Diversity

The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and Board diversity in mind in recommending any new name of Director for appointment to the Board. It will be Committee's Endeavour to have at least one Director from the following fields:

- a) Accounting and Corporate Finance
- b) Legal and Corporate Laws
- c) Business, Management and Corporate Strategy

Eligibility Criteria & Remuneration of Key Managerial Personnel and other Senior Management Personnel

The eligibility criteria for appointment of key managerial personnel and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of key managerial personnel shall be filled by senior personnel having relevant qualifications and experience.

The Compensation structure for Key managerial personnel and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks.

The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has Stakeholder Relationship Committee at the Board Level which consists of Four Directors, namely Shri Sunil K Arora, Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the committee) and Shri Sundareshwara G. Sastry. The composition of the committee is in conformity with Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 178 of the Companies Act, 2013. Shri Sabyasachi Panigrahi, Company Secretary is the Compliance Officer of the Committee who oversees the investors grievances including Transfer/Transmission of Equity Shares, De-materialisation/ Re-materialisation of Equity Shares, non-receipt of Dividend, Annual Reports etc. All the complaints received by the Company have been resolved promptly to the satisfaction of the Shareholders. All the valid requests for transfer of Equity Shares in physical form were processed in time and there are no pending transfers of Equity Shares.

7. CSR COMMITTEE

The CSR Committee is comprising of Shri Dinesh Chandra Kothari (Chairman), Smt. Sujata Arora, Smt. Vanita Sood and Shri Sundareshwara G. Sastry as other members.

8. REMUNERATION OF DIRECTORS

- Executive Directors: The aggregate amount of Salary, HRA paid during the Financial Year ended 31st March 2018 to Shri Sunil Kumar Arora, Managing Director was Rs. 1,64,88,088/- Shri Sahil Arora Whole Time Director was Rs 1,043,485 and Shri K. Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for Rs.1,583,638/-.
- Non-Executive Directors: During the year 2017-2018, the Company has paid sitting fees of Rs. 5,85,000 /- to all the Independent Directors. Other Non-Executive Directors Mrs. Sujata Arora were paid sitting fees of Rs. 1,50,000 /-

9. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs) of the Company were:

Year	Location	Date	Time	Whether Spl. Resolution passed
2014-15	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	11 th September 2015	10.30 A.M.	YES
2015-16	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	10 th September 2016	10.00 A.M.	YES
2016-17	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003	18 th September 2017	10.00 A.M.	NO

10. OTHER DISCLOSURES

- Related party transactions: All transactions entered into with related parties as defined under the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link <http://www.arotile.com>
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2014-15, 2015-16 and 2016-17 respectively: **Nil**
- The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>



4. The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>
5. Reconciliation of share capital audit: A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
6. Code of Conduct: The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2018. The annual report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

11. MEANS OF COMMUNICATION

Quarterly, Half-yearly and Annual results are normally published in the leading English newspaper, namely, Financial Express, MINT, Pioneer and Veer Arjun, having wide circulation and promptly furnished to the Stock Exchanges for display on their respective websites. The financial results are also displayed on the Company's website www.arotile.com. "Management Discussion and Analysis" and 'Shareholders Information' forms part of the Annual Report.

12. GENERAL SHAREHOLDERS' INFORMATION

(i) **Registered Office:** 1001, 10th floor, DLF Tower 'A', Jasola, New Delhi 110025 (CIN:L74899DL1988PLC031510)

(ii) Annual General Meeting

- (a)
- | | | |
|------------|---|--|
| Day & Date | : | Monday, the 17 th September 2018 |
| Time | : | 10.00 A.M. |
| Venue | : | LakshmiPat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 |
- (b) As required under Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a brief resume and other particulars of the appointment of Directors retiring by rotation at the aforesaid Annual General Meeting and seeking re-appointment are being given in the Notes to Notice convening the said meeting.

(iii) Financial Calendar (Tentative)

Financial Reporting

<ul style="list-style-type: none"> ● for the quarter ending 30.06.2018 ● for the half-year ending 30.09.2018 ● for the quarter ending 31.12.2018 ● for the year ending 31.03.2019 (If unaudited) (If audited) ● Annual General Meeting for the Financial Year ending 2018-19 	<p>Within 45 days of the end of the quarter</p> <p>Within 60 days of the end of the quarter</p> <p>Between July and September 2019</p>
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- (iv) **Date of Book Closure** : From 12.09.2018 to 17.09.2018 (both days inclusive)
- (v) **Listing on Stock Exchange** : The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited (NSE). Annual Listing Fee for the Financial Year 2018-19 has been paid to BSE and NSE.
- (vi) **Security Code for Company's Equity Shares** : **BSE:** 513729,
NSE: AROGRANITE/EQ
ISIN No.: INE210C01013

(vii) Stock Market Price Data

Month (2017-18)	Bombay Stock Exchange (BSE)		National Stock Exchange of India Limited (NSE)	
	HIGH	LOW	HIGH	LOW
APRIL 2017	89.90	72.05	89.90	72.10
MAY 2017	79.00	67.20	79.00	66.75
JUNE 2017	84.15	70.00	84.00	70.00
JULY 2017	81.70	67.60	81.80	67.20
AUGUST 2017	70.00	59.15	70.00	58.80
SEPTEMBER 2017	74.80	63.50	74.65	64.00
OCTOBER 2017	74.75	57.00	72.00	58.95
NOVEMBER 2017	75.70	61.00	75.80	61.00
DECEMBER 2017	86.00	58.00	86.80	66.20
JANUARY 2018	98.40	67.00	97.90	66.60
FEBRUARY 2018	74.65	59.30	75.00	58.20
MARCH 2018	66.35	54.10	66.75	54.00

(viii) Distribution of Shareholding as on 31ST March 2018

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	1369535	8.951	10393	83.404
501-1000	858973	5.614	1094	8.779
1001-5000	1706766	11.155	829	6.653
5001-10000	518370	3.388	73	0.586
10001 and above	10846356	70.891	71	0.578
TOTAL	15300000	100.00	12461	100.00

(ix) Shareholding Pattern as on 31ST March 2018

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6282856	41.06
2	Non-Residents Individuals/OCBs	187330	1.22
3	Private Corporate Bodies	1622140	10.60
4	General Public	7207674	47.12
	Total	15300000	100.00

(x) Share Transfer System:

All valid requests for transfer/transmission of Equity Shares in physical form are processed within a period of 15 days from the date of receipt thereof and the share certificates duly transferred are immediately returned to the transferee/lodger. In the case of Equity Shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.



(xi) Dematerialisation of Shares & Liquidity:

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may therefore, in their own interest, dematerialise their holdings in physical form, with any one of the Depositories namely NSDL and CDSL. The ISIN No. for Equity Shares of the Company for both the depositories is INE210C01013. As on 31st March 2018, 97.04% the Equity Shares stands dematerialised. It may be noted that in respect of shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

(xii) Outstanding GDRs/ADRs/Warrants/Options or any convertible instruments, conversion date and it's likely impact on Equity:
There are no outstanding GDRs/ADRs/Warrants of the Company.

(xiii) Corp. Off. & Works

At: Koneripalli Village, Via: Shoolagiri
Taluk: Hosur, Dist: Krishnagiri
Tamil Nadu 635 117

(xiv) Address for Correspondence regarding share transfers and other matters

Aro granite industries Ltd.

Regd. Office

1001, 10th Floor
DLF Tower 'A', Jasola
New Delhi 110 025

Phone No.: 91-11-41686169

Fax No.: 91-11-26941984

E mail: investor grievance@arotile.com

Registrar & Transfer Agent (RTA)

M/s Alankit Assignments Limited

Alankit House, 4E/2,
Jhandewalan Extension
New Delhi 110055

Phone No: 91-11-23541234, 91-11-42541234

Fax No.: 91-11-23552001

E mail: info@alankit.com

13. DECLARATION

This is to confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for Directors and Senior Management adopted by the Board.

Sunil K Arora
Managing Director

Managing Director Certification

To,
The Board of Directors
Aro granite industries Ltd.

1. I have reviewed Financial statements and the cash flow Statement of Aro granite industries Ltd for the financial year ended 31st March, 2018 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material factor contain any statements that might be misleading;
 - (ii) these statements together present true and fair view of the Company's affairs and are in Compliance with the existing accounting standards, applicable Laws and regulations.
2. They are to the best of the our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. I accept the responsibility for establishing and maintaining internal controls for Financial reporting and I have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal controls.
4. I have indicated to the Auditors and Audit Committee:
 - i. that there no significant changes in internal control over the financial reporting during the year.
 - ii. that there are no significant changes in accounting policies during the year; and
 - iii. that there are no instances of significant fraud of which I have become aware.

(Sunil K. Arora)
Managing Director