

ARNOLD HOLDINGS LIMITED

CIN: L65993MH1981PLC282783

Regd. Off: B208, Ramji House, 30, Jambulwadi, JSS Road, Mumbai-400002

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DIRECTOR'S REPORT

To,
The Members
Arnold Holdings Limited

Your Directors take pleasure in submitting the 38th Annual Report of the Business and operations of your Company and the Audited Financial Statements for the financial year ended 31st March, 2020.

1. FINANCIAL RESULTS & PERFORMANCE

(Rs. in Lakhs)

Particulars	For the year ended 31-03-2020*	For the year ended 31-03-2019*
Revenue from operations	2413.07	1643.97
Other Income	0.77	2.09
Total Revenue	2413.84	1646.06
Profit before tax and Exceptional Items	212.47	39.83
Exceptional Items	0	0.00
Profit before Taxation	212.47	39.83
-Current Tax	55.93	11.55
-Deferred Tax	0.00	(0.18)
-Income tax of earlier years	0.00	0.00
Net Profit/ (Loss) For The Year	156.53	28.45

* Figures regrouped wherever necessary.

The Company discloses financial results on quarterly yearly basis of which results are subjected to limited review and publishes audited financial results on an annual basis. The Financial Statements as stated above are also available on the Company's website www.arnoldholdings.in.

2. STATE OF COMPANY'S AFFAIR

During the year, Your Company recorded total revenue of 2413.84 Lacs during the current financial year as compared to total revenue of 1646.06 Lacs in financial year 2018-19 and Profit before Tax for the year 2019-20 stood at 212.46 Lacs as compared to Profit before tax of 39.83 Lacs in financial year 2018-19. Profit after Tax for the current year stood at 156.53 Lacs as compared to Profit after Tax of 28.45 Lacs. A detailed analysis on the Company's performance is included in the "Management's Discussion and Analysis" Report, which forms part of this Report.

3. ROAD AHEAD

Our vision is to expand the existing base and widen scope of work. Our priorities are as follows:

- Raising the more customer base
- Provide the best services and retain the existing client base

4. DIVIDEND

Keeping in mind the overall performance and outlook for your Company, your Board of Directors recommend that this time the company is not declaring dividends as the company require funds for its business expansion. Your Directors are unable to recommend any dividend for the year ended 31st March, 2020.

5. UNCLAIMED DIVIDEND

There is balance lying in unpaid equity dividend account. Details are showing on the website https://www.arnoldholdings.in/unclaimed_dividend_account.html

6. TRANSFER TO RESERVE

Company has not transferred any amount from profit to General Reserve.

7. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY: COVID-19:

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments across the globe to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. In order to ensure smooth functioning, work from home facility was extended to most of the employees of the company. Although there were uncertainties due to the pandemic in the last quarter of FY2020, inherent resilience of the business model will position the Company well to navigate the challenges ahead. Also as the company is involved in granting loans and advances, operations were going on to some extent in the company amidst lockdown period also. But then also the Covid-19 will impact the finances of the company and its impact can be ascertained only after lifting of lockdown and life coming to stable position.

8. SHARE CAPITAL

During the Year, Company has done Consolidation of Face Value of Equity Shares from Rs. 2/- to Rs. 10/- in Board Meeting Held on 13th August, 2019 and after being approved by the Shareholders in Annual General Meeting held on 27th September, 2019.

9. CHANGE IN NATURE OF BUSINESS, IF ANY

During the Financial Year, there has been no change in the business of the company or in the nature of Business carried by the company during the financial year under review.

10. DEPOSITS

During the year, Company has not accepted any deposits from public within the meaning of the Section 73 of the Companies Act, 2013.

11. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Holding, Joint Venture or Associate Company.

12. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no significant material order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in nature.

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Mahendraprasad Mallawat Nathmal (DIN: 00720282), Whole Time Director, retire by rotation and is being eligible has offered himself for re-appointment at the ensuing Annual General Meeting. Company's policy on directors' appointment and remuneration is available on the website of the company at <https://www.arnoldholdings.in/policies.html>

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act, 2013.

The following are the List of Directors and KMP of the Company during the year:

Name of Directors	Category & Designation	Appointment Date	Change in Designation	Resignation Date
Mr. Mahendraprasad Mallawat Nathmal	Whole Time Director	23.11.2010	12.08.2016	-
Mr. Mohandas Dasari	Whole Time Director	10.08.2017	11.09.2017	30.07.2020
Mr. Sopan Vishwanathrao Kshirsagar	Non-Executive Independent Director	07.02.2013	28.09.2013	-
Mrs. Gazala Kolsawala	Non-Executive Director	25/03/2015	12.02.2018	30.07.2020
Mrs. Sarita Bhartia	Non-Executive Independent Director	08.08.2018	25.09.2018	13.02.2020
Mr. Rajkumar Goyal	Non-Executive Independent Director	13.08.2019	27.09.2019	30.07.2020
Mr. Prakash Saboo	Additional Executive Director	13.02.2020	-	22.08.2020
Mr. Sushil Kumar Jhunjhunwala	Additional Non-Executive Independent Director	13.02.2020	-	-
Mr. Santkumar Goyal	Additional Executive Director	30.07.2020	-	-
Mrs. Munni Devi Jain	Additional Independent Director	30.07.2020	-	-
Mr. Murari Mallawat	Additional Executive Director	22.08.2020	-	-
Mr. Mahendraprasad Mallawat Nathmal	CEO	13.02.2016	-	-
Mrs. Minaxi M. Choksi	CFO	12.08.2016	-	30.05.2019
Mr. Dharmendra R. Yadav	CFO	30.05.2019	-	-
Ms. Soniya Goyal (Soniya Agarwal)	Company Secretary	30.11.2013	-	09.01.2020
Ms. Santwana Todi	Company Secretary	09.01.2020	-	-

14. STATUTORY AUDITORS

M/s Amit Ray & Co., Chartered Accountant are Statutory Auditors of the Company, who were appointed in 34th Annual General Meeting on 16.09.2016 to hold the office until the conclusion of the 39th Annual General Meeting.

15. COMMENTS ON AUDITOR'S REPORT

The notes referred to in the Auditor Report are self-explanatory and they do not call for any further explanation as required under section 134 of the Companies Act, 2013. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

16. INTERNAL AUDITOR

Ms. Soniya Agarwal was appointed as an internal Auditor of the Company for the Financial Year 2019-20. Internal Auditors are appointed by the Board of Directors of the Company, based on the recommendation of the Audit Committee. The Internal Auditor reports their findings on the internal Audit of the Company to the Audit Committee on a quarterly basis. The Scope of Internal audit is approved by the Audit Committee.

The Company has appointed Ms. Santwana Todi as an Internal Auditor for period of five years from the F.Y. 2020-21 to 2024-25 in the Board meeting held on 20th June, 2020 after obtaining her willingness and eligibility letter for appointment as Internal Auditor of the Company.

17. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 in Form MGT-9 is annexed herewith for your kind perusal and information. **(Annexure - 1)**. This Report is also available on the Company's website at www.arnoldholdings.in.

18. RELATED PARTY TRANSACTION

With reference to Section 134(3) (h) of the Companies Act, 2013, all contracts and arrangements with related parties under section 188 of the Companies Act, 2013 entered by the Company during the financial year, were in ordinary course of business and at arm's length basis. Details of the related party transactions made during the year are attached as **Annexure-2** in form AOC-2 for your kind perusal and information. The Policy on Related Party Transactions is uploaded on the website of the company. The web link is <https://www.arnoldholdings.in/policies.html>

19. NUMBER OF MEETING HELD DURING THE YEAR

The Details of all meeting of Board of Directors and Committee meeting had taken place during the year, is given in **Annexure 3** in the Corporate Governance Report.

20. COMPOSITION OF BOARD AND ITS COMMITTEE

The detail of the composition of the Board and its committees thereof and detail of the changes in their composition if any is given in **Annexure 3** in the Corporate Governance Report. The composition of the Board and its committee is also available on the website of the company at www.arnoldholdings.in.

21. LOANS, GUARANTEES AND INVESTMENT

The Company is a Non-Banking Financial Company and all the loans, guarantees and investment made are in accordance with section 186 of Companies Act, 2013.

22. DECLARATION BY INDEPENDENT DIRECTORS

Company has received declaration from all the independent directors duly signed by them stating that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013. There has been no Change in the circumstances affecting their status as Independent Directors of the Company so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant regulations.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

In terms of requirement of Schedule IV of the Companies Act, 2013, the Independent Directors of the company have complied with the code of Independent Director. Independent Directors met separately on 26th March, 2020 to inter alia review the performance of Non-Independent Directors (Including the Chairman), the entire Board and the quality, quantity and timeliness of the flow of the information between the Management and the Board.

23. VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy has been posted on the website of the Company at <https://www.arnoldholdings.in/policies.html>

24. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your directors hereby confirm:

- A. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departments;

- B. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs if the Company at the end of the financial year and of the profit and loss of the Company for that period;
- C. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- D. That the directors had prepared the annual accounts on a going concern basis; and
- E. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- F. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

25. ANNUAL EVALUATION

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors and the working of its Committees based on the evaluation criteria defined by Nomination and Remuneration Committee (NRC) for performance evaluation process of the Board, its Committees and Directors.

The performance evaluation of the board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as participation in decision making; participation in developing corporate governance; providing advice and suggestion etc.

The Committees of the Board were assessed on the degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The board reviewed the performance of the individual directors on the basis of the criteria such as the contribution in decision making, contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive suggestions and advice in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

26. INTERNAL FINANCIAL CONTROL SYSTEM

The Company has a well-placed, proper and adequate internal financial control system which ensures that all the assets are safeguarded and protected and that the transactions are authorized recorded and reported correctly. The internal audit covers a wide variety of operational matters and ensures compliance with specific standard with regards to availability and suitability of policies and procedures. During the year no reportable material weakness in the design or operation were observed.

27. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The companies act, 2013 re-emphasizes the need for an effective internal financial control system in the company. Rule 8(5) (viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of internal financial controls with reference to the financial statements to be disclosed in the board' report. The detailed report forms part of Independent Auditors Report.

28. CORPORATE GOVERNANCE

Your Company has incorporated the appropriate standards for corporate governance. Pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is not required to mandatorily comply with the provisions of certain regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Company is filing Corporate Governance Report to stock exchange quarterly. However, as per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 company is giving report on

corporate governance report in annual report of the company. Corporate Governance Report is as per **Annexure - 3**.

29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING

With reference to Section 134(3) (m) of the Companies Act, 2013, the details of conservation of energy, technology absorption and foreign exchange earnings are as per **Annexure - 4**.

30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company.

31. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, the Management Discussion and Analysis Report is given in **Annexure - 5**.

32. SECRETARIAL AUDITOR

Your board has appointed Mr. Ranjit Kejriwal, Practicing Company Secretary, as secretarial Auditor of the company for the financial year 2019-20. The secretarial report for the financial year 2019-20 is attached as **Annexure-6**. Report of secretarial auditor is self-explanatory and need not any further clarification.

33. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

There was no employee drawing remuneration in excess of limits prescribed under section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Disclosures pertaining to remuneration as required under section 197(12) of the companies act' 2013 read with rules 5 of the companies (appointment and remuneration of managerial personnel) Rules, 2014 are annexed in **Annexure – 7** to this report and form part of this Report.

34. CEO/ CFO CERTIFICATION

In terms of Regulation 17(8) of the Listing Regulations, the CEO and CFO has certified to the Board of Directors of the Company with regard to the financial statements and other matters specified in the said regulation for the financial year 2019-20. The certificate received from CEO and CFO is attached herewith as per **Annexure – 8**.

35. CODE OF CONDUCT

Being a listed Company provided to the Company from formulating of Code of Conduct for Board of Directors and Senior Management Personnel. However, Board of Directors has formulated and adopted Code of Conduct for Board of Directors and Senior Management Personnel. During the year, Board of Directors and Senior Management Personnel has complied with general duties, rules, acts and regulations. In this regard certificate from Whole Time Director as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been received by the Board and the same is attached herewith as per **Annexure – 9**

Code of Conduct form Board of Directors and Senior Management Personnel is available on below link:
<https://www.arnoldholdings.in/code-of-conduct.html>

36. CORPORATE GOVERNANCE

Corporate Governance is a set of process, practice and system which ensure that the Company is managed in a best interest of stakeholders. The key fundamental principles of corporate governance are transparency and accountability. At Bhatia, Company's core business objective is to achieve growth with transparency, accountability and with independency. Company has adopted various corporate governance standard and doing business in ethical way by which Company has enhance stakeholders trust, shareholders wealth creation by improving shares valuation, market capitalization, etc.

A certificate received from M/s Amit Ray & Co., Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance, as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith as per **Annexure – 10**.

37. SEXUAL HARASSMENT OF WOMEN

Your company adopted policy of “Prevention of Sexual Harassment of Women at Workplace”. There were no incidences of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder. The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of any such complaints of harassment, internal complaints committee has been set up to redress the complaints, if any.

The company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your director’s further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

38. STATEMENT ON RISK MANAGEMENT

Risks are events, situations or circumstances which may lead to negative consequences on the Company’s business. Risk Management is a structured approach to manage uncertainty. An enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The risk management process over the period of time will become embedded into the Company’s business system and processes, such that our responses to risk remain current and dynamic.

39. SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

40. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive information with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

The Company has a Prohibition of Insider Trading Policy and the same has been posted on the website of the Company at <https://www.arnoldholdings.in/policies.html>

41. RESEARCH & DEVELOPMENT

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature size of operations of your Company.

42. FRAUD REPORTING

During the year under review, no fraud has been reported by Auditors under Section 143(12) of the Companies Act, 2013.

43. MAINTENANCE OF COST RECORDS

The company is not required to maintain Cost Records as specified by Central Government under section 148(1) of the Companies Act, 2013, and accordingly such accounts and records are not made and maintained.

44. STATUTORY INFORMATION

The Company being basically is a Non- Banking Financial Company and dealing in shares and securities.

45. APPRECIATION

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment and express their sincere thanks and appreciation to all the employees for their continued contribution, support and co-operation to the operations and performance of the company.

46. ACKNOWLEDGEMENT:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Shareholders, Bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in successful performance of the Company during the year.

Place: Mumbai
Date: 22.08.2020

For the Board of Director
Arnold Holdings Limited

For the Board of Director
Arnold Holdings Limited

Sd/-
Mahendraprasad Mallawat
Whole Time Director
DIN: 00720282

Sd/-
Munni Devi Jain
Chairman
DIN: 08194500

