



ARIHANT INDUSTRIAL CORPORATION LIMITED

Registered Office: Arihant Complex, NH 48, Opp. Sagar Petrol Pump, Sativali, Vasai (E) - 401 208, Dist: Palghar

Tel: +91 7507778271/74

Website: www.arihant.com, email: investor.relations@arihant.com

CIN: U45270MH1984PLC034030

NOTICE is hereby given that the **Thirty Fifth Annual General Meeting** of the Members of **Arihant Industrial Corporation Limited** ('The Company') will be held at the Registered Office of the Company at **Arihant Complex, Opp. Sagar Petrol Pump, Sativali, Vasai (E) - 401 208, Dist: Palghar** on Tuesday **29th December, 2020** at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. A. To receive, consider and adopt audited Standalone Financial Statement of the Company for the financial year ended 31st March, 2020 together with the report of the Board of Directors and Auditors thereon; and
B. The audited Consolidated Financial Statement of the Company for the financial year ended 31st March, 2020 together with the report of the Auditors thereon.
2. To appoint a Director in place of Mrs. Bela M. Meswani, Director who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. **To consider and, if thought fit, to pass, with or without modification/s the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and subject to the requisite approval of the Central Government, if any required, the consent of the Company be and is hereby accorded for re-appointment of Mr. Rajen Shah (DIN: 00154495) as Managing Director of the Company from 1st December, 2020 to 31st March, 2022 on payment of remuneration not exceeding Rs. 7,00,000/- per month including Basic Salary, House Rent Allowance and other Perquisites, Bonus, Performance Incentives, Commission and other additional perquisites as approved by Board from time to time as per the rules of the Company, in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

The following perquisites however shall not be included in the computation of the ceiling on remuneration:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT Mr. Rajen Shah shall be entitled to the re-imbursment of all out of pocket expenses which may be incurred by him for and in the course of business of the Company."

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this Resolution and/or to make modification as may be deemed to be in the best interest of the Company.”

4. To consider and, if thought fit, to pass, with or without modification/s the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, and subject to other applicable statutory provisions, rules, regulations, guidelines and also subject to necessary approvals, consents, permissions and sanctions from the concerned authorities, consent of the Members be and is hereby accorded to the Board of Directors for sale of the Land alongwith Factory Premises of the Company located at Arihant Complex, Opp. Sagar Petrol Pump, NH 48, Sativali, Vasai East, Dist: Palghar, Pin 401208 on such terms and conditions, at such time and in such manner, as may be decided by the Board of Directors in its absolute discretion, including the receipt of the consideration thereof as may be agreed upon by the Board of Directors at the time of Sale in such manner and with the power to the Board to finalize the terms and conditions, the means, methods or modes of receipt of consideration in respect thereof and to finalize and execute all required documents, including agreements, deeds and other papers with such modifications as may be required from time to time for completion of the transaction as aforesaid.”

<p>Registered Office: Arihant Complex, Western Express Highway, Opposite Sagar Petrol Pump, Sativali, Vasai (E), Thane - 401208</p> <p>Place: Mumbai Date: 31st October, 2020</p>	<p style="text-align: center;">By Order of the Board of Directors For Arihant Industrial Corporation Ltd.</p> <p style="text-align: right;">Rajen S. Shah Managing Director (DIN: 00154495)</p>
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NOTES:

- a) The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
- b) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself / herself and that proxy need not be a member of the Company. Proxies in order to be effective, should reach duly completed, stamped and must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
- c) Members are requested to note that as per section 124 of the Companies Act, 2013, dividends not claimed within seven years from the date of transfer to the Company’s Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund of the Government. Unclaimed Dividends as per details given in the table below has been initiated for transfer to the ‘Investor Education and Protection Fund’ on the date mentioned below. Those members who have so far not encashed these dividend warrants or any subsequent dividend warrants may claim or approach the Company for the payment thereof.

Dividend Period	Due date for transfer
Dividend 2012-13 paid in Sep 2013	8 th October, 2020

- d) Relevant documents referred to in accompanying Notice and statement are open for the inspection by the members at the Registered Office of the Company on all working day (except Saturday) during business hours up to date of the Annual General Meeting.
- e) Corporate members intending to send their authorized representatives at the Annual General Meeting are requested to send a certified true copy of the board resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
- f) Attached is a proxy form with instructions for filling, stamping, signing and depositing the proxy form.
- g) Route map of the venue of Annual General Meeting is annexed to the notice.

**EXPLANATORY STATEMENT UNDER SECTION 102(1)
OF THE COMPANIES ACT, 2013**

ITEM NO. 3:

Re-appointment of Mr. Rajen S. Shah, Managing Director:

The members of the Company had approved re-appointment of Mr. Rajen S. Shah as Managing Director of the Company at Annual General Meeting held on 03.09.2017 w.e.f. 01.12.2017 for 3 years. The term of appointment will expire on 30.11.2020.

Considering the progress made by the Company under the able guidance and supervision of Mr. Rajen S. Shah and considering the Company Policy on age for holding the position of Managing Director, it is proposed to re-appoint him as Managing Director and payment of managerial remuneration w.e.f. 01.12.2020 for further period of 16 months (i.e. 01.12.2020 to 31.03.2022). The Proposed remuneration has been approved by the Board of Directors and recommended by Remuneration Committee in their respective meetings and the same is in compliance with the conditions of Schedule V to the Companies Act, 2013, as amended. The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

The terms and conditions of the draft agreement are set out herein below:

Period of Appointment: 01.12.2020 to 31.03.2022

Terms of Appointment: Remuneration not exceeding Rs. 7,00,000/- per month including Basic Salary, House Rent Allowance and other Perquisites, Bonus, Performance Incentives, Commission and other additional perquisites as approved by Board from time to time as per the rules of the Company, in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

For the purpose of computing ceiling on perquisites, the same will be valued as per Income Tax Rules, 1962 wherever applicable.

The following perquisites however shall not be included in the computation of the ceiling on remuneration as stated above.

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- (c) encashment of leave at the end of the tenure.

STATEMENT OF INFORMATION AS REQUIRED UNDER SCHEDULE V, PART II, SECTION II (B) (IV):

I: General Information about the Company:

1. Nature of Industry: The object of the company for which it is formed is to manufacture, produce, repair, design, tools, machineries, plants, equipment, etc.

2. Date of Commencement of Commercial Production: The Company was incorporated on 15th September, 1984. Immediately after incorporation, the Company has commenced commercial operation and till date the Company is engaged in the manufacturing of Play Equipments and WaterSlide Equipments.

3. Financial Performance Based on Given Indicators: The financial data as per last audited Balance Sheet as on 31st March, 2020 are as under:

Particulars	For the Year ended 31.03.2020 (Rs. In Lacs)
Total Income	8792.97
Net Profit Before Depreciation and Tax	(458.31)

Depreciation	309.70
Net Profit Before Tax	(768.01)
Provision for Taxation	(159.34)
Net Profit after Tax	(608.67)

The Company has achieved export turnover of Rs. 1600 (In lacs) during the year ended 31st March, 2020. The Company does not have foreign collaborations.

4. Foreign Investments or Collaborators: The Company has not made any investment in foreign body corporate or foreign entities. The Company does not have any foreign collaboration and has not received or invested any money towards foreign collaboration and hence no information to be provided in this respect.

II: Information about the Appointee:

1. Brief Profile of Appointee: Mr. Rajen Shah holds B.Com Degree from Mumbai University. He has been instrumental in formation of "Arihant". He has widely travelled globally. He has introduced innovative concepts in Recreation Division (Comprising of playground equipments, waterslides, toys & Water Park). These pioneering efforts have led to retaining consistent leadership position in playground equipments & waterslides. His core competency is building organizational team. He has been founder member, secretary General for 4 years, Vice president for 2 Years in Indian Association of Amusement Parks & Industries (IAAPI). His contribution to IAAPI has put the Company on firm grounds in the Recreation Industry. Mr. Rajen Shah has been involved in the activities of the Company since incorporation. He is pioneer in the set up, management and operation of the Recreation Division of the Company.

2. Past remuneration: In the past, Mr. Rajen Shah has drawn Remuneration not exceeding Rs. 7,00,000/- p.m. from the Company.

3. Recognition and Award received in past:

The following are the Awards received by the Company under his guidance

Year ended	Category
2019	IAAPA Brass Ring Award for Best Exhibit
2019	Award for 'Play Equipment (SME) for ThunderBay' at The Economic Times POLYMERS Awards 2019.(Excellence In Plastic)
2017	ASSOCHAM - ICAI - CMA - 4th SMEs Excellence Award
2017	IAAPI National Awards for Excellence 2016-17 – Best Exhibition Booth
2016	2015 Leaders Awards (Enterprise Edition) presented by 24 MRC in partnership with IBN7
2016	Runner Up of Third Assocham – ICAI SME's Excellence Award – 2015 for SME of the year
2016	Recognized by Government of India as Star Export House
2016	Arihant in INC. List of 100 Most Innovative Mid-Size Companies
2015	Arihant in INC. List of 100 Most Innovative Mid-Size Companies
IAAPI Awards	
2019	National Awards for Excellence – Wet Rides
2016	Best Booth Display
2016	Best Wet Ride
2015	2015 Best Booth Design
2014	2014 Best manufacturing Wet Ride – Funnel Slide
2013	2013 Best manufacturing product of Wet Rides
2011	2011 Business Excellence
2011	2011 Innovative/ New Product
2011	2011 Wet Ride
2009	2009 Best Stall Designing
2009	2009 PTC WORLD
2007	2007 Best product Design
2003	2003 Best Manufacturing product
2002	2002 Best Quality indigenous new product
2001	2001 Best manufacturing product of Wet Rides

4. Job Profile and Suitability: Mr. Rajen S. Shah being at the top of management and executive position in the Company, works for charting the blueprint and roadmap for 3 years – growth path and implements them for the improvement of the Company. He acts as a head of the Company scrutinizing, assessing and monitoring various departments. The heads of all departments are answerable to him and he is answerable to the customers, board of directors about the company's performance. As a head executive he ensures that the work culture and working environment in the office is conducive to promote positive work environment. Since he is the representative of the Company's ideologies and mission statement, he regulates, modifies and implements changes that are aimed to boost employee efficiency and garner profits to the Company.

5. Remuneration proposed: It is proposed to pay Managerial Remuneration to Mr. Rajen Shah for an amount not exceeding Rs. 7,00,000/- per month.

6. Comparative Remuneration in the Industry: Considering the nature of industry and specialty of services rendered by Mr. Rajen S. Shah and also considering the complex role performed by Mr. Rajen S. Shah no comparative remuneration of industry is available for information.

7. Material Pecuniary Relationship: Mrs. Neeta Shah, relative of Mr. Rajen Shah is Whole Time Director and employee of the Company, drawing remuneration from the Company. Mr. Virendra S. Shah, relative of Mr. Rajen S. Shah is Non-Executive Chairman of the Company. Mr. Rajen Shah has provided short term / long term financial assistance to the Company, save and except receipt of interest for the same Mr. Rajen Shah, has no other material pecuniary relationship, directly or indirectly with the Company or with the Managerial Personnel.

III: Other information:

1. Reason for inadequate Profit: The Company had to raise its bar on quality and processes to match international standards and in the process, spent substantially on inputs for the same. Also, competitive offer prices for penetration in new markets and offering of new products, resulted in substantial pressure on margin.

2. Steps taken and proposed to be taken for improvement: The Company is taking every possible steps to increase the business volume and thereby profitability. Measures have been taken to controls input costs and overheads. The Company has focused on exports. The bottom-line of the company has been increasing steadily over past 3 years.

3. Expected Increase in Profits in Measurable Terms: Considering the proposed businesses and the projects of the Company, it is not possible to ascertain and quantify the expected increase in profits in measurable terms at this stage. However company expects growth in income and profitability in next 3 years.

The appointment can be terminated by either party by giving 3 months notice.

Accordingly, as per the provisions of Sections 161, 196, 197 and any other applicable provisions of the Companies Act, 2013, the Board of Directors recommends the Special Resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

None of the Directors except Mr. Rajen S. Shah himself and Mrs. Neeta R. Shah and Mr. Virendra S. Shah (who may be deemed to be interested in the respective resolutions, to the extent of their shareholdings, if any, in the Company) none of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution proposed in Item Nos. 6.

The Directors recommend the Special Resolution for the approval of the member

Item No. 4

SALE OF THE FACTORY PREMISES AT VASAI:

The members are aware that the Company has three Divisions viz., Playground Equipments, Water Park Equipment & the Water Park Division called The Great Escape Division. The Board of Directors were discussing since 2017 regarding shifting the factory located at Vasai due to space constraint. The agenda is therefore taken for approval of members in this Annual General Meeting. Since pursuant to the provisions of Section 180 (1) (a) & other applicable provisions of the Companies Act, 2013, the Board of Directors of a Public Company, shall not sell, lease or dispose of or otherwise enter into a Strategic Alliance with respect to the whole, or substantially the whole, of

the undertaking of the company, or where the Company owns more than one undertaking, of the whole, substantially the whole, of any such undertaking without the consent of members in the General Meeting.

Since the proposal as envisaged in the resolution is for sale of whole Factory which is a undertaking of the Company, the same attracts the provisions of section 180 (1) (a) & other applicable provisions of the Companies Act, 2013 and requires the approval of the members by the special resolution.

The Directors recommend the resolution for approval of the shareholders. None of the Directors of the Company is, in any way, concerned or interested in the resolution.

<p>Registered Office: Arihant Complex, Western Express Highway, Opposite Sagar Petrol Pump, Sativali, Vasai (E), Thane - 401208</p> <p>Place: Mumbai Date: 31st October, 2020</p>	<p style="text-align: center;">By Order of the Board of Directors For Arihant Industrial Corporation Ltd.</p> <p style="text-align: right;">Rajen S. Shah Managing Director (DIN: 00154495)</p>
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