

| <u>PAGE NO.</u> | <u>CONTENTS</u> |
|-----------------|--|
| 2 | Company Information |
| 3 | Notice of Annual General Meeting |
| 10 | Director's Report |
| 16 | Annexure - I (Management Discussion and Analysis Report) |
| 20 | Annexure – II (Corporate Governance Report) |
| 37 | Annexure - III (Secretarial Audit Report) |
| 40 | Annexure - IV (Form Aoc-2) |
| 41 | Annexure - V (Form Mgt-9) |
| 51 | Certificate on Corporate Governance |
| 52 | Independent Auditor's Report on Financial Statements |
| 58 | Balance Sheet |
| 59 | Statement of Profit & Loss Account |
| 60 | Notes on Accounts and Significant Accounting Policies (Note-1) |
| 63 | Notes on Financial Statements |
| 71 | Cash Flow Statement |
| 72-75 | Proxy Form & Attendance Slip |

ARNOLD HOLDINGS LIMITED



BOARD OF DIRECTORS :

| | |
|------------------------------------|------------------------|
| Mahendraprasad Mallawat | Whole Time Director |
| Mohandas Dasari | Whole Time Director |
| Mrs. Gazala Kolsawala | Non-Executive Director |
| Dr. Sopan Vishwanathrao Kshirsagar | Independent Director |
| CA Sarita Bhartia | Additional Director |



COMPANY SECRETARY & COMPLIANCE OFFICER :

Ms. Soniya Agarwal



AUDITORS :

M/s Amit Ray & Co.
Chartered Accountants
Mumbai



SECRETARIAL AUDITOR

S Pardeshi & Associates



BANKERS :

ICICI BANK LTD.
AXIS BANK LTD.
YES BANK LTD.
KARUR VYASYA BANK LTD.



REGISTERED OFFICE :

ARNOLD HOLDINGS LIMITED

B-208, Ramji House, 30, Jambulwadi,
J.S.S. Road, Mumbai-400002
Email: arnoldholding9@gmail.com
Website: www.arnoldholdings.in



REGISTRARS & SHARE TRANSFER AGENTS :

NICHE TECHNOLOGIES PVT LTD
D-511, Bagree Market 5th Floor,
71, B.R.B. Basu Road, Kolkata - 700 001.

NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the Members of ARNOLD HOLDINGS LIMITED will be held at the IMC Chamber of Commerce and Industry, Kilachand Conference Room, 2nd Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020 on 25th September, 2018 at 10.30AM. to transact the following business:

Ordinary Business: -

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 and Profit & Loss Account for the year ended on that date together with the Reports of Board of Director's and Auditor's thereon.
- 2) To appoint Mrs. Gazala Kolsawala (DIN07133943), who retires by rotation and being eligible, offer her for re-appointment.
- 3) To appoint and fix the remuneration of M/s Amit Ray & Co. Chartered Accountants (Registration No. 000483C), as Auditors of the Company, who has given notice to the company u/s 141 of the Companies Act, 2013 of its willingness for re-appointment. The auditors shall hold the office from the conclusion of this Annual General meeting to till the conclusion of next Annual General Meeting of the Company at such remuneration shall be fixed by the Board of Directors of the Company.

Special Business:-

Appointment of Mrs. Sarita Bhartia as a Non-Executive Independent director.

- 4) **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:-**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Sarita Bhartia (holding DIN 01002622), a non-executive Director of the Company, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for three year w.e.f. September 25, 2018 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

Registered Office:

B-208, Ramji House, 30, Jambulwadi,
J.S.S. Road, Mumbai- 400002
CIN: L65993MH1981PLC282783

By Order of the Board of Directors

Mr. Mahendraprasad Mallawat
Whole Time Director
DIN: 00720282

Dated: 8th August, 2018

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting, instead of himself/ herself and the proxy need not be a member of the company. Proxies in order to be effective, must be received at its registered Office at B-208, Ramji House, 30, Jambulwadi, J.S.S. Road, Mumbai-400002, not less than 48 hours before the Annual General meeting.
2. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percentage of the total share capital of the company carrying voting rights. A member holding more than ten percentage of the total share capital of the company carrying voting right may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholders.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution to the Company, authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the company.
5. Members/ Proxies should bring the Attendance Slip duly filled, enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 will be available for inspection by the Members at the AGM.
7. The Register and Share Transfer Books will remain closed from 19th September, 2018 to 25th September, 2018 (both days inclusive) for the year ended 31st March, 2018 and the AGM.
8. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and update of savings bank account details to their respective Depository Participant(s).
9. Members holding shares in the physical form are requested to address all correspondences to the Registrar and Share Transfer Agents, Niche Technologies Pvt. Ltd., D – 511, Bagree Market, 5th Floor, 71, B.R. B Basu Road, Kolkata – 700001.
10. The company is concerned about the environment and utilizes natural resources in a sustainable way. We therefore request you to register your e – mail ID with your Depository Participant(s) to enable us to send Annual Report and other correspondences via e – mail and hard copies will only be sent to the members who are not available on the e- mail. Members can also refer their folio number / Client ID and send their contact information along with the email ID to the company at arnoldholding9@gmail.com
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the company or the Registrar and Share Transfer Agents of the Company.
12. Members are requested to bring their copies of the Reports and Accounts to the meeting. Members seeking any information and clarification on the Accounts are requested to send, in writing, queries to the Company, at least one week before the date of the meeting. Replies will be provided, in respect of such written queries, only at the meeting.
13. In case of Joint Holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

14. Non-Resident Indian members are requested to inform RTA, immediately of:
- I) Change in their residential status on return to India for permanent settlement.
 - II) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
15. In Compliance with provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) rules, 2014, the Company is pleased to provide members with facility to exercise their votes by electronic means (E- Voting). Communication containing detailed instructions in this regard is being sent to Members.
16. The Company has implemented the 'Green Initiatives' as per circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate affairs (MCA) to enable electronic delivery of notices/documents and annual Reports to Shareholders. The email Addresses indicated in your respective Depository Participant (DP) accounts are being periodically downloaded from NSDL/CDSL will be deemed to be your registered Email Address for serving notices/ documents including those covered under section 136 of the Companies Act, 2013(Corresponding provisions of Section 219 of Companies Act, 1956). Members may also note that the notice of the 36th AGM and Annual Report for FY 2017-2018, copies of Audited Financial Statements, directors' Report, and Auditors' Report etc. will also be available on the website of the company, www.arnoldholdings.in for download. Members holding shares in electronic mode are therefore requested to keep their email address updated with the Depository Participant.
17. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant rules made there under companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the company or with the depository. Members holding shares in Demat form are requested to register their e-mail address with their DP. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request. The notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to members whose e-mail ids are registered with the company or Depository Participant unless the members have registered their request for a hard copy of the same. Physical Copy of the Notice of the AGM, Annual Report and Attendance Slip are being sent to those members who have registered their e-mail ids with the company or Depository Participant. Members who have received the notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
18. VOTING THROUGH ELECTRONIC MEANS
- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended 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 on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

III. The process and manner for remote e-voting are as under:

- (i) The remote e-voting period commences on 22nd September, 2018 at (9:00 am IST) and ends on 24th September, 2018 at (5:00 pm IST). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th September, 2018 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- (iii) Click on "Shareholders" tab
- (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, excluding the special characters.
- (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.evotingindia.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 | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 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. |
| DOB | Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format. |
| Bank Account Number (DBD) | <p>Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio.</p> <ul style="list-style-type: none"> • Please Enter the DOB or Bank Account Number in order to Login. • If both the details are not recorded with the depository or company then please enter the member-id / folio number in the Bank Account Number details field as mentioned in above instruction (iv). |

- (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 the EVSN for the relevant Company Name i.e. ARNOLD HOLDINGS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same 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) Note for Institutional Shareholders & Custodians :
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user which 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 should be mailed to helpdesk.evoting@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.
- (xix) 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.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact them at 1800 200 5533.
- (xx) 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. iPhone and Windows phone

users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

19. Institutional Members / Bodies Corporate (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail to spardeshiassociates@gmail.com and helpdesk.evoting@cdslindia.com on or before 24th September, 2018 upto 5.00 P.M. without which the vote shall not be treated as valid.
20. 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 of 18th September, 2018. A person who is not a member as on cut-off date should treat this notice for information purpose only.
21. The shareholders shall have one vote per equity share held by them as on the cut-off date of 18th September, 2018. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.
22. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th September, 2018 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
23. Notice of the AGM along with attendance slip, proxy form along with the process, instructions and the manner of conducting e-voting is being sent electronically to all the members whose e-mail IDs are registered with the Company / Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of the same are being sent through the permitted mode.
24. Investors, who became members of the Company subsequent to the dispatch of the Notice / Email and hold the shares as on the cut-off date i.e. 10th August, 2018 are requested to send the written / email communication to the Company at arnoldholding9@gmail.com by mentioning their Folio No. / DP ID and Client ID to obtain the Login-ID and Password for e-voting.
25. M/s. S Pardeshi & Associates, Practicing Company Secretary (Certificate of Practice Number 8485, Membership No. 7727) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner. The Scrutinizer will submit, not later than 3 days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing, which shall countersign the same and declare the result of the voting forthwith.
26. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.arnoldholdings.in and on the website of CDSL. The same will be communicated to the BSE Ltd. where the Company's shares are listed.

Registered Office:

B-208, Ramji House,

30, Jambulwadi,

J.S.S. Road, Mumbai- 400002

CIN: L65993MH1981PLC282783

Dated: 8th August, 2018

By Order of the Board of Directors

Mr. Mahendraprasad Mallawat

Whole Time Director

DIN: 00720282

Explanatory Statement Pursuant To Section 102 of Companies Act, 2013**ITEM NO. 4:**

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mrs. Sarita Bhartia(holding DIN 01002622), be appointed as an Independent Director on the Board of the Company.

The appointment of Mrs. Sarita Bhartia(holding DIN 01002622), shall be effective upon approval by the members in the Meeting.The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Sarita Bhartia for the office of Director of the Company. Mrs. Sarita Bhartia is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a declaration from Mrs. Sarita Bhartia that she meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mrs. Sarita Bhartia fulfils the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations.

Mrs. Sarita Bharti is independent of the management and possesses appropriate skills, experience and knowledge.Details of Mrs. Sarita Bhartia are provided in the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. Copy of draft letter of appointment of Mrs. Sarita Bhartia setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Registered Office:

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30, Jambulwadi,
J.S.S. Road, Mumbai- 400002

CIN: L65993MH1981PLC282783

Dated: 8th August, 2018

By Order of the Board of Directors

Mr. Mahendraprasad Mallawat
Whole Time Director
DIN: 00720282

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting Annual Report together with the Audited Accounts and Auditors' Report for the year ended 31st March, 2018.

1. **Financial Performance:-**

The financial performance of the Company for the Year ended 31st March, 2018 is as summarized below:-

(in Rs.)

| Particulars | Year ended 31.03.2018 | Year ended 31.03.2017 |
|---|--------------------------|--------------------------|
| Gross Turnover | 30,61,82,430 | 37,52,80,408 |
| Profit/(loss) before Taxation | 54,82,046 | 17,46,399 |
| Less: Provision for Taxation | 16,24,820 | 4,72,728 |
| Add: Provision for Deferred Tax Assets | 5,960 | 1,749 |
| Profit/(loss) after Taxation | 38,63,186 | 12,75,420 |
| Less: Provision Against Standard Assets | 11,66,170 | 8,67,507 |
| Less : Transferred to Reserve Fund 45-1C | 7,72,637 | 2,54,734 |
| Add: Balance brought forward from previous year | 1,88,60,873 | 1,87,07,694 |
| Less: Proposed Dividend | NIL | NIL |
| Less: Dividend Tax | NIL | NIL |
| Balance carried to Balance Sheet | 1,88,60,873 | 1,87,07,694 |

2. **Dividend :-**

The Board of Directors do not recommend any dividend for the financial year 2017-18 under report.

3. **State of the Company's Affairs:-**

The gross turnover for the financial year 2018 at Rs. 3061.82 Lakhs and last year 2017 it was Rs. 3752.80 Lakhs. The Profit before tax for FY 2018 was Rs. 54.82 Lakhs against as Rs. 17.46 Lakhs in FY-2017. The Profit after tax for FY 2018 was Rs. 38.63 Lakhs compared as Rs. 12.75 Lakhs in FY-2017. This has come due to company's health interest margins, operating efficiencies and prudent risk management.

The Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on the past experience and emerging trends.

4. **Directors:-**

Mrs. Gazala Kolsawala retires by rotation at the ensuing Annual General Meeting and, being eligible, offer herself for re-appointment.

Mrs. Sarita Bhartia (DIN 01002622) was appointed as an Additional Director with effect from 8th August, 2018. She holds the office of Additional Director upto the ensuing Annual General Meeting. The Board wants to appoint her as a Non-executive Independent director from the same date for a period of 3 years. She is a Chartered Accountant (Membership no: 056122) having 31 years of experience in finance, taxation, compliance, audits. She is a woman who is result oriented and the Company will be benefitted from her great potential in the above fields.

The resolution seeking approval of the members for the appointment of Mrs. Sarita Bhartia have been incorporated in the notice of the forthcoming annual general meeting of the Company along with brief details about them.

Pursuant to Sections 149 of the Companies Act, 2013 Mr. Sopan Vishwanathrao Kshirsagar has been appointed as Independent Directors for a period of five years till 31st March, 2019 at the annual general meeting held on 29th September, 2014.

Mr. Gajanan Uttamrao Mante has resigned from the board due to his personal reason w.e.f. 8th August, 2018.

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details of the familiarization programme are available on the website of the Company at [http://www.arnoldholdings.in./investor relations/ Familiarisation_Programme_for_Independent_Directors.pdf](http://www.arnoldholdings.in./investor%20relations/Familiarisation_Programme_for_Independent_Directors.pdf).

Mr. GajananUttamraoMante and Mr. SopanVishwanathrao Kshirsagar, who are independent directors, have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations. Further, all the Directors meet the Fit and Proper criteria as per the policy of the Company and as stipulated by RBI pursuant to the revised regulatory framework notified during the year. The terms and conditions of appointment of Independent Director is also available on the website of the Company at [http://www.arnoldholdings.in./Management/ Appointment of Independent Directors.pdf](http://www.arnoldholdings.in./Management/Appointment%20of%20Independent%20Directors.pdf).

The Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required.

The brief note on Director retiring by rotation and eligible for re- appointment as well as Independent Directors and re-appointment of Whole Time Director is being furnished in the Report on Corporate Governance.

5. Key Managerial Personnel

During the year under the report, the Company has appointed following persons as Key Managerial Personnel.

Mr. MahendraprasadMallawat - Whole Time Director
Mr. Mohandas Dasari - Whole Time Director
Mrs. Soniya Agarwal - Company Secretary and Compliance Officer.
Mrs. Minaxi M. Chokasi - CFO

6. Directors' Responsibility Statement:-

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, it is hereby confirmed:-

- i) That in the preparation of the accounts for the financial year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of

the Company and for preventing and detecting fraud and other irregularities;

- iv) That the Directors have prepared the annual accounts for the financial year ended 31st March 2018 on a going concern basis.
- v) 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.
- vi) 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.

7. **Board Evaluation**

The Nomination and Remuneration Committees lays down the criteria for performance evaluation of independent directors, Board of Directors and Committees of the Board. The criteria for the performance evaluation is based on the various parameters like attendance and participation at the meetings of the Board and Committees thereof, contribution to strategic decision making, review of risk assessment and risk mitigation, review of financial statements, business performance and contribution to the enhancement of brand image of the Company.

The Board has carried out the evaluation of its own performance as well as that of the Committees of the Board and all the Directors.

8. **Subsidiary Company:**

The Company does not have any subsidiaries during the year.

9. **Meeting of the Board and committees thereof:**

Board Meeting:

Four meetings of the Board were held during the year, the details of which are disclosed in the Report on Corporate Governance forming part of the Annual Report of the Company.

Audit Committee:

The Company has constituted an Audit Committee comprising of Independent Directors. The composition, terms of reference and details of meeting held during the year are disclosed in the Report on Corporate Governance. Four meetings of the Audit Committee were held during the year.

Stakeholders Relationship Committee:

The Committee met four times during the year. The composition, terms of reference and details of meeting held during the year are disclosed in the Report on Corporate Governance.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee recommends to the Board the suitability of candidates for appointment as Director/Managing Director and Key Managerial Personnel and the remuneration packages payable to them. The Nomination and Remuneration Committee met two times during the year. The composition, terms of reference and details of meeting held during the year are disclosed in the Report on Corporate Governance.

10. **Internal financial control systems and their adequacy:-**

The Internal Financial Controls with reference to financial Statements as designed and implemented by the company are adequate. During the year under review, no material or serious observations has been received from the Auditors of the company for inefficiency or inadequacy of such controls. The details in respect of internal financial control and their adequacy are included in the Management Discussion & analysis, which forms part of this report.

11. **Auditors & Auditors Report**

The statutory auditors of the company M/S Amit Ray & CO (Firm Registration No. 000483C) , Chartered Accountants, retire at the conclusion of this Annual General Meeting of the company and being eligible

for Re-Appointment offer them for reappointment.

The Company has received a letter from them to the effect that their re- appointment, if made, would be within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013 and they are not disqualified for re- appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self- explanatory and do not call for any further comments.

The Audit report does not contain any qualification, reservations or adverse remarks.

12. Management's Discussion and Analysis Report:-

The Management's Discussion and Analysis Report(Annexure I) forms an integral part of this report and gives detail of the overview, industry structure and developments, different product groups of the company, operational performance of its various business segments.

13. Corporate Governance:-

As Per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance (Annexure-II) together with a certificate of its compliance from a Practicing Company secretary , forms part of this report.

14. Secretarial Auditor report:

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. S Pardeshi & Associates (CP No. 8485), to conduct Secretarial Audit for the financial year 2017-18.

Secretarial Audit report issued by M/s. S Pardeshi & Associates, Company Secretaries in Form MR-3 forms part of this report Annexure-III.

The said report doesn't contain any observation or qualification requiring explanation or adverse remarks.

15. Particulars of Loans, Guarantees and Investment.

The Company has not given any loans or guarantee or made any investments in contravention of the provisions of the Section 186 of the Companies Act, 2013. The details of the loans and guarantees given and investments made by the Company are provided in the notes to the financial statements.

16. Related Party Transactions.

All the related party transaction entered into during the financial year was not on the arm's length basis and were in the ordinary course of Company's business. The Company's has not entered into any contracts, arrangements or transaction with any related party which could be considered as material as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company www.arnoldholdings.in.

All the related party transactions are placed before the Audit Committee as well as the Board for approval on the quarterly basis. Omnibus approval was also obtained from the Audit Committee and the Board on an annual basis for repetitive transactions.

Related party transactions under Accounting Standards AS- 18 are disclosed in the notes to the financial statements. Prescribed Form No. AOC- 2 pursuant to clause (h) of sub- section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is furnished as Annexure IV to this report.

Disclosure of Related Party/ Related Party Transactions:

a) Key Managerial Persons:

Mr. Mahendraprasad Mallawat
 Mr. Gajanan Uttamrao Mante
 Dr. Sopan Vishwanathrao Kshirsagar
 Mrs. CA. Gazala Kolsawala
 Mrs. Soniya Agarwal
 Mrs. Minaxi M. Chokasi

b) Details of transactions:

Director's remuneration: - Mr. Mahendraprasad Mallawat Rs. 5, 45,500/-
 Mr. Mohandas Dasari Rs. 27,500/-
 Mrs. CA. Gazala Kolsawala Rs.40,050/-
 Detail of Salary: Mrs. Soniya Agarwal Rs. 3,66,000/-

17. RBI guidelines:

The Company is registered as Non deposit taking Company systemically important Non-Banking Finance Company with RBI. Accordingly during the year the Company has not accepted any deposits from the public and there were no deposits which become due for repayment or renewal. The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, norms and standards laid down by the Reserve Bank of India (RBI) during the Financial Year 2017-2018.

18. Dematerialization of Equity Shares: Equity Shares of the Company are compulsorily tradable in electronic form. As on March 31, 2018, 100% of the Equity Shares are held in electronic form only.**19. Secretarial standards of ICSI:**

The Institute of Company Secretaries of India (ICSI) has on 23 April 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) to be effective from 1 July 2015. The Company is complying with the same.

20. Extract of Annual Report:

In accordance with the requirements of Section 92(3) of the Companies Act, 2013, and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT- 9 is furnished as Annexure V to this report.

21. Particulars of Employees:-

None of the employees were in the category of the limits specified Section 197 of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

22. Fixed Deposits:-

During the year under review, the Company has not accepted any deposits as such no amount of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

23. Vigil Mechanism/Whistle Blower Policy:-

The Company has formulated and established a Vigil Mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, and to enable Directors and Employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct. The details of the same are explained in the Report on Corporate Governance. The Whistle Blower Policy may be accessed on the Company's website at [http://www.arnoldholdings.in/investor relations/Policies/Whistle_Blower_Policy.pdf](http://www.arnoldholdings.in/investor_relations/Policies/Whistle_Blower_Policy.pdf).

24. Conservation of energy, technology absorption and foreign exchange earnings and outgo:-

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 134 of the Companies Act, 2013, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

(i) Part A and B of the Rules, pertaining to conservation of energy and technology absorption, are not

applicable to the Company.

- (ii) Foreign Exchange Earnings and Outgo:
Foreign Exchange Earned - Rs. Nil
Foreign Exchange Used - Rs. Nil

25. Appointment of Internal Auditor

Pursuant to the provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rule, 2014, Mrs. Soniya Agarwal who is the Company Secretary and compliance officer of the Company has been appointed as the internal auditor of the Company for the financial year 2018-2019 and she is being eligible for re-appointment.

26. Human Resources:

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. The Company has a planning tool that provides an integrated means of identifying, selecting, developing and retaining top talent within the organization. Focus on Behavioral and Leadership traits through Learning & Development interventions, job rotation is planned for the employees who constitute the Talent Pool.

27. Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace:

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right to work with dignity. During the year under review, the Company has not received any complaints in this regard.

28. Business Development:

During the year, the Business Development Group ("BDG") initiated opportunities and harnessed its extensive relationship network within and outside the Company, to benefit the business.

29. Regulatory Action:

There are no significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and operation of the Company in future.

30. Material Changes and Commitments:

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

30. Acknowledgments:-

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them.

The Directors also place on record their sincere appreciation for the continued support extended by all the stakeholders and trust reposed by them in your Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and resulting in successful performance during the year.

**On behalf of the Board of Directors,
For Arnold Holdings Limited**

For Arnold Holdings Limited

Mahendraprasad Mallawat
Whole Time Director
DIN - 00720282
Place : Mumbai
Date : 30th May, 2018

Mohandas Dasari
Whole-Time Director
DIN - 05105936

ANNEXURE - 1 To The Directors Report MANAGEMENT DISCUSSION & ANALYSIS

INDIAN ECONOMY OVERVIEW

In the financial year 2017-18 the backdrop of the demonetisation programme launched by the Government in November 2016. This move had affected the MSMEs, housing and construction sectors distinctly given the predominance of cash in transactions relating to these businesses. With the Reserve Bank of India (RBI) beginning the process of demonetisation; and digitization also catching on in the subsequent months, the economy moved towards a new equilibrium position. Hence for these sectors, FY2018 was a year of getting back on track gradually as the conduct of business was streamlined. Following the demonetisation reform, the Government showed resolution in terms of introducing the GST in July 2017 which was another bold measure. This came along with Real Estate (Regulation and Development) Act, 2016 (RERA), a major reform for the real estate industry and thus posed challenges to this sector. The GST was also a major transformation move for the SMEs who had to revisit their operations and restructure them to ensure harmony with the new tax system. Therefore, all the 3 lines of business in which we operate were going through a major metamorphosis in terms of changing the way in which business was conducted.

The Indian economy was not expected to recover strongly this year and with GDP growth slowing down from 8.1% in FY2016 to 7.2% in FY2017, was expected to be below 7% in FY2018 due to these reforms. The growth came in at 6.7% for FY2018. While GST does appear to be a major game changer for the Government in terms of revenue generation as it brings more players under the tax fold, it did lead to considerable realignment for companies which went in for de-stocking in the first quarter of the year and followed up with re-stocking of inventories subsequently. This caused sharp movements in the production cycles, though by the end of the year, these cycles returned to equilibrium under the new regime. The year was a good one for the economy in terms of the monsoon which was normal yet again. However, surplus production had its consequences in terms of a decline in prices of farm goods which in turn led to farmer distress. This came in the way of resurrection of demand during the post-harvest months and industrial growth was subdued. Overall industrial growth came in at 4.3% compared with 4.6% in FY2017.

The construction sector was quite buoyant this year with growth of 5.7% as against 1.3% in FY2017. Construction activity was driven largely by the government sector with the private sector playing a secondary role. Road construction and urban development dominated the Government's agenda, while private sector activity was more in the construction of buildings under the housing banner. The thrust on affordable housing provided some push. The real estate sector was stable this year and at the margin was affected by both RERA and GST. The combined sector of finance, real estate and professional services registered growth of 6.6% in FY2018 as against 6% in FY2017. Overall the monetary policy was cautious during the year with the repo rate lowered by 25 bps by the RBI. The RBI had actively bought dollars to stabilize the rupee or the currency would have appreciated faster. The RBI bought US\$ 33.6 billion in net terms during the year which helped to keep the rupee in good stead to compete with other currencies. The overall performance of your Company needs to be understood against this macro economic background.

NBFC Industry Review

Current Scenario

NBFCs now account for an estimated 15.5% of the total loans in the financial system, up from 9.5% in March 2008 while NBFCs credit intensity, i.e. credit as percent of GDP, has also increased at a steady pace, reaching 8%. The systemic importance of NBFCs can also be gauged from the fact that NBFCs are the largest net borrowers of funds from the financial system with highest funds received from banks (at 40%), followed by mutual funds (at 37%) and insurance companies (at 19%). The sector has reported fairly high RoAs as compared to banking sector though there has been a decline in last few years in tandem with the asset quality deterioration in the financial system. Overall, the sector's health is sound with capital to risk-weighted assets ratio (CRAR) well

above the prescribed regulatory level of 15%.

Recent Trends

- Investments into NBFC sector has witnessed diverse structures ranging from strategic investments, private equity investments to debt funding through NCD's route, which provide financial and operating synergy and help NBFCs tap new markets and provide expertise in operations.
- The NBFC sector is also seeing a surge of new structured products like market and credit linked debentures wherein the principal investment of the debenture holder is protected and the interest payment, to be made at maturity, is linked to the performance of an underlying Index or a stock.
- NBFCs are also becoming the go-to lenders for youngsters in India. According to the report by BCG, of the total loans given by financial institutions in India to persons aged between 21 and 35 years, NBFCs had the maximum market share of 49% due to their focus on lower ticket and early credit life-stage products.

Regulatory Impetus

The Government has liberalised the financial services sector by permitting 100% FDI in the financial sector under the automatic route, subject to the relevant entity being regulated by the Reserve Bank of India ("RBI") or other financial sector regulators. Further, the benefit of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 was extended to 196 NBFCs allowing such NBFCs to enforce security interests on assets charged to them, without having to resort to either judicial or arbitral authorities. Next in line is harmonising the regulations applicable to various categories of NBFCs to facilitate ease-of-doing business in this sector. The Government is also taking actions towards a technological revolution in this sector by implementing an information technology framework and promoting FinTech activities.

Outlook

There are signs of inflation picking up which will mean that interest rates will start increasing this year and while the quantum could be between 25-50 bps, the timing will be important. Further, FY2019 will be a testing time for the banking system as several cases that were referred to the Insolvency and Bankruptcy code (IBC) need to be resolved as the timeline of 270 days has passed. This will give an idea on the amount of capacity that will be there in the PSBs for lending. Quite clearly the NBFCs will have a larger role to play if banks are going to be cautious while lending. The MSME sector has been reiterated as being the major thrust segment by the Government both in terms of production as well as flow of credit.

This is an opportunity for the Company to grow the business. However, competition will increase from both traditional and new channels such as the online platforms launched by Fintech companies. Real estate and construction should also see positive traction this year post RERA and GST impact and this route of 'back to normal' will be a positive for Company. Companies will be going in for higher investment gradually during the year which will be good for the economy as well as the financial sector. This combined with higher GDP growth and demand for funding augurs well for the Company and it will have to simultaneously hone the risk management practices to meet the challenge.

COMPANY BUSINESS OVERVIEW:

Arnold Holdings Ltd is a public limited company incorporated in the year 1981 listed in Bombay Stock Exchange. It is a non-deposit taking NBFC, registered with the RBI vide Registration No. B-13.02130 Ever since its incorporation the company engaged in investment in shares and activity of non-banking finance company.

Our Company is primarily focused in providing inter corporate loans, personal loans, loans against shares & securities, loans against properties, trade financing, bills discounting, trading in shares & securities. Being an, NBFC our Company has positioned itself between the organized banking sector and local money lenders, offering the customers competitive, flexible and timely lending services.

Products & Services:

Our Company offers financial services to commercial, industrial and financial clients with a one stop financial solution:-

- Trade Finance & Bill Discounting
- Working capital loans
- Loan against property
- Margin funding and loan against approved securities
- Capital market
- Corporate finance
- Mortgage and loans
- Infrastructure finance

FINANCIAL PERFORMANCE:

During the fiscal Year 2018, the gross operational income of the Company stood at Rs 3061.82 Lacs as compared to previous fiscal Year of Rs.3752.80 Lacs. The company has continued its lending activities and advances portfolio of the Company has been Rs.4801.69 Lacs and the interest income of the Company have been stood at Rs.411.98 Lacs. This fiscal Year Company's profits have been Rs.38.63 Lacs as compared to Rs. 12.75 Lacs of fiscal Year 2017.

Financial Highlights:

- Income from operation stood at Rs. 3061.82 Lacs for fiscal Year 2018.
- Profit before Taxes of fiscal Year 2018 was Rs. 54.82 Lacs.
- Profit after Taxes of fiscal Year 2018 was Rs. 38.63 Lacs.
- Earnings per share for fiscal Year 2018 were Rs. 0.03 per share.
- Net Worth of company stood at Rs. 5148 Lacs as on March 31, 2018.

SWOT ANALYSIS:**Strengths:**

An integrated financial services platform: We offer our clients an integrated financial services platform by offering lending against demat shares, finance consultancy, loan against immovable properties and allied products. Our integrated service platform allows us to leverage relationships across the lines of businesses and our industry and product knowledge by providing multi-channel delivery systems to our client base, thereby increasing our ability to cross-sell our services.

Experienced Management: We believe that our senior management and our talented and experienced Team are the principal reason for the growth of our Company. We believe that the extensive experience and financial acumen of our management and staff facilitates us with a significant competitive advantage.

Weakness:

Branding: Our Company is not a well-established brand among large NBFC players who have access to larger financial resources.

Accessibility: We do not have branches so we are unable to explore the business opportunities in other areas.

Opportunities:

Large Market: The players in the NBFC sector still have a lot of scope to cover larger market and the rural markets are still untapped.

Desire for Status: With increased desire of individuals to improve their standard of living, the NBFC industry is getting exposed to new category of client (individuals) in a big way with large share of business coming from this segment apart from corporate clients.

Threats:

Economic Downturn: If the economic downturn is prolonged it can reduce the financing need of people due to shrinking business opportunities.

Private Banks: Private Banks are also working on the similar business model as the NBFCs do, thereby giving a very strong competitions to the NBFC's.

RBI and Government restrictions: With more stringent norms governing the functioning of NBFC and certain government restrictions act as a hindrance in smooth functioning of NBFC.

FUTURE STRATEGY:

- **Expansion of existing activities:** Our Company intends to expand its financial services by enhancing its focus on margin funding, loan against shares and securities, loan against properties and corporate loan, bill discounting and working capital loan.
- **Differentiated Services:** In the growing economy, the corporate clients will be requiring funds for further expansions. Our Company would be providing all diversified service portfolio under one umbrella to cater most of the customer needs and demands.
- **Brand recognition:** We are in such a business where we are facing lot of competition. Our Company is not a well-established brand among large NBFC players. We will be making the necessary arrangements for our brand reorganization.

INTERNAL CONTROL SYSTEM AND ADEQUACY:

Arnold Holdings Ltd has put in place adequate internal controls system to ensure efficiency in business operations, safe guarding of company's assets, protect against the chances of frauds & errors, strict compliance with applicable laws & regulations and the reliability of financials reporting. The Policies & processes and systems controls are clearly defined for all critical areas on principles of segregation of duties in a manner that proper maker-checker is built-in. Also, Risk & Controls Matrix defined in respect of all major processes & controls checks are done at periodical intervals for checking efficacy of implementation. Internal Audits are conducted at regular intervals to provide assurance to management that the transactions are carried out as per set policies & processes and that system controls are duly implemented & are working as defined. The Audit Committee of the Company oversees the internal audit function, risk management systems and internal controls systems over financial reporting to ensure that business is conducted effectively. Also, the Company uses Insurance as risk transfer tool. During the year, insurance cover was taken to transfer risks of fire and theft of assets of the Company, as also towards Directors' and Officers' liabilities.

CAUTIONARY:

Statement in the Management Discussion & Analysis, describing the company's objectives, projections and estimates are forward looking statement and progressive within the meaning of applicable laws & regulations. Actual result may vary from those expressed or implied.

Important developments that could affect the company's operations are significant changes in political and economic environment in India, tax laws, RBI regulations, exchange rate fluctuation and other incidental factors.

**On behalf of the Board of Directors,
For Arnold Holdings Limited**

**Mahendraprasad Mallawat
Whole Time Director
DIN - 00720282**

Place : **Mumbai**

Date : **30th day of May, 2018**

**ANNEXURE II
TO THE DIRECTORS' REPORT**

REPORT ON CORPORATE GOVERNANCE

(Pursuant to SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

Corporate governance is creation and enhancement of long-term sustainable value for the stakeholders through ethically driven business processes. Corporate Governance is all about ethical conduct, integrity and accountability of an enterprise. Healthy Corporate Governance enjoins a commitment of the company to run the business in legal, ethical and transparent manner. It is one of the key elements in improving the economic efficiency of the enterprise. The detailed report on Corporate Governance for the financial year ended March 31, 2018, as per the disclosure requirements prescribed in Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 ('Listing Regulations'), is set out below:

1. Company's Philosophy on Corporate Governance:

At Arnold Holdings Ltd, it is imperative that the corporate affairs are managed in a fair and transparent manner for enhancing long-term shareholder value and retaining investor trust. We, at Arnold Holdings Ltd, ensure that we evolve and follow the best corporate governance practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our performance as well as the leadership and governance of the Company. The Company's philosophy on Corporate Governance has been to ensure fairness to the Stakeholders through timely and transparent disclosures, equitable treatment of all shareholders and empowerment of employees and collective decision making. Your Company has adopted various code and policies to carry out duties and functions in most ethical and compliant manner and some of them are:

- i. Code of Conduct for the Board and Senior Managerial Personnel;
- ii. Whistle Blower Policy;
- iii. Internal Guidelines on Corporate Governance;
- iv. Nomination & Remuneration Policy;
- v. Board Evaluation Policy;
- vi. Fair Practices Code;
- vii. Code for regulating, monitoring and reporting of Trading by Insiders;
- viii. Code of practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information;
- ix. Policy on Related Party Transactions;
- x. Documents preservation and archival Policy; and
- xi. Policy for determining material events and information.

Your Company has complied with the requirements of Corporate Governance as laid down under the provisions of Companies Act, 2013, Listing Regulations and RBI directions.

2. Role of Company Secretary in overall Governance Process:

The Company Secretary plays a key role in ensuring that the Board and Committees procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible for assisting and advising the Board in conducting the affairs of the company, to ensure the compliances with applicable statutory requirements to provide guidance to Directors and to facilitate convening of meetings. The Company secretary interfaces between the Management and regulatory authority for governance matters.

3. Board of Directors (Board):-

a) Board Composition:-

The Board of the Company should consist of optimum combination of Executive, Non-Executive, Independent Directors, which should be in conformity with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

The present strength of the Board is Five (5) Directors, comprising of Two Whole –Time Director and Two Independent Non- Executive Directors and one Non-Executive Director. The Board Members possess the skills, expertise & experience necessary to guide the Company.

| Name of Director | Category of Directorship |
|------------------------------------|--------------------------------------|
| Mr. MahendraprasadMallawat | Whole Time Director |
| Mr. Mohandas Dasari | Whole Time Director |
| Mrs. Gazala Kolsawala | Non-Executive Director |
| Mr. Sopan Vishwanathrao Kshirsagar | Independent – Non Executive Director |
| Mr. Gajanan Uttamrao Mante | Independent – Non Executive Director |

b) **No. of Board Meetings:-**

The Board meets at regular intervals to discuss and decide on company's business policy and strategy apart from other normal business. During the financial year ended on 31st March 2018, Four (4) Board Meetings were held on the following dates:-

30th May, 2017, 10th August, 2017, 14th November, 2017, 12th February, 2018.

- The Last Annual General Meeting of the Company was held on 11th September, 2017.

c) **Directors' Attendance Record and Directorships Held:-**

The attendance at the Board Meetings held during the year and attendance at the last Annual General Meeting, number of directorships in other Public Limited companies and membership in committees across various companies of which the Director is a Member / Chairman are given below: -

| Name of Directors | Category | No. of Board Meetings Attended | Attendance at last AGM | Directorship held in other Companies | No. Committee Memberships / Chairmanships held including Arnold Holdings* | | Share Holding |
|---|--------------------------------------|--------------------------------|------------------------|--------------------------------------|---|--------------|---------------|
| | | | | | Membership | Chairmanship | |
| Mr. Mahendra Prasad Mallawat (DIN: 00720282) | Promoter / Whole Time Director | 4 | Yes | - | 2 | - | 150000 |
| Mrs. Gazala Kolsawala (DIN: 07133943) | Non Executive Director | 4 | Yes | - | - | - | - |
| Mr. Sopan Vishwanthrao Kshirsagar (DIN: 06491444) | Independent / Non Executive Director | 4 | Yes | - | 1 | 1 | - |
| Mr. Gajanan Uttamrao Mante (DIN: 02320965) | Independent / Non Executive Director | 4 | Yes | 1 | 1 | 1 | - |
| Mr. Mohandas Dasari (DIN: 05105936) | Whole Time Director | 2 | Yes | 4 | - | - | - |

* Committee positions only of the Audit Committee and Stakeholder Relationship Committee have been considered for this purpose in terms of Regulation 26(1) (b) of the LODR Regulations.

d) Code of Conduct:-

The Company has a code of conduct applicable to all Board Members and Senior Management staff for avoidance of conflict of interest between each of each individuals and the Company. Each Board Member and Senior Management staff have declared their compliance with the Code of Conduct as at 31st March, 2018. There were no materially significant transactions during the Financial Year with Board Members and Senior Management, including their relatives that had or could have had a potential conflict of interest with the company.

The Code of Conduct is available on the website of the Company.

4. The Details of Familiarisation Programmes imparted to Independent Directors:

Brief terms of reference:

An Appropriate induction programme for new Directors and ongoing familiarisation with respect to the business of the company for all Directors is a major contributor for meaningful board level deliberations and sound business decisions.

The Company has adopted a structured programme for orientation of independent Director's at the time of their joining so as to familiarize them with the Company's operations, business, industry and environment in which it functions. The Company updates the Board members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and the responsibilities so as to be in a position to take well- informed and timely decisions and contribute significantly to the Company.

The details of familiarisation programmes held for the independent Directors are provided on the Company's website.

5. Independent Directors Meeting:

In Compliance with the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent directors meeting of the Company was held on 31st March, 2018. Independent Directors meeting considered:

- 1) Evaluation of the performance of non- Independent Directors and the Board of Directors as a whole.
- 2) Evaluation of the performance of the Chairman of the company, taking into account the views of the Executive and non- Executive Directors; and
- 3) Evaluation of the quality, content and timelines of flow of information, between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Mr. Gajanan Uttamrao Mante is the chairman of Independent Directors Meeting.

Attendance of Independent Directors in Independent Directors Meeting:

| Name of the Members | Meeting held during year | Meetings attended |
|------------------------------------|--------------------------|-------------------|
| Mr. Gajanan Uttamrao Mante | 1 | 1 |
| Mr. Sopan Vishwanathrao Kshirsagar | 1 | 1 |

6. Audit Committee:-

The Company has an Independent Audit Committee. The composition, role/ function of the committee comply with the requirements of the Companies Act, 2013 as well as those of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The brief terms of reference also conform of the requirements of section 177 of the act. The Audit Committee includes the following:

- Overseeing the Company's financial report process and the disclosure of its financial information's.
- recommend appointment, remuneration and terms of appointment of auditors of the Company; approve payment to statutory auditors for any other services rendered by them;
- review with the management, the annual financial statements before submission to the Board for approval, focusing particularly on:
 - 1) matters to be included in Director's Responsibility Statements to be included in Board's report,
 - 2) any changes in accounting policies and practices;
 - 3) major accounting entries involving estimates based on the exercise of judgment by management;
 - 4) significant adjustments resulting from the audit findings;
 - 5) compliance with listing and other legal requirements relating to financial statement;
 - 6) disclosure of related party transactions;
 - 7) Qualification in draft audit report.
- review with the management, the quarterly financial statement before submission to the board for their approval;
- recommend appointment, remuneration and terms of appointment of internal auditors, tax auditors, secretarial auditor and any matters of resignation or dismissal;
- discuss with the statutory auditors before the audit commences, the nature and scope of the audit as well as post audit discussion to ascertain areas of concern;
- review the internal audit programme, ensuring co-ordination between the internal and statutory auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to request internal auditor to undertake specific audit projects, having informed the management of their intentions;
- consider the major findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- consider any material breaches or exposure; breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- discuss significant findings with internal auditors and initiate follow up action thereon;
- look into the reasons for substantial defaults in the payment to the depositors, debenture holders,

Composition and attendance of Members at the Meeting of the Audit Committee

| Name of the Members | Position | Category | No. of Meetings Held | No. of Meetings attended |
|------------------------------------|----------|--------------------------------------|----------------------|--------------------------|
| Mr. Sopan Vishwanathrao Kshirsagar | Chairman | Independent & Non Executive Director | 4 | 4 |
| Mr. Gajanan Uttamrao Mante | Member | Independent & Non Executive Director | 4 | 4 |
| Mr. Mahendraprasad Mallawat | Member | Whole Time Director | 4 | 4 |

Meeting & Attendance:

During the year 2017-2018, four (4) Audit Committee meetings were held on 30th May, 2017, 10th August, 2017, 14th November, 2017 and 12th February, 2018.

The representatives of the Statutory Auditors are permanent invitees to the Audit Committee meetings and they attended all the meetings held during the year. The Internal Auditor reports directly to the Audit Committee.

The Company Secretary acts as Secretary to the Committee.

Minutes of each Audit Committee Meeting are placed before and discussed in the Board Meeting held subsequently.

7. Nomination & Remuneration Committee:-

The Nomination and Remuneration Committee is headed by an independent Director and is primarily responsible for recommending candidates for appointing as Directors and KMPs and their remuneration, evaluation of performance of Directors and monitoring of remuneration Policy.

The Composition and terms of reference of the Nomination and Remuneration Committee is in compliance with provisions of section 178 of the Companies Act, 2013, and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Share Based Employee Benefits) Regulations, 2014.

Brief Terms of reference:

- To assess that a person to be appointed as Director is 'fit and proper' and fulfills the set criteria as may be required by the Company;
- review and recommend to the Board on the structure and composition of the Board of Directors of the Company ;
- evaluate the eligibility of an individual on the basis of his/ her qualification, positive attributes, independence and past experience, for appointment and removal as whole time director/managing director/senior management of the company and advising the Board of Directors/ Shareholders with such detailed evaluation in the matter of appointment and removal of such individual;
- review, recommend and /or approve the remuneration that can be offered to the proposed whole time director/managing director/ non-executive director/ senior management of the Company;
- evaluate the performance of the directors of the Company and review and recommend to the Board on their re-appointment ;
- review, recommend and /or approve the modification in the remuneration of the Whole time director/ managing director/ manager/ non-executive director and senior managerial personnel;
- formulate remuneration policy relating to directors, key managerial personnel and other senior managerial employees of the Company;
- evaluate performance of directors with respect to their role as Independent Director and Board members;
- implement and administer the Employee Stock Option Scheme;

Composition and attendance of Members at the Meeting of the Nomination & Remuneration Committee

| Name of the Members | Position | Category | No. of Meetings Held | No. of Meetings attended |
|------------------------------------|----------|--------------------------------------|----------------------|--------------------------|
| Mr. Gajanan Uttamrao Mante | Chairman | Independent & Non Executive Director | 2 | 2 |
| Mr. Sopan Vishwanathrao Kshirsagar | Member | Independent & Non Executive Director | 2 | 2 |
| Mrs. Gazala Kolsawala* | Member | Whole Time Director | 2 | 2 |
| Mr. Mohandas Dasari** | Member | Whole Time Director | 1 | 1 |

* Mrs. Gazala Kolsawala has changed her designation from Whole Time Director to Non- Executive Director w.e.f. 12th February, 2018.

** Mr. Mohandas Dasari has joined the committee w.e.f. 12th February, 2018.

Meeting Details: The Committee met two times during the financial year 2017-18 on 10th August, 2017 and 12th February, 2018.

Remuneration Policy:-

The Board of Directors of the company has adopted Nomination and Remuneration Policy ('Policy') for the Company, inter alia to deal with the manner of selection of Board of Directors, KMP and Managing Director and their remuneration. The Policy is annexed as Annexure to this Report.

Performance Evaluation of the Board, Directors and Committees of the Board:

The Company has devised Board Evaluation Policy as to carry out annual performance evaluation of the Independent Directors, Board, Committees and other individual Directors.

A structured questionnaire was prepared for capturing various facets of the functioning of Board, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were assessed to find out knowledge/skills, contribution to the Board and their communication/relationship with the Board and seniormanagement of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board.

The performance evaluation of the Chairman and the Non-independent Directors were carried out by the Independent Directors.

9) Stakeholders Relationship Committee:

The Stakeholders' Relationship ('SR') Committee is led by Independent Director and is primarily responsible to review all matters connected with transfer of Equity Shares/ transmission of equity shares and redressal of shareholders complaints.

The Composition and terms of reference of the Stakeholder Relationship Committee is in compliance with provisions of section 178 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Terms of Reference:

The Committee looks into redressal of Investors Complaints and requests such as delay in transfer of shares, non-receipt of Dividend, Annual Report, revalidation of Dividend warrants etc.

The committee deals with various matters relating to:

- Transfer / transmission of shares.
- Issue of share certificate in lieu of lost, sub-divided, consolidated, rematerialized or defaced certificates.
- Consolidation / splitting of folios.
- Review of shares dematerialized and all other related matters.
- Investors' grievance and redressal mechanism and recommend measures to improve the level of investors' services.

Composition and attendance:

| Name of the Members | Position | Category | No. of Meetings Held | No. of Meetings attended |
|------------------------------------|----------|--------------------------------------|----------------------|--------------------------|
| Mr. Gajanan Uttamrao Mante | Chairman | Independent & Non Executive Director | 4 | 4 |
| Mr. Sopan Vishwanathrao Kshirsagar | Member | Independent & Non Executive Director | 4 | 4 |
| Mr. Mahendraprasad Mallawat | Member | Whole Time Director | 4 | 4 |

Meeting Details: During the under review four meetings of the Stakeholder Relationship Committee was held on 17th April, 2017, 12th July, 2017, 9th October, 2017 and 10th January, 2018.

Information on Investor Grievances for the period from 01st April, 2017 to 31st March, 2018:

| Brought Forward | Received Afresh | Disposed | Carried Over |
|-----------------|-----------------|----------|--------------|
| Nil | Nil | Nil | Nil |

Investor Grievance Redressal:

The status of investor complaints is monitored by the SR Committee periodically and reported to the Board. The complaints received from the shareholders, regulators, stock exchanges are reviewed and they are expeditiously attended to by the Registrar and Share Transfer Agents.

Compliance Officer:

Ms. Soniya Agarwal, Company Secretary, is the compliance officer for complying with the requirements of Companies Act, Securities Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

10) General Body Meetings:-

Details of the last Annual General Meetings of the Company are given below:-

| Financial Year | Date | Time | Location | No. of Special Resolutions Passed |
|----------------|----------------------|----------|--|--|
| 2014-2015 | 29th September, 2015 | 12.30 PM | Hotel Monotel, DM2 Sector V, Salt Lake City, Kolkata - 700 091 | Adoption of Articles of Association as per Companies Act, 2013 |
| 2015-2016 | 16th September, 2016 | 11.30 AM | Shree Banquet Hall, 376/378, Goan Institute Bldg., J.S.S. Road, Chira Bazar, Mumbai-400002 | Issue of Bonus Equity Shares |
| 2016-2017 | 11th September, 2017 | 10.30 AM | Hotel Landmark Banquet Hall, Landmark Bldg., Mith Chowki, Link Road, Malad (W), Mumbai 400 064 | Nil |

Postal Ballot: During the year under review, no resolution was passed through postal ballot.

11) Code for prevention of Insider Trading Practices:

In compliance with the SEBI Regulations on prevention of Insider Trading, the Company has adopted a code of conduct for its Directors and designated Employees. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing with the shares of the Company.

12) Disclosures regarding Directors' Appointment / Re-appointment:-

The brief profiles of Directors who are seeking re-appointment / appointment at the Annual General Meeting are furnished below:-

| Name of the Director | Date of Birth | Date of Appointment | Expertise in specific functional Area | Qualifications | Chairman/ Director in other Companies | No. of Shares Held |
|----------------------|---------------|---------------------|---------------------------------------|-----------------------|---------------------------------------|--------------------|
| Mr. Gazala Kolsawala | 29/05/1967 | 25/03/2015 | Finance & Taxation | Chartered Accountants | N.A. | NIL |
| Mrs. Sarita Bhartia | 24/11/1966 | 08/08/2018 | Finance & Accounts | Chartered Accountants | YES | NIL |

13) Means of Communication:-

- Quarterly/ Annual Results:** The Company's Quarterly & Annual results are published in Free Press and Navshakti in Mumbai and are also displayed on its website www.arnoldholdings.in
- Annual Report:** The Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Directors' Report in the Annual Report. The Annual Report is displayed on the Company's website www.arnoldholdings.in
- BSE Corporate Compliance & Listing Centre (the "Listing Centre"):** BSE's Listing Centre is a web-based Application designed for Corporate. All periodical compliances filings like shareholding pattern, corporate governance report, among others are also filed electronically on the Listing Centre.
- SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of Actions taken on the complaint and its current status.
- Website:** The Company's website www.arnoldholdings.in contains a separate dedicated section, "Investor Relation", where shareholding pattern is available. The company's Annual report is also available in a user-friendly and downloadable form.

1) For any query in Annual Report mail on info@arnoldholdings.in

14) General Shareholder Information:-

| | | | |
|------|---|---|--|
| i) | AGM (Date, Time and Venue) | : | On Tuesday , the 25th September, 2018 at 10.30am. At IMC Chamber of Commerce and Industry, Kilachand Conference Room, 2nd Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020 |
| ii) | Financial Year | : | 1st April 2018 to 31st March, 2019 |
| iii) | Key Financial Reporting Dates F.Y. 2018-2019 | | |
| a) | Unaudited Results for the First Quarter ended June 30, 2018 | : | On or before 14th August, 2018 |

| | | | |
|-------|---|---|--|
| b) | Unaudited Results for the Second Quarter ended September 30, 2018 | : | On or before 14th November, 2018 |
| c) | Unaudited Results for the Third Quarter ended December 31, 2018 | : | On or before 14th February, 2019 |
| d) | Audited Results for the F.Y. 2018-2019 | : | On or before End 30thMay, 2019 |
| iv) | Date of Annual Book Closure (Both days inclusive) | : | 19th September, 2018 (Wednesday) to 25th September, 2018 (Tuesday) (Both Days Inclusive) |
| v) | Registered Office & CIN | : | B-208, Ramji House, 30, Jambulwadi, J.S.S. Road, Mumbai-400002 CIN: L65993MH1981PLC282783 |
| vi) | Listing on Stock Exchanges | : | BSE Ltd. |
| vii) | Listing Fees | : | Annual Listing Fees for the year upto 2018-19 have been paid to the Stock Exchange. |
| viii) | Depository Fees | : | Annual Custodian Fees for the Year 2018-19 have been paid to CDSL & NSDL. |
| ix) | Stock Codes | : | BSE: 537069 ISIN: INE185K01028 |
| x) | Trading Group | : | X |

xi) **Share Price Data:**

| Month | BSE Limited (BSE) (in Rs. per Share) | |
|----------------|--------------------------------------|-------------------|
| | Month's High Price | Month's Low Price |
| April 2017 | 7.85 | 6.93 |
| May 2017 | 7.76 | 6.02 |
| June 2017 | 7.79 | 6.13 |
| July 2017 | 9.00 | 6.65 |
| August 2017 | 8.25 | 6.90 |
| September 2017 | 8.90 | 6.81 |
| October 2017 | 7.39 | 6.30 |
| November 2017 | 7.50 | 6.31 |
| December 2017 | 7.70 | 6.45 |
| January 2018 | 7.39 | 6.31 |
| February 2018 | 7.15 | 5.12 |
| March 2018 | 8.00 | 6.01 |

xii) **Registrar and Share Transfer Agent:-**

Share transfers and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent viz. Niche Technologies Private Limited.

M/s. Niche Technologies Private Limited

D-511, Bagree Market, 71, B R B Basu Road, Kolkata-700 001

Tel: +91 33 2235 7270 Fax: +91 33 2215 6823

Website: www.nichetechpl.com

E-mail: nichetechpl@nichetechpl.com

xiii) Share Transfer System:-

Securities lodged for transfers are processed and security certificates are returned within a period of fifteen days from the date of receipt, subject to all documents being valid and complete in all respects. The Board of Directors has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Executive Director and the Company Secretary of the Company. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities, as required under regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with Stock Exchanges.

xiv) Distribution of shareholding (category wise) as on 31st March, 2018:-

| Category | Number of Shares held | % of Total Shareholding |
|--|-----------------------|-------------------------|
| Promoters (Incl. Person Acting in Concert) | 9901050 | 6.58 |
| Financial Institutions / Banks | 0 | 0.00 |
| Insurance Companies | 0 | 0.00 |
| NRI | 56192 | 0.04 |
| Bodies Corporate | 40131008 | 26.69 |
| Public | 100286750 | 66.69 |
| Total | 150375000 | 100.00 |

xv) Dematerialization of shares and liquidity:-

- About 100% of the shares have been dematerialized as on 31st March, 2018.
- Trading in the shares of the Company is permitted in dematerialized form only as per notification issued by SEBI.

xvi) Outstanding GDR / ADR / Warrants or any convertible instruments:

The Company has not issued any GDRs/ Warrants or any other instrument, which is convertible into Equity Shares of the Company.

xvii) Plant Locations:

The Company is in the business of providing financial services; therefore, it does not have any manufacturing plants.

xviii) Address for correspondence:-

- (i) **Investor Correspondence:** For transfer/dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company:

M/s. Niche Technologies Private Limited

D-511, Bagree Market, 71, B R B Basu Road, Kolkata-700 001.

Tel: +91 33 2235 7270, Fax: +91 33 2215 6823

Website: www.nichetechpl.com

E-mail: nichetechpl@nichetechpl.com

- (ii) **For any Query on Annual Report:**

Mrs. Soniya Agarwal

Company Secretary and Compliance Officer

Arnold Holdings Limited

B-208, Ramji House, 30 Jambulwadi, J.S.S. Road,

Mumbai-400 002, Maharashtra, India

Tel: +91 22-22016640, Fax: +91 22-4344 6409

Email: info@arnoldholdings.in / arnoldholding9@gmail.com

xix) **COMPLIANCE WITH DISCRETIONARY REQUIREMENTS AS PER REGULATION 27(1) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

The Company has adopted following discretionary requirements of regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- i) **Audit Qualification:** The Company is in the regime of unqualified financial statements.
- ii) **Reporting of Internal Auditor:** The Internal Auditor reports directly to the Audit Committee.

15. **Disclosures**

- i) **Related Party Transactions:** During the year under review, the Company has not entered into any material transaction with any of the related parties. All related party transactions are at arm's- length and in the ordinary course of business and are not in conflict with the interest of the Company.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website www.arnoldholdings.in.

- ii) **Strictures and Penalties:** No, penalties and strictures imposed on the company by SEBI, ROC, Stock Exchanges or any other statutory authorities on any matters related to capital market during the last 3 financial years.

- iii) There are no inter se relationships between the Directors of the Company.

- iv) **Whistle Blowing Policy/ Vigil Mechanism**

The Company believes in the conduct of the affairs of its various constituents in a fair and transparent manner, by adopting the highest standard of professionalism, honesty, integrity and ethical behavior and open communication. The Company has Whistle Blower Policy under which the employees are free to report instances of unethical behavior, violation of laws and regulations and the Code of Conduct or policies of the Company. The employee can approach the Whistle Blower Committee which operated under the supervision of the Audit Committee. Employee may directly report to the Chairman of the Audit Committee. During the year under review no employee was denied access to the Audit Committee.

None of the employees has been denied access to the Audit Committee under this policy during the year under review.

- v) The CEO/CFO Certificate forms part of this Annual Report.

- vi) **Reconciliation of Share Capital**

A qualified Practicing Company Secretary carries out a share capital audit to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital of the Company. The audit report confirms that the total issued / paid- up capital is in agreement with total numbers of shares in Demat form and the total number of dematerialized shares held with NSDL and CDSL.

- vii) **Adoption of Mandatory and Non-Mandatory requirements:**

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and The Company has fulfilled the following non-mandatory requirements as prescribed in Schedule II, PART E of Regulation 27(1) of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company has complied with all the requirements of Regulations 17 to 27 and clause (b) to (i) of sub-regulation 46 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

viii) CEO / CFO Certification: -

The CEO and CFO of the company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations And Disclosure Requirements), Regulation 2015. The CEO/ CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The annual Certificate given by the CEO/CFO is given below:

1. I have reviewed financial statements and the cash flow statement of Arnold Holdings Limited for the year ended 31st March, 2018 and due to the best of our knowledge and belief:
 - (i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of company's internal control systems pertaining to financial reporting.

I have not come across any reportable deficiencies in the design or operations of such internal controls.

4. I have indicated to the Auditors and the Audit Committee:
 - (i) That there are no significant changes in internal control over 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 we have become aware.

16. Code of Conduct

The Board has laid down the Code of Conduct for Board Members and Senior Management personnel of the Company. The code incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The said code of conduct is posted on the company's website www.arnoldholdings.in. The Board and the senior management personnel have affirmed compliance with the said code of conduct.

17. Declaration

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with The Arnold Holdings Ltd Code of Conduct for the year ended 31st March, 2018.

**On behalf of the Board of Directors,
For Arnold Holdings Limited**

**Mahendraprasad Mallawat
CEO**

Place : Mumbai

Date : 30th May, 2018

Annexure

Nomination and Remuneration Policy

This Policy has been laid down on the recommendations of the Nomination and Remuneration Committee of the Board, and is in compliance with the requirements of the Section 178 Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1.1 Objectives

The Policy lies down the:

- (i) Criteria for determining inter-alia qualification, positive attributes and independence of Directors for their appointment on the Board of the Company;
- (ii) Criteria for payment of remuneration to Directors, Key Managerial Personnel and other Employees.

1.2 Definitions

- i. "Board" means Board of Directors of the Company.
- ii. "Company" means "Arnold Holdings Limited."
- iii. "Employees' Stock Option" means the option given to the Directors, Officers or Employees of a company or of its holding company or subsidiary company or companies, if any, which gives such Directors, Officers or Employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.
- iii. A. 'fit and proper' shall mean an individual who is :
 - a. more than thirty years in age;
 - b. a graduate;
 - c. has minimum five years experience;
 - d. a person of integrity, reputation and character in the opinion of the Committee;
- iv. "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- v. "Key Managerial Personnel" (KMP) means:
 - a) Chief Executive Officer or the Managing /Executive Director or the Manager,
 - b) Company Secretary,
 - c) Whole-time Director,
 - d) Chief Financial Officer and
 - e) Such other officer as may be prescribed.
- vi. "Committee" shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vii. "Policy or This Policy" means, "Nomination and Remuneration Policy."
- viii. "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

- ix. "Senior Management" means, personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

1.3 Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI Act, 1992, Listing Agreement and Regulations as notified by the Securities and Exchange Board of India from time to time.

1.4 Appointment and Removal of Managerial Person, Director, Key Management Personnel and Senior Management Personnel

i. Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Person, Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.
- b) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient /satisfactory for the designated position.

ii. Term / Tenure:

- a) The Company shall appoint or re-appoint a person as its Managerial Person by passing of a resolution and disclosure of such appointment in the Directors Report forming part of the Annual Report.
- b) No Independent Director shall hold office for more than two consecutive Terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
- c) Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. Term can be for a maximum period of five years.
- d) The time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of the Company.

iii. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 ('Act'), rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Person, Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations.

iv. Retirement:

The Managerial Person, Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managerial Person, Director, and KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

1.5 Disqualifications for Appointment of Directors

- i. A person shall not be eligible for appointment as director of the company if:
 - a) He is of unsound mind and stands so declared by a competent court;
 - b) He is undischarged insolvent;
 - c) He has applied to be adjudicated as an insolvent and his application is pending;
 - d) He has been convicted by a court of any offence, weather involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company:

- 1) An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order in force;
 - 2) He has not paid any calls in respect of any shares of the company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call;
 - 3) He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - 4) He has not complied with sub-section (3) of section 152 of the Companies Act, 2013.
- ii. A person who has been a Director of the company which:
 - a) has not filed financial statements or annual returns for any continuous period of three financial years; or
 - b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay dividend declared and such failure to pay or redeem continues for one year or more, shall be ineligible to be appointed as a director of the Company for a period of five years from the date on which the other company fails to do so.
 - iii. A person shall not be eligible for appointment and continuance as a Director, if he / she is not found 'fit and proper' by the Committee.

1.6 Remuneration Policy

Remuneration Policy of AHL is designed to attract, motivate, and retain manpower in a competitive environment considering qualification, positive attribute, integrity and independence, and is guided by the common reward framework and set of principles and objectives. The Remuneration Policy applies to the Company's Senior Management Personnel, including its Key Managerial Person and the Board of Directors.

The policy captures remuneration strategies, policies and practices of AHL, including compensation, variable compensation, equity-based plans and the process for the measurement and assessment of employee and executive performance. The remuneration / compensation / commission etc. to the Managerial Person, Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.

- 1.6.1 Remuneration Strategy for Employees at AHL The Company adopts a total compensation philosophy in rewarding employees. The Total compensation package for the employees comprises of Fixed and Variable Component. Fixed pay consists of the base salary and any recurring, regular allowances payable in the specific location. Variable pay includes performance bonuses and ESOP's for eligible employees.

The level of Total compensation is designed to be appropriate to attract, retain and motivate employees to contribute their best. In determining the Total compensation of employees, the Company takes into account the role and its responsibilities, the individuals' and teams' performance, and the Company's performance, as well as market factors.

The Company's remuneration strategy is market driven and aims at attracting and retaining high caliber talent. Factors such as profitability and achievement of key performance indicators are taken into consideration, in determining the bonus pool for the Company and its business units. Individual bonus allocation is based on performance against various set of pre-defined objectives.

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

- 1.6.2 Remuneration of Key Management Personnel The Company shall review, at least annually, the Key Management personnel's remuneration arrangements in light of current market benchmarks and expert advice on remuneration levels and, with due consideration to law and corporate governance principles. Remuneration of the Key Management Personnel consists of a fixed component and a variable performance incentive. The annual appraisal of the Key Management personnel is based on a detailed performance evaluation of their Key Performance Indicators (KPI's)

- i. Fixed Component: gross Fixed Salary.
- ii. Perquisites: In the form of house rent allowance/accommodation, reimbursement of medical expenses, conveyance, children education, telephone, communication equipments like Cell Phone etc.
- iii. Personal benefits: Based on employment agreements and Company policy, Company Car and Driver is provided to specific grade.
- iv. Medical Insurance - Coverage of ` 5 Lacs every year to the personnel, his/her spouse, two children and parents (In case of female employees they can choose the option for Including their in-laws in lieu of her parents).
- v. Variable pay is linked to the below three factors:
 - a) The financial results of the company;
 - b) Targets achieved;
 - c) The individual performance and that of the department/team.

1.6.3 Remuneration of Non-executive Directors including Independent Directors:

The Non-Executive Directors of the Company shall be paid sitting fees as per the recommendation of Committee and approved by the Board of the Company not exceeding 5,000/- per meeting.

An independent Director shall not be entitled to any Stock Options of the Company.

1.7 Deviations from the Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

1.8 Amendments

The Remuneration policy may be reviewed by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board.

**On behalf of the Board of Directors,
For Arnold Holdings Limited**

**Mahendraprasad Mallawat
Whole Time Director
DIN - 00720282**

Place : Mumbai

Date : 30th May, 2018

Annexure III to the Directors' Report**Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31/03/2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2018

To,
The Members,
ARNOLD HOLDINGS LTD

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s ARNOLD HOLDINGS LTD (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the M/s ARNOLD HOLDINGS LTD's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by M/s ARNOLD HOLDINGS LTD ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not Applicable as the Company has not entered into any transaction of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the financial year under review;**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable as the Company has not implemented any Share Based Employee Benefit Scheme during the financial year under review;**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable as the Company has not issued and listed any Debt Securities during the financial year under review;**

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **and - Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the financial year under review;**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year under review.**
- (vi) Reserve Bank of India Act, 1934 and Rules made there under, is specifically applicable to the company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per Minutes of the Meeting duly recorded and signed by the Chairman the decision of the Board is Unanimous and no dissenting views have been recorded.

We further report that as per the explanations given to us and the representations made by the management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that based on review of and on the basis information, records and documents provided by the Board, we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place: Mumbai

Date: 30th May, 2018

S Pardeshi & Associates

Santosh Pardeshi
FCS No. 7727
C. P. No.: 8485

This report should be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Arnold Holding Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appreciates to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of finance records and books of the accounts of the Company.
4. Where ever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 30th May, 2018

S Pardeshi & Associates

Santosh Pardeshi
FCS No. 7727
C. P. No.: 8485

Annexure IV to the Directors' Report**Form AOC -2**

Pursuant to clause (h) of sub-section -3 of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014.

Form of disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to sub-section 1 of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

- 1) **Details of contracts/ arrangements or transactions not at arm's length basis:**
 - i) Name(s) of the related party and nature of relation: Not Applicable
 - ii) Nature of Contracts/arrangements/ transactions: Not Applicable
 - iii) Duration of the contracts/ arrangements/ transactions: Not Applicable
 - iv) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - v) Justification for entering into such contracts or arrangements or transactions: Not Applicable
 - vi) Date(s) of approval by the board: Not Applicable
 - vii) Amount paid as advances, if any: Not Applicable
 - viii) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

- 2) **Details of material contracts or arrangement or transactions at arm's length basis:**
 - i) Name(s) of the related party and nature of relation: Not Applicable
 - ii) Nature of Contracts/arrangements/ transactions: Not Applicable
 - iii) Duration of the contracts/ arrangements/ transactions: Not Applicable
 - iv) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - v) Date(s) of approval by the board: Not Applicable
 - vi) Amount paid as advances, if any: Not Applicable

Note: All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of Company's business. The Company has not entered into any contract, arrangement or transaction with any related party which could be considered as material within the meaning of Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the related party transactions are disclosed in the notes to the financial statements.

**By Order of the Board of Directors,
For Arnold Holdings Limited**

**Mr. Mahendraprasad Mallawat
Whole Time Director
DIN:00720282**

Place: **Mumbai**
Date: **30th May, 2018**

Annexure V to the Directors' Report**Form No. MGT-9****Extract Of Annual Return as on the Financial year ended On 31st March, 2018**

[Pursuant to section 92(3) of the Companies Act,2013 and rule12(1)of the Companies (Management and Administration) Rules, 2014]

| I. REGISTRATION AND OTHER DETAILS: | |
|--|--|
| i. CIN | L65993MH1981PLC282783 |
| ii. Registration Date | 24/12/1981 |
| iii. Name of the Company | ARNOLD HOLDINGS LTD |
| iv. Category/Sub-Category of the Company | COMPANY LIMITED BY SHARES/ INDIAN NON-GOVERNMENT COMPANY. |
| v. Address of the Registered office and contact details | B-208, RAMJI HOUSE, 30, JAMBULWADI, J.S.S. ROAD, MUMBAI-400002 |
| vi. Whether listed company | YES |
| vii. Name, Address and Contact details of Registrar and Transfer Agent, if any | NICHE TECHNOLOGIES PRIVATE LIMITED D-511, BAGREE MARKET, 5TH FLOOR, 71 B. R. B. BASU ROAD, KOLKATA: 700001. CONTACT NO: 033-22357271. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Non- Banking Finance Business Activities. | 64990 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|---------------------------------|---------|--------------------------------|-----------------|--------------------|
| 1. | NIL | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |

| | | | | | | | | | |
|---|------------------|---|------------------|--------------|------------------|---|------------------|--------------|-------|
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 3153652 | - | 3153652 | 2.10 | 2777392 | - | 2777392 | 1.85 | -0.25 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 107985370 | - | 107985370 | 71.81 | 97345338 | - | 97345338 | 64.74 | -7.07 |
| c) Others(Specify) | 94175 | - | 94175 | 0.06 | 220212 | - | 220212 | 0.15 | 0.09 |
| Sub-total(B)(2) | 140473950 | - | 140473950 | 93.42 | 140473950 | - | 140473950 | 93.42 | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 140473950 | - | 140473950 | 93.42 | 140473950 | - | 140473950 | 93.42 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| GrandTotal (A+B+C) | 150375000 | - | 150375000 | 100 | 150375000 | - | 150375000 | 100 | - |

ii. Share holding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|----------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total of the company shares | % of Shares Pledged / encumbered to total | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in share holding during the year |
| 1. | HARSHAD ACHALESHWAR KELA | 2010000 | 1.34 | - | 2010000 | 1.34 | - | - |
| 2. | MAHENDRA PRASAD NATHMAL MALLAWAT | 150000 | 0.10 | - | 150000 | 0.10 | - | - |
| 3. | PAWANKUMAR NATHMAL MALLAWAT | 3000000 | 2.00 | - | 3000000 | 2.00 | - | - |
| 4. | RAMA HARSHAD KELA | 750000 | 0.49 | - | 750000 | 0.49 | - | - |
| 5. | VARSHA PAWAN MALLAWAT | 3000000 | 2.00 | - | 3000000 | 2.00 | - | - |
| 6. | KAMLADEVI CHAGANLAL KELA | 150 | 0.00 | - | 150 | 0.00 | - | - |
| 7. | PANKAJ BHAGWANKISHORE KELA | 150 | 0.00 | - | 150 | 0.00 | - | - |
| 8. | NIDHI PANKAJ KELA | 150 | 0.00 | - | 150 | 0.00 | - | - |

| | | | | | | | | |
|-----|--|----------------|-------------|----------|----------------|-------------|----------|----------|
| 9. | BHAGAWANKISHORE CHHAGANLAL KELA | 150 | 0.00 | - | 150 | 0.00 | - | - |
| 10. | PREMADEVI BHAGWANKISHORE KELA | 150 | 0.0 | - | 150 | 0.0 | - | - |
| 11. | KAILASHCHAND N MALLAWAT | 30000 | 0.02 | - | 30000 | 0.02 | - | - |
| 12. | MANJU MAHENDRA MALLAWAT | 39000 | 0.03 | - | 39000 | 0.03 | - | - |
| 13. | MAHENDRA PRASAD NATHMAL MALLAWAT HUF | 3000 | 0.00 | - | 3000 | 0.00 | - | - |
| 14. | SARITA MAHENDRA MALLAWAT | 30000 | 0.02 | - | 30000 | 0.02 | - | - |
| 15. | HARISH MALLAWAT | 3000 | 0.00 | - | 3000 | 0.00 | - | - |
| 16. | MONICA M MALLAWAT | 729300 | 0.48 | - | 729300 | 0.48 | - | - |
| 17. | SANDEEP M MALLAWAT | 3000 | 0.00 | - | 3000 | 0.00 | - | - |
| 18. | MAMTA K MALLAWAT | 150000 | 0.10 | - | 150000 | 0.10 | - | - |
| 19. | NIRMALKUMAR NATHMALJI MALLAWAT | 3000 | 0.00 | - | 3000 | 0.00 | - | - |
| | Total | 9901050 | 6.58 | - | 9901050 | 6.58 | - | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|---|--|-----------------------------|--|--|
| | | No. of shares | % of total shares of the | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

iv. **Shareholding Pattern of topten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :**

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning at the year | | Date wise Increase / (Decrease) in Shareholding during the Year specifying the reason for increase / decrease | | | Shareholding at the end of the year | |
|--------|-------------------------------------|---|----------------------------------|---|---------------|--------------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the Company | Date | No. of Shares | Reason | No. of Shares | % of total shares of the company |
| 1. | Danita Vallabh Rathi | 6000000 | 3.990 | - | - | - | 6000000 | 3.990 |
| 2. | Hazoor Multiproducts Limited | - | - | 19/05/2017 | 641083 | T R A N S F E R | 12754354 | 8.482 |
| | | | | 09/06/2017 | 75596 | | | |
| | | | | 09/06/2017 | 75596 | | | |
| | | | | 23/06/2017 | 232139 | | | |
| | | | | 30/06/2017 | 614661 | | | |
| | | | | 07/07/2017 | 411700 | | | |
| | | | | 14/07/2017 | 580210 | | | |
| | | | | 21/07/2017 | 117463 | | | |
| | | | | 28/07/2017 | 145 | | | |
| | | | | 11/08/2017 | 45025 | | | |
| | | | | 18/08/2017 | 265237 | | | |
| | | | | 01/09/2017 | 323693 | | | |
| | | | | 08/09/2017 | 325931 | | | |
| | | | | 15/09/2017 | 191955 | | | |
| | | | | 13/10/2017 | 4819 | | | |
| | | | | 27/10/2017 | 190 | | | |
| | | | | 10/11/2017 | 455 | | | |
| | | | | 17/11/2017 | 166900 | | | |
| | | | | 24/11/2017 | 2401935 | | | |
| | | | | 01/12/2017 | 1478715 | | | |
| | | | | 08/12/2017 | 997472 | | | |
| | | | | 15/12/2017 | 80405 | | | |
| | | | | 22/12/2017 | 556047 | | | |
| | | | | 29/12/2017 | 299665 | | | |
| | | | | 05/01/2018 | 23500 | | | |
| | | | | 12/01/2018 | 101941 | | | |
| | | | | 19/01/2018 | 761 | | | |
| | | | | 26/01/2018 | 41775 | | | |
| | | | | 02/02/2018 | 135625 | | | |
| | | | | 09/02/2018 | 547924 | | | |
| | | | | 16/02/2018 | 503870 | | | |

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning at the year | | Date wise Increase / (Decrease) in Shareholding during the Year specifying the reason for increase / decrease | | | Shareholding at the end of the year | |
|--------|--|---|--------------------------------------|--|---|--------------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the the Company | Date | No. of Shares | Reason | No. of Shares | % of total shares of the company |
| 3. | Mellora Infrastructure Private Limited | 6750000 | 4.489 | 23/02/2018 02/03/2018 09/03/2018 16/03/2018 23/03/2018 31/03/2018 | 458472 294840 352484 29275 112268 340178 | - | 6750000 | 4.489 |
| 4. | Rahul Vilas Nahata | 5457378 | 3.629 | - | - | - | 5457378 | 3.629 |
| 5. | Raudramukhi Commerce Private Limited | 4648903 | 3.092 | 05/05/2017 | 30255 | | 5040596 | 3.352 |
| 6. | Satishkumar Soni | 4800000 | 3.192 | 19/05/2017 02/06/2017 23/06/2017 28/07/2017 25/08/2017 01/09/2017 15/09/2017 27/10/2017 03/11/2017 29/12/2017 23/02/2018 02/03/2018 16/03/2018 | 30800 60200 91850 100 45 300 50 35125 100 31550 70868 10390 30060 | T R A N S F E R | 4800000 | 3.192 |
| 7. | Sharda Soni | 4800000 | 3.192 | - | - | - | 4800000 | 3.192 |
| 8. | Sulochanakishore Toshniwal | 5361180 | 3.565 | 14/04/2017 21/04/2017 | - 680 -3101 | TRAN SFER | 5357399 | 3.563 |
| 9. | Ulka Kiran Kurundkar | 5409756 | 3.598 | - | - | - | 5409756 | 3.598 |

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning at the year | | Date wise Increase / (Decrease) in Shareholding during the Year specifying the reason for increase / decrease | | | Shareholding at the end of the year | |
|--------|-------------------------------------|---|--------------------------------------|---|---------------|--------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the the Company | Date | No. of Shares | Reason | No. of Shares | % of total shares of the company |
| 10. | Vaishali Shekhar Channe | 6000000 | 3.990 | - | - | - | 6000000 | 3.990 |
| 11. | Vallabh M. Rathi | 6000000 | 3.990 | - | - | - | 6000000 | 3.990 |
| 12. | Vallabh Rathi HUF | 6000000 | 3.990 | - | - | - | 6000000 | 3.990 |

v. Shareholding of Directors and Key Managerial Personnel :

| Sl No. | For Each of the Top 10 Shareholders | Shareholding at the beginning at the year | | Date wise Increase / (Decrease) in Shareholding during the Year specifying the reason for increase / decrease | | | Shareholding at the end of the year | |
|--------|-------------------------------------|---|--------------------------------------|---|---------------|--------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the the Company | Date | No. of Shares | Reason | No. of Shares | % of total shares of the company |
| 1. | Mr. Mahendraprasad Mallawat | 150000 | 0.10 | - | - | - | 150000 | 0.10 |

None of the other Directors & Key Managerial Personnel holds any share in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | - | 42743279 | - | 42743279 |
| ii) Interest due but not paid | - | 417213 | - | 417213 |
| iii) Interest accrued but not | - | - | - | - |
| Total (i+ii+iii) | - | 43160492 | - | 43160492 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | - | 94384276 | - | 94384276 |
| - Reduction | - | 54005164 | - | 54005164 |
| Net Change | - | 40379112 | - | 40379112 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 77051315 | - | 77051315 |
| ii) Interest due but not paid | - | 6488289 | - | 6488289 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 83539604 | - | 83539604 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---------|---|-------------------------|-----------------------|----------------------|--------------|
| | | Mr. M.P. Mallawat | Mrs. Gazala Kolsawala | Mrs. Mohandas Dasari | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5,45,500 | 40,050 | 27,500 | 6,13,050 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |

| | | | | | |
|----|------------------------|-----------------|---------------|---------------|-----------------|
| 2. | Stock Option | NA | NA | NA | |
| 3. | Sweat Equity | NA | NA | NA | |
| 4. | Commission | NA | NA | NA | |
| | - as % of profit | | | | |
| | - others, specify | | | | |
| 5. | Others, please specify | - | - | - | |
| 6. | Total(A) | 5,45,500 | 40,050 | 27,500 | 6,07,300 |
| | Ceiling as per the Act | | | | |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| | Independent Directors | | | | | |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | Other Non-Executive Directors | | | | | |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B) = (1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|---|--------------------------|-------------------|-----|----------|
| | | CEO | Company Secretary | CFO | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 3,66,000 | - | 3,66,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |

| | | | | | |
|----|------------------------|---|-----------------|---|-----------------|
| 2. | - Stock Option | - | - | - | - |
| 3. | - Sweat Equity | - | - | - | - |
| 4. | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | 3,66,000 | - | 3,66,000 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding | Authority[RD /NCLT/Court] | Appeal made. If any (give details) fees imposed |
|-------------------------------------|------------------------------|-------------------|---|---------------------------|---|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

FOR ARNOLD HOLDINGS LTD
FOR ARNOLD HOLDINGS LTD
(Mahendraprasad Mallawat)

Whole Time Director

(Mohandas Dasari)

Whole Time Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of Arnold Holdings Limited,
Mumbai

We have examined the compliance of conditions of Corporate Governance by Arnold Holdings Limited ('the Company') for the year ended 31st March, 2018 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with the Stock Exchange.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S. Pardeshi & Associates
Company Secretaries
(Santosh Pardeshi)
Proprietor**

Place: Mumbai
Date: 30th May, 2018

**Membership No. 7727
CP No. 8485**

INDEPENDENT AUDITOR'S REPORT

To The Members,
Arnold Holdings Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of ARNOLD HOLDINGS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair

view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018 and its profit for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

We draw attention to the following matters in the Notes to the financial statements:

- a) Note 8 to the financial statements which, describes the uncertainty related to the income appeals filed by the company.

Our opinion is not modified in respect to these matters.

Report on Other Legal and Regulatory Requirement.

1. As required by Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matter specified in paragraph 3 and 4 of the order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standard specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e. The contingent liability described in sub-paragraph (a) under the Emphasis of matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company.
 - f. On the basis of written representations received from the Director as on 31st march, 2018 taken on the record by the Board of Directors, none of directors are disqualified as on 31st march, 2018 from being appointed as a director in terms of section 164 (2) of the Act.
 - g. With respect to adequacy of internal financial controls over financial reporting of Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - h. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contract including derivative contract for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For AMIT RAY & COMPANY

Chartered Accountants

FRN No: 000483C

Nag Bhushan Rao

Partner

Membership No. 073144

Place: Mumbai

Date: 30th May, 2018

'Annexure A' to the Auditor's Report

The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".

We report that:

- i. a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- c) The Company does not hold any immovable properties during the year.
- ii. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.
- iv. In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. As the company is registered under Reserve Bank of India as a Non-Banking Finance Company, it is eligible to take Loan & Advances and grant Loan & Advances on such terms & conditions which are prejudicial to the interest of the company.
- vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
 - a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st March, 2018 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there is no amount payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax and cess whichever applicable, which have not been deposited on account of any disputes.

- vii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.
- viii. Based on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) or taken any term loan during the year.
- ix. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- x. According to the information and explanations given to us, we report that managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xi. The company is not a Nidhi Company. Therefore clause xii) of the order is not applicable to the company.
- xii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- xiii. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xiv. The company has not entered into non-cash transactions with directors or persons connected with him.
- xv. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained.

For AMIT RAY & COMPANY
Chartered Accountants
FRN No: 000483C

Nag Bhushan Rao
Partner
Membership No. 073144

Place: Mumbai
Date: 30th May, 2018

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls over Financial Reporting

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting ARNOLD HOLDINGS LIMITED ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants Of India.

For AMIT RAY & COMPANY
Chartered Accountants
FRN No: 000483C

Nag Bhushan Rao
Partner
Membership No. 073144

Place: Mumbai

Date: 30th May, 2018

ARNOLD HOLDINGS LTD.**BALANCE SHEET AS AT 31ST MARCH, 2018**

(₹ in Rs.)

| | Sch. No. | As at 31.03.2018 | As at 31.03.2017 |
|--|----------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's funds | | | |
| Share capital | 2 | 300,750,000.00 | 300,750,000.00 |
| Reserves and surplus | 3 | 214,752,611.77 | 210,889,425.80 |
| Money received against share warrants | | | |
| | | 515,502,611.77 | 511,639,425.80 |
| Share application money pending allotment | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 83,539,603.85 | 43,160,491.85 |
| Deferred tax liabilities (Net) | | - | - |
| Other long term liabilities | | - | - |
| Long-term provisions | | - | - |
| | | 83,539,603.85 | 43,160,491.85 |
| Current liabilities | | | |
| Short-term borrowings | 5 | - | 19,655,898.46 |
| Trade payables | 7 | 5,643,017.00 | 8,577,883.60 |
| Other current liabilities | | - | - |
| Short-term provisions | 6 | 8,435,408.00 | 6,466,492.00 |
| | | 14,078,425.00 | 34,700,274.06 |
| | | 613,120,640.62 | 589,500,191.71 |
| TOTAL | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 8 | 13,951,048.00 | 32,273.00 |
| Intangible assets | | - | - |
| Capital work-in-Progress | | - | - |
| Intangible assets under development | | - | - |
| Non-current investments | 10 | 100,000.00 | 100,000.00 |
| Deferred tax assets (net) | 9 | 271,050.00 | 265,090.00 |
| Long-term loans and advances | 11 | 477,348,806.27 | 354,050,956.64 |
| Other non-current assets | 12 | 674,250.00 | 1,348,500.00 |
| | | 492,345,154.27 | 355,796,819.64 |
| Current assets | | | |
| Current investments | | | |
| Inventories | 13 | 91,880,721.03 | 184,219,484.87 |
| Trade receivables | 14 | 3,944,743.68 | 44,000,000.00 |
| Cash and cash equivalents | 15 | 21,934,402.64 | 1,468,113.20 |
| Short-term loans and advances | 11 | 2,820,619.00 | 4,015,774.00 |
| Other current assets | 16 | 195,000.00 | - |
| | | 120,775,486.35 | 233,703,372.07 |
| | | 613,120,640.62 | 589,500,191.71 |
| TOTAL | | | |

Significant Accounting Policies & other notes attached form an integral part of the financial statement-1
Signed in terms of report attached of even date.

M/s. Amit Ray & CO.
Chartered Accountants
FRN: 000483C

For Arnold Holdings Limited

CA NAG BHUSHAN RAO
Partner
Membership No. 073144
Place : Mumbai
Dated : 30 May, 2018

M.P.MALLAWAT
DIRECTOR

MOHANDAS DASARI
DIRECTOR

SONIYA AGARWAL
Company Secretary

ARNOLD HOLDINGS LTD.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018** (₹ in Rs.)

| | Sch. No. | As at 31.03.2018 | As at 31.03.2017 |
|---|----------|-----------------------|-----------------------|
| Revenue | | | |
| Revenue from operations | 17 | 306,182,430.08 | 375,280,407.80 |
| Less: Excise duty | | | |
| Net Sales | | 306,182,430.08 | 375,280,407.80 |
| Other income | | - | - |
| Total revenue | | 306,182,430.08 | 375,280,407.80 |
| Purchase of stock-in-trade | 18 | 182,734,514 | 260,767,279 |
| Changes in inventories | 19 | 92,338,764 | 105,621,253 |
| Employee benefit expenses | 20 | 1,917,350 | 1,653,065 |
| Finance costs | 21 | 6,488,289 | 417,213 |
| Depreciation and amortization expenses | 22 | 52,595 | 26,278 |
| Other expenses | 23 | 17,168,872 | 5,048,922 |
| Total expenses | | 300,700,384 | 373,534,009 |
| Profit/(Loss) before exceptional and extraordinary Items and tax | | 5,482,046 | 1,746,399 |
| Exceptional items | | | |
| Profit before extraordinary items and tax | | 5,482,046 | 1,746,399 |
| Extraordinary items | | - | - |
| Profit before tax | | 5,482,046 | 1,746,399 |
| Tax expenses | | - | - |
| Current tax | | 1,624,820 | 472,728 |
| Deferred tax | | (5,960) | (1,749) |
| Profit(Loss) for the period Continuing Operations | | 3,863,186 | 1,275,420 |
| Earning per share | | | |
| Basic | | 0.03 | 0.01 |
| Diluted | | 0.03 | 0.01 |

Significant Accounting Policies &
other notes attached form an integral part of the financial statement-1
Signed in terms of report attached of even date.

M/s. Amit Ray & CO.
Chartered Accountants
FRN: 000483C

For Arnold Holdings Limited

CA NAG BHUSHAN RAO
Partner
Membership No. 073144
Place : Mumbai
Dated : 30 May, 2018

M.P.MALLAWAT
DIRECTOR

MOHANDAS DASARI
DIRECTOR

SONIYA AGARWAL
Company Secretary

NOTE : 1**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS****CORPORATE INFORMATION:**

Arnold Holdings Ltd. is a public Limited NBFC Company incorporated in 1981 listed on BSE Ltd. The company is engaged in the field of Corporate Finance, Infrastructure Finance, Mortgage and Gold Loans, Capital Market.

Arnold has been seasoned provider of private equity to companies across sectors. Arnold private equity practice has led investments across range of sector- pharmaceutical research, high-end telecom technology, product development, media production services, technology, textiles, drug, manufacturing, construction, processed foods, components and tool fabrication and real estate.

A SIGNIFICANT ACCOUNTING POLICIES**1. Basis of accounting:-**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) including the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

The financial statements have been prepared under the historical cost convention on accrual basis.

2. Revenue Recognition :-

Expenses and Income considered payable and receivable respectively are accounted for on accrual basis except discount claims, rebates and retirement benefits which cannot be determined with certainty during the year.

3. Fixed Assets :-

Fixed assets are stated at their original cost of acquisition including taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets less depreciation till date.

"Assets are classified as Fixed Assets only when the assets are "put to use" or "intended to be use". (This as per AS 10 i.e. earlier Indian GAAPs.)

4. Capital Work in Progress :-

"The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition and location for their intended use, and the initial estimate of dismantling and removing the items and restoring the site on which they are located and borrowing costs. Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets. Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts."

5. Depreciation :-

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written down Value (WDV) Method/SLM method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

6. Investments :-

Investments are stated at cost. (Cost Rs. 1, 00, 000/- Market Value Rs. 1, 00,000/-)

7. Inventories :-

The inventories of equity shares have been valued at Cost.

8. Taxes on Income:-

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. The deferred tax for timing differences between

the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted by the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty with convincing evidence that these would be realized in future. At each Balance Sheet date, the carrying amount of deferred tax is reviewed to reassure realization.

9. Provisions, Contingent Liabilities and Contingent Assets:- (AS-29)

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made.

Contingent liability as on 31/03/2018

The company has filed and contesting appeals before CIT(A), Kolkata against the Assessment orders u/s 143(3) of Income Tax Act, 1961 in the case of erstwhile transferor companies which were merged in the company pursuant to Order of Hon'ble High Court, Kolkata. The demand raised by the department as informed by the Management of the Company for the Asst. Year 2007-2008 is Rs. 79.25 Lacs. The Management is confident to get the relief from the Appellate Authorities.

Contingent assets are not recognized in the financial statement since this may result in the recognition of the income that may never be realized.

General:

Except wherever stated, accounting policies are consistent with the generally accepted accounting principles and have been consistently applied.

(B) Notes on Financial Statements

- The SSI status of the creditors is not known to the Company; hence the information is not given.
- Trade receivables, Trade payables, Loans & Advances and Unsecured Loans have been taken at their book value subject to confirmation and reconciliation.
- Payments to Auditors: (Figures in Rs.)

| Auditors Remuneration | 2017-2018 | 2016-2017 |
|-----------------------|---------------|---------------|
| Audit Fees | 29,500 | 29,500 |
| Tax Audit Fees | | |
| Company Law Matters | | |
| Service Tax | | |
| Total | 29,500 | 29,500 |

- Loans and Advances are considered good in respect of which company does not hold any security other than the personal guarantee of persons.

5. Related Party disclosure

(A) Related Parties and their Relationship

(I) Key Management Personnel

- Mahendra Prasad Mallawat
- Mohandas Dasari
- CA Gazala Kolsawala- Non Executive Director
- Gajanan Uttamrao Mante – Independent Director
- Dr. Sopan Vishwanathrao Kshirsagar – Independent Director
- Soniya Agarwal – Company Secretary

Transactions with Related parties

(Figure in Rs.)

| Particulars | Transactions during the year | | | |
|-------------------|------------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | Current Year | | Previous year | |
| | Key Management Personnel | Relative of Key Management Personnel | Key Management Personnel | Relative of Key Management Personnel |
| Remuneration Paid | 9,79,050 | | 9,21,740 | |
| Office Rent | | 5,04,000 | | 4,20,000 |

6. Major components of Deferred tax

| Particulars | As at 31.03.2018 (Rs.) | As at 31.03.2017 (Rs.) |
|---|---------------------------|---------------------------|
| A) Deferred Tax Liability | | - |
| Depreciation | 0.00 | 0.00 |
| Others | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |
| B) Deferred Tax Assets | | |
| Deferred tax asset fixed assets | 5,960.00 | 1,749.00 |
| Others | 2,65,090.00 | 2,63,341.00 |
| Total | 2,71,050.00 | 2,65,090.00 |
| Net Deferred Tax liabilities/(assets) (A-B) | (2,71,050.00) | (2,65,090.00) |

7. Expenditure in Foreign Currency Nil Nil

8. Earning in Foreign Exchange Nil Nil

9. All assets and liabilities are presented as Current or Non-current as per criteria set out in Revised Schedule VI to the Company's Act, 2013 Notified by the Ministry of Corporate affairs vide Notification No. SO447(E) Dated 28th February, 2011 and SO653(E) Dated 30th March, 2011. Based on the nature of operation of the company and realization from the trade receivable, the company has ascertained its operating cycle of less than 12 months. Accordingly 12 months period has been considered for the purpose of Current /Non-current classification of assets & liabilities.

10. Previous year figures have been regrouped/rearranged wherever necessary.

Signature to notes 1 to 10

In terms of Our Separate Audit Report of Even Date Attached.

M/S. AMIT RAY & CO.
Chartered Accountants

For **ARNOLD HOLDINGS LTD.**

(NAG BHUSHAN RAO)
Partner
Membership No. 073144
Registration No. : 000483C

**MAHENDRA PRASAD
MALLAWAT**
DIRECTOR
(DIN: 00720282)

**MOHANDAS
DASARI**
DIRECTOR
(DIN: 05105936)

Place : Mumbai
Dated : 30 May, 2018

SONIYA AGARWAL
Company Secretary

ARNOLD HOLDINGS LTD.

Notes to Financial statements for the year ended 31st March 2018

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation

Note No. 2 Share Capital

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--|-----------------------|-----------------------|
| 2 Share Capital: | | |
| Equity Share Capital | | |
| Authorized: | | |
| 250000000 (31/03/2018:250000000) Equity shares of Rs. 2.00/- par value | 500,000,000.00 | 500,000,000.00 |
| | 500,000,000.00 | 500,000,000.00 |
| Issued : | | |
| 150375000 (31/03/2018:150375000) Equity shares of Rs. 2.00/- par value | 300,750,000.00 | 50,125,000.00 |
| | 300,750,000.00 | 300,750,000.00 |
| Subscribed and paid-up : | | |
| 150375000(31/03/2018:150375000) Equity shares of Rs. 2.00/- par value | 300,750,000.00 | 300,750,000.00 |
| | 300,750,000.00 | 300,750,000.00 |

Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares

(₹ in rupees)

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| At the beginning of the period | 150,375,000 | 300,750,000.00 | 2,50,62,500 | 50,125,000.00 |
| Issued during the Period | - | - | - | - |
| Redeemed or bought back during the period | - | - | - | - |
| Bonus issue paid during the Year | - | - | 125,312,500 | 250,625,000.00 |
| Outstanding at end of the period | 150,375,000 | 300,750,000.00 | 150,375,000 | 300,750,000.00 |

Right, Preferences and Restriction attached to shares

Equity shares

The company has only one class of Equity having a par value Rs. 2.00 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Note No. 3 Reserve and Surplus

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|-----------------------|-----------------------|
| Profit loss account | | |
| Opening Balance | 18,860,872.80 | 18,707,693.80 |
| Add: Profit for the year | 3,863,186.03 | 1,275,420.00 |
| Less:Contingent Provision Against Standard Assets | (1,166,170.00) | (867,507.00) |
| Less:Transferred to Reserve Fund U/Sec 45-1C | (772,637.00) | (254,734.00) |
| Less:Appropriations equity dividend distribution tax | | |
| Closing Balance | 20,785,251.83 | 18,860,872.80 |
| Capital reserve | | |
| Opening Balance | 1,052,591.00 | 10,52,591.00 |
| Add: Addition during the year | | |
| Less : Deletion during the year | | |
| Closing Balance | 1,052,591.00 | 10,52,591.00 |
| General reserve | | |
| Opening Balance | 178,264,250.00 | 42,88,89,250.00 |
| Add: Addition during the year | | |
| Less : Deletion during the year | - | (250,625,000.00) |
| Closing Balance | 178,264,250.00 | 178,264,250.00 |
| Statutory Reserve | | |
| Opening Balance | 11,441.00 | 11,441.00 |
| Add: Addition during the year | | |
| Less : Deletion during the year | | |
| Closing Balance | 11,441.00 | 11,441.00 |
| Reserve Fund U/Sec: 45-IC@20% of NP after Tax | | |
| Opening Balance | 7,392,994.00 | 7,138,260.00 |
| Add: Addition during the year | 772,637.00 | 254,734.00 |
| Less : Deletion during the year | | |
| Closing Balance | 8,165,631.00 | 7,392,994.00 |
| Provision Against Standard Asset@.25% of Loans and Advances. | | |
| Opening Balance | 5,307,277.00 | 4,439,770.00 |
| Add: Addition during the year | 1,166,170.00 | 867,507.00 |
| Less : Deletion during the year | | |
| Closing Balance | 6,473,447.00 | 5,307,277.00 |
| Balance carried to balance sheet | 214,752,611.77 | 210,889,425.80 |

Note No. 4 Long-term Borrowings

(₹ in rupees)

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | |
|---|-----------------------|--------------------|----------------------|-----------------------|--------------------|----------------------|
| | Non-Current | Current Maturities | Total | Non-Current | Current Maturities | Total |
| Other Loans and advances | | | | | | |
| Bohra Industries Ltd | 29,948,969.00 | | 29,948,969.00 | - | | - |
| Creative Peripherals & Distribution Ltd | 11,078,920.00 | | 11,078,920.00 | - | | - |
| Harmon Finochem Ltd unsecured | 40,000,000.00 | | 40,000,000.00 | 40,000,000.00 | | 40,000,000.00 |
| Si Creva consulting services pvt Ltd. (unsecured) | 2,511,714.85 | | 2,511,714.85 | 3,160,491.85 | | 3,160,491.85 |
| | 83,539,603.85 | | 83,539,603.85 | 43,160,491.85 | | 43,160,491.85 |
| The Above Amount Includes UnSecured Borrowings | 83,539,603.85 | | 83,539,603.85 | 43,160,491.85 | | 43,160,491.85 |
| Net Amount | 83,539,603.85 | | 83,539,603.85 | 43,160,491.85 | | 43,160,491.85 |

Note No. 5 Short-term borrowings

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2016 |
|-------------------|-----------------------|-----------------------|
| ICICI Bank | - | 19,655,898.46 |
| Net Amount | - | 19,655,898.46 |

Note No. 6 Provisions

(₹ in rupees)

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | |
|--|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| | Long-Term | Short-Term | Total | Long-Term | Short-Term | Total |
| Provision for Income Tax (A.Y. 2015-16) | | 1,821,107.00 | 18,21,107.00 | | 18,21,107.00 | 18,21,107.00 |
| Provision for Income Tax (A.Y. 2014-15) | | 1,954,260.00 | 19,54,260.00 | | 19,54,260.00 | 19,54,260.00 |
| Provision for proposed equity final dividend | | | | | | |
| Provision for corporate dividend tax (A.Y.15-16) | | | | | | |
| Provision for TDS on Interest Paid | | 153,819.00 | 153,819.00 | | 41,721.00 | 41,721.00 |
| Provision for TDS on Professional Fees | | 66,005.00 | 66,005.00 | | 97,381.00 | 97,381.00 |
| Provision TDS on Rent | | 25,600.00 | 25,600.00 | | 10,500.00 | 10,500.00 |
| Provision for TDS on BSE Listing Fees | | - | - | | 3,000.00 | 3,000.00 |
| Provision for Income Tax (2016-17) | | 2,065,795.00 | 20,65,795.00 | | 20,65,795.00 | 20,65,795.00 |
| Provision for Income Tax (A.Y. 2017-18) | | 472,728.00 | 472,728.00 | | 472,728.00 | 472,728.00 |
| Provision for Income Tax (A.Y. 2018-19) | | 1,624,820.00 | 1,624,820.00 | | - | - |
| Income Tax Refund AY 2010-11 | | 39,590.00 | 39,590.00 | | - | - |
| Income Tax Refund AY 2011-12 | | 175,494.00 | 175,494.00 | | - | - |
| Income Tax Refund AY 2012-13 | | 2,390.00 | 2,390.00 | | - | - |
| Income Tax Refund AY 2016-17 | | 33,800.00 | 33,800.00 | | - | - |
| Total | | 8,435,408.00 | 8,435,408.00 | | 6,466,492.00 | 6,466,492.00 |

Note No. 7 Trade payables

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|----------------------------|-----------------------|-----------------------|
| Profit loss account | | |
| Sundry Creditors | 5,616,467.00 | 2,584,584.00 |
| Outstanding Expenses | - | 5,966,749.00 |
| Audit Fees Payable | 26,550.00 | 26,550.00 |
| Total | 5,643,017.00 | 8,577,883.60 |

ARNOLD HOLDINGS LTD.

Note No. 8 Fixed Assets Chart as at 31st March 2018

(₹ in rupees)

| Assets | | Useful Life (In Years) | Gross Block | | | | Accumulated Depreciation/ Amortisation | | | | Net Block | |
|--------|-------------------------------|---------------------------|---------------------------------------|---------------------------------|--------------------------------|--|--|--------------------------------|---|--|--|--|
| | | | Balance as at 1st April 2017 | Additions during the year | Deletion during the year | Balance as at 31st March 2018 | Balance as at 1st April 2017 | Provided during the year | Deletion / adjustments during the year | Balance as at 31st March 2017 | Balance as at 31st March 2018 | Balance as at 31st March 2017 |
| A | <u>Tangible assets</u> | | | | | | | | | | | |
| | <u>Own Assets</u> | | | | | | | | | | | |
| | Computer | 3 | 237,755.00 | 51,000.00 | — | 288,755.00 | 205,482.00 | 52,595.00 | — | 258,077.00 | 30,678.00 | 32,273.00 |
| | Residential Property (WIP) | | — | 9,923,830.00 | — | 9,923,830.00 | — | — | — | 9,923,830.00 | 9,923,830.00 | — |
| | Commercial Property (WIP) | | — | 3,996,540.00 | — | 3,996,540.00 | — | — | — | 3,996,540.00 | 3,996,540.00 | — |
| | Total (A) | | 237,755.00 | 13,971,370.00 | | 14,209,125.00 | 205,482.00 | 52,595.00 | | 14,178,447.00 | 13,951,048.00 | 32,273.00 |
| | P.Y Total | | 282,125.00 | - | | 282,125.00 | 223,574.00 | 26,278.00 | | 249,852.00 | 32,273.00 | 58,551.00 |

Note No. 9 Deferred Tax

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---------------------------------|-----------------------|-----------------------|
| Deferred tax assets | | |
| Deferred tax asset other | 265,090.00 | 263,341.00 |
| Add:- additions during the Year | 5,960.00 | 1,749.00 |
| Gross deferred tax asset | <u>271,050.00</u> | <u>265,090.00</u> |
| Net deferred tax assets | 271,050.00 | 265,090.00 |

Note No. 10 Non-current investments

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|--------------------------|--------------------------|
| Non-Trade Investment(Valued at cost unless stated otherwise) | | |
| Investments in debentures or bonds (Unquoted) | | |
| In Others | | |
| HDFC debt Fund For Cancer Cure (Lower of cost and Market value) | 100,000.00 | 100,000.00 |
| Gross Investment | 100,000.00 | 100,000.00 |
| Net Investment | <u>100,000.00</u> | <u>100,000.00</u> |
| Aggregate amount of unquoted investments | 100,000.00 | 100,000.00 |

Note No. 11 Loans and Advances

(₹ in rupees)

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Long-term | Short-term | Long-term | Short-term |
| Other loans and advances | | | | |
| Tax deducted at source (Unsecured) | 10,587,995.00 | 2,820,619.00 | 6,755,512.00 | 4,015,774.00 |
| Corporate Office Rent Deposit | | | | |
| Unsecured Loans advances given to other | 466,468,095.27 | | 347,002,728.64 | |
| | 477,056,090.27 | 2,820,619.00 | 353,758,240.64 | 4,015,774.00 |
| Income Tax Refundable | 292,716.00 | | 2,92,716.00 | |
| Total | 477,348,806.27 | 2,820,619.00 | 354,050,956.64 | 4,015,774.00 |

Note No. 12 Other non-current assets

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--|--------------------------|----------------------------|
| Miscellaneous expenditure not written off | | |
| Preliminary Expenses | 674,250.00 | 1,348,500.00 |
| Total | <u>674,250.00</u> | <u>1,348,500.00</u> |

Note No. 13 Inventories

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--|-----------------------------|------------------------------|
| (Valued at cost or NRV unless otherwise stated) | | |
| Shares And Securities | 91,880,721.03 | 184,219,484.87 |
| Total | <u>91,880,721.03</u> | <u>184,219,484.87</u> |

Note No. 14 Trade receivables

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|-----------------------------|-----------------------|-----------------------|
| Exceeding six months | | |
| Unsecured, Considered Good | 3,944,743.68 | 44,000,000.00 |
| Total | 3,944,743.68 | 44,000,000.00 |
| Total | 3,944,743.68 | 44,000,000.00 |

Note No. 15 Cash and cash equivalents

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---------------------------|-----------------------|-----------------------|
| Balance with banks | | |
| Other balances with banks | 21,720,946.64 | 1,045,714.20 |
| Total | | |
| Cash in hand | 21,720,946.64 | 1,045,714.20 |
| Cash in hand | 213,456.00 | 422,399.00 |
| Total | 213,456.00 | 422,399.00 |
| Total | 21,934,402.64 | 1,468,113.20 |

Note No. 16 Other Current Assets

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--------------|-----------------------|-----------------------|
| Rent Deposit | 195,000.00 | - |
| Total | 195,000.00 | - |

Note No. 17 Revenue from operations

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--------------------------------------|-----------------------|-----------------------|
| Sale of products | | |
| Sale of Securities | 246,497,250.17 | 273,851,546.95 |
| FNO Trading | 10,514,302.07 | 23,245,103.59 |
| | 257,011,552.24 | 297,096,650.54 |
| Sale of services | | |
| Interest Income | 41,197,737.00 | 38,074,614.56 |
| Consultancy Fees Received | - | 40,000,000.00 |
| Profit on Liquid Fund | 81,630.09 | - |
| Contract Income | 7,648,500.00 | - |
| | 48,927,867.09 | 78,074,614.56 |
| Other operating revenues | | |
| Dividend | 243,010.75 | 109,142.70 |
| | 243,010.75 | 109,142.70 |
| Gross revenue from operations | 306,182,430.08 | 375,280,407.80 |

Note No. 18 Purchase of stock-in-trades

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|------------------------|-----------------------|-----------------------|
| Purchase of Securities | 170,375,771.52 | 252,052,913.95 |
| FNO Trading | 12,358,742.71 | 8,714,364.65 |
| Total | 182,734,514.23 | 260,767,278.60 |

Note No. 19 Changes in inventories

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|-----------------------|-----------------------|
| Inventory at the end of the year | | |
| Traded Goods | 91,880,721.03 | 184,219,484.81 |
| | 91,880,721.03 | 184,219,484.81 |
| Inventory at the beginning of the year | | |
| Traded Goods | 184,219,484.81 | - |
| | 184,219,484.81 | 289,840,737.68 |
| | 184,219,484.81 | 289,840,737.68 |
| (Increase)/decrease in inventories | | |
| Traded Goods | 92,338,763.78 | 105,621,252.87 |
| | 92,338,763.78 | 105,621,252.87 |

Note No. 20 Employee benefit expenses

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---------------------------|-----------------------|-----------------------|
| Salaries and Wages | | |
| Salary and wages | 1,268,000.00 | 1,064,325.00 |
| Director Remuneration | 649,350.00 | 588,740.00 |
| Total | 1,917,350.00 | 1,653,065.00 |

Note No. 21 Finance costs

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--------------|-----------------------|-----------------------|
| Interest | 6,488,289.00 | 417,212.85 |
| Total | 6,488,289.00 | 417,212.85 |

Note No. 22 Depreciation and amortization expenses

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---------------------------------|-----------------------|-----------------------|
| Depreciation on tangible assets | 52,595.00 | 26,278.00 |
| Total | 52,595.00 | 26,278.00 |

Note No. 23 Other expenses

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|-----------------------------------|-----------------------|-----------------------|
| Advertising expenses | 123,749.00 | 79,040.00 |
| Agency Chareges (Crif High Mark) | 17,250.00 | - |
| Agency Chareges (Equifax) | 17,250.00 | - |
| Agency Chareges (Experian) | 17,250.00 | - |
| Audit fees | 29,500.00 | 29,500.00 |
| Agency fees | - | 403,009.00 |
| Bank charges | 2,999.04 | 5,201.54 |
| BSE Listing Charges | 287,500.00 | 229,000.00 |
| Conveyance expenses | 276,545.00 | 343,589.00 |
| DepositoryCharges | 209,950.00 | 157,568.00 |
| Donation | 85,000.00 | - |
| Electricity expenses | 17,187.00 | 46,399.00 |
| Filling Fees | 1,800.00 | - |

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|----------------------------------|-----------------------|-----------------------|
| General Expense | 224,635.00 | 269,621.00 |
| Interest on Service Tax paid | 114,348.00 | - |
| Office Expense | 351,179.00 | 605,208.00 |
| Office Rent | 1,024,000.00 | 433,904.00 |
| Postage & telegram Exp. | 208,267.00 | 396,559.00 |
| Colletral valuation expenses | - | 60,000.00 |
| Printing and stationery | 53,100.00 | 67,166.00 |
| Bad and Doubtful Debts W/off | 12,389,074.00 | 35,671.00 |
| Repairs and maintenance Charges | 214,833.00 | 237,652.00 |
| Telephone and postage expenses | 44,676.00 | 47,605.00 |
| Travelling Expenses | 328,096.00 | 364,267.00 |
| Website Expense | 11,000.00 | 10,000.00 |
| Listing Charges | - | 34,500.00 |
| Preliminary expenses written off | 674,250.00 | 6,74,250.00 |
| Professional Fess | 385,120.00 | 279,175.00 |
| Professional Tax | 12,200.00 | 29,900.00 |
| Computer Maintance | - | 6,850.00 |
| Registrar Fees | 20,414.00 | - |
| Miscellaneous Charges | - | 75,000.00 |
| ROC Charges | 27,700.00 | 128,287.00 |
| Rounding Off | | |
| Total | 17,168,872.04 | 5,048,921.54 |

Current tax

(₹ in rupees)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|--|-----------------------|-----------------------|
| Current tax pertaining to current year | 1,624,820.00 | 472,728.00 |
| Total | 1,624,820.00 | 472,728.00 |

ARNOLD HOLDINGS LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2018**

(₹ in rupees)

| | 31st March 2018 | 31st March 2017 |
|--|-----------------|-----------------|
| A. Cash Flow From Operating Activities | | |
| Net Profit before tax and extraordinary items (as per Statement of Profit and Loss) | 5,482,046 | 1,746,399 |
| Adjustments for non Cash/ Non trade items: | | |
| Depreciation & Amortization Expenses | 726,845 | 700,528 |
| Finance Cost | 6,488,289 | 417,213 |
| Operating profits before Working Capital Changes | 12,697,180 | 2,864,140 |
| Adjusted For: | | |
| (Increase) / Decrease in trade receivables | 40,055,256 | (43,962,500) |
| Increase / (Decrease) in trade payables | (2,934,867) | 5,127,023 |
| (Increase) / Decrease in inventories | 92,338,764 | 105,621,253 |
| Increase / (Decrease) in other current liabilities | 1,968,916 | (616,752) |
| (Increase) / Decrease in other Current Assets | (195,000) | - |
| Cash generated from Operations | 143,930,250 | 69,033,164 |
| Income Tax (Paid) / Refund | (1,624,820) | (1,897,866) |
| Net Cash flow from Operating Activities(A) | 142,305,430 | 67,135,298 |
| B. Cash Flow From Investing Activities | | |
| Purchase of tangible assets | (13,971,370) | - |
| Cash advances and loans received back | (122,102,695) | 43,721,216 |
| Net Cash used in Investing Activities(B) | (136,074,065) | 43,721,216 |
| C. Cash Flow From Financing Activities | | |
| Finance Cost | (6,488,289) | (417,213) |
| Increase in / (Repayment) of Short term Borrowings | (19,655,898) | 19,655,898 |
| Increase in / (Repayment) of Long term borrowings | 40,379,112 | (142,282,281) |
| Other Inflows / (Outflows) of cash | | |
| Net Cash used in Financing Activities(C) | 14,234,925 | (123,043,596) |
| D. Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C) | 20,466,290 | (12,187,082) |
| E. Cash & Cash Equivalents at Beginning of period | 1,468,113 | 13,655,195 |
| F. Cash & Cash Equivalents at End of period | 21,934,403 | 1,468,113 |
| G. Net Increase / (Decrease) in Cash & Cash Equivalents(F-E) | (20,466,290) | (12,187,082) |

M/s. Amit Ray & CO.
Chartered Accountants
FRN: 000483C

For and on behalf of the Board of Directors

CA NAG BHUSHAN RAO
Partner
Membership No. 073144

M.P.MALLAWAT
DIRECTOR

MOHANDAS DASARI
DIRECTOR

Place : Mumbai
Dated : 30 May, 2018

SONIYA AGARWAL
Company Secretary

Note:

1. The Cash Flow Statement has been prepared by Indirect Method as per AS-3 issued by ICAI.
2. Figures of previous year have been rearranged/regrouped wherever necessary
3. Figures in brackets are outflow/deductions

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ARNOLD HOLDINGS LIMITED

Registered office: B-208, Ramji House, 30, Jambulwadi, J.S.S. Road, Mumbai - 400 002

Tel. : 022-22016640

E- mail: arnoldholding9@gmail.com • Website: www.arnoldholdings.in

CIN: L65993MH1981PLC282783

ATTENDANCE SLIP

(Annual General Meeting Tuesday, 25th Day of September, 2018 at 10.30AM. at IMC Chamber of Commerce and Industry, Kilachand Conference Room, 2nd Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020)

| | |
|--|--|
| Name of the Shareholder | |
| Address | |
| Registered Folio/ DP ID & Client ID | |
| No of Shares held | |
| Name of the Proxy /Authorized Representative, if any | |

I / We hereby record my / our presence at the Annual General Meeting of the Company to be held on Tuesday, 25th Day of September, 2018 at 10.30AM. at IMC Chamber of Commerce and Industry, Kilachand Conference Room, 2nd Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020

Signature of Shareholder/ Proxy/ Authorized Representative

Note: The Member/Proxy must bring this Attendance Slip to the Meeting, duly completed and signed, and hand over the same at the venue entrance.

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ARNOLD HOLDINGS LIMITED

Registered office: B-208, Ramji House, 30, Jambulwadi, J.S.S. Road, Mumbai-400002 Tel.: 022-22016640
E- mail: arnoldholding9@gmail.com • Website: www.arnoldholdings.in

CIN: L65993MH1981PLC282783

FORM NO. MGT-11**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-----------------------------|--|
| Name of the Member(s) | |
| Registered Address | |
| E-mail ID | |
| Folio No. / *DP-ID & Client | |

**Applicable for Investors holding shares in electronic form.*

I / We, being the member (s) of shares of the above named company, hereby appoint:

| | | |
|----|------------|------------|
| 1. | Name: | Address: |
| | E-mail Id: | Signature: |

Or falling him

| | | |
|----|------------|------------|
| 2. | Name: | Address: |
| | E-mail Id: | Signature: |

Or falling him

| | | |
|----|------------|------------|
| 3. | Name: | Address: |
| | E-mail Id: | Signature: |

(As my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 36th Annual General Meeting of the Company, to be held on Tuesday, September 25, 2018 at 10.30AM. atIMC Chamber of Commerce and Industry, Kilachand Conference Room, 2nd Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020and any adjournment thereof in respect of such resolution (s) as is/are indicated below:

** I/We wish my/our above Proxy to vote in the manner as indicated in the box below:-

| Item No. | Resolution(s) | For | Against |
|----------|---|-----|---------|
| 1. | To consider and adopt the audited Financial Statements reports of the Directors' and Auditors' thereon as on 31st March, 2018. (Ordinary Resolution) | | |
| 2. | To appoint Mrs. Gazala Kolsawala who retires by rotation and being eligible, offer herself for re-appointment. (Ordinary Resolution) | | |
| 3. | Re-appointment of Auditors and fix their Remuneration. (Ordinary Resolution) | | |
| 4. | Appointment of Mrs. Sarita Bhartia (DIN 01002622)as a Non – Executive Independent Director for a further period of 3 Years and remuneration payable to him. (Ordinary Resolution) | | |

Signed this day of 2018.

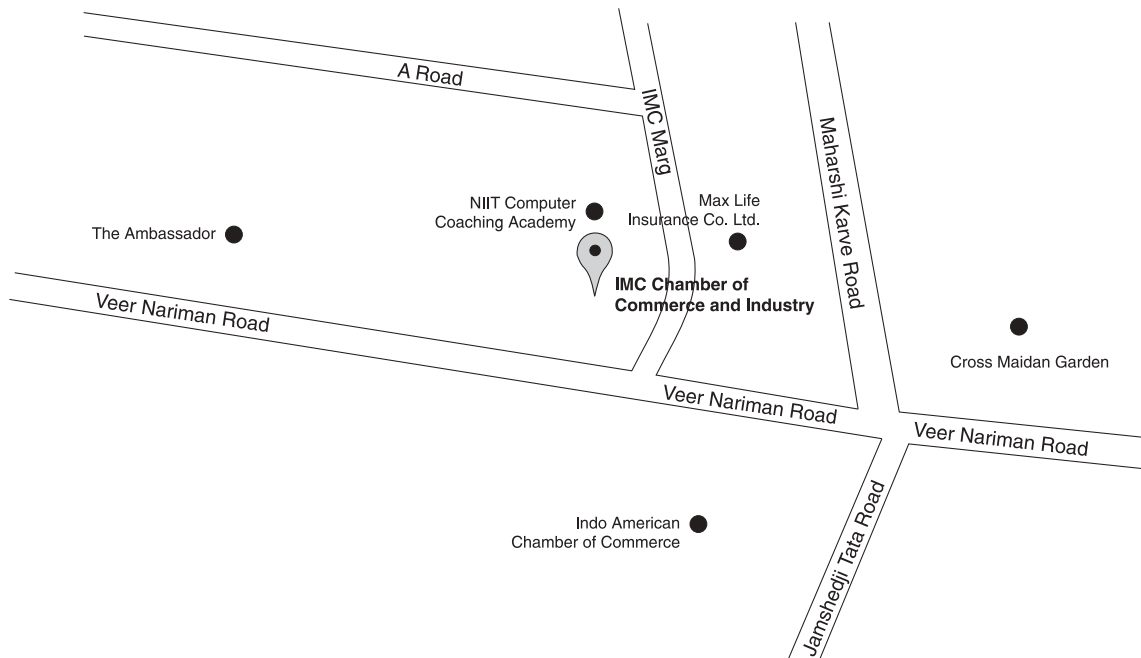
Signature of Shareholder

Signature of Proxy holder(s):

Affix Re.1
Revenue Stamp

Notes:

1. This form should be signed across the stamp as per specimen signature registered with the Company.
2. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
3. A proxy need not be a member of the Company.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. **This is only optional. Please put a 'x' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
6. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
7. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

ROUTE MAP

ARNOLD HOLDINGS LIMITED

Registered office: B-208, Ramji House, 30, Jambulwadi, J.S.S. Road, Mumbai-400002 Tel.: 022-22016640
E- mail: arnoldholding9@gmail.com • Website: www.arnoldholdings.in

CIN: L65993MH1981PLC282783

**(ANNEXURE TO THE NOTICE FOR THE 36TH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON
25TH SEPTEMBER, 2018)**

Name & Registered Address
of Sole/First named Member :

Joint Holders Name (If any) :

Folio No. / DP ID & Client ID :

No. of Equity Shares Held :

Dear Shareholder,

Subject: Process and manner for availing E-voting facility:

Pursuant to Provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended 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 E-voting facility to the members to cast their votes electronically on all resolutions proposed to be considered at the at the Annual General Meeting (AGM) to be held on Tuesday 25th September, 2018 atIMC Chamber of Commerce and Industry, Kilachand Conference Room, 2nd Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020 at 10.30AM and at any adjournment thereof.

The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility. The e-voting facility is available at the link <https://www.evotingindia.com>.

| EVSN (Electronic Voting Sequence Number) | User ID | PAN / Sequence No. |
|--|---------|--------------------|
| 180804012 | | |

The E-voting facility will be available during the following voting period:

| Remote e-Voting Start On | Remote e-Voting End On |
|-----------------------------|-----------------------------|
| 22.09.2018 at (9.00 AM IST) | 24.09.2018 at (5.00 PM IST) |

Please read the instructions mentioned in the Notes of the AGM Notice before exercising your vote.

By Order of the Board
For **Arnold Holdings Limited**

Mahendraprasad Mallawat
(Whole Time Director)

Place: Mumbai
Date: 10th August, 2018