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# **ARNOLD HOLDINGS LIMITED**

## **THIRTIETH ANNUAL REPORT**

**2011-12**

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## NOTICE

NOTICE is hereby given that the **Thirtieth Annual General Meeting** of the Members of Arnold Holdings Limited will be held at the "Registered Office of the Company at 255, Rabindra Sarani, 4<sup>th</sup> Floor, Kolkata 700007 on 29<sup>th</sup> September, 2012 at 11.30 AM, to transact the following business:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 and profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To declare the dividend for the financial year 2011-12.
- 3) Mr. Rohan Nahata retire by rotation, though being eligible, do not offer himself for reappointment and Mr. Dinesh Gupta appointed as a director. Mr. Mahendra Prasad Mallawat & Mr. Prasanjeet Goswami retire by rotation, being eligible offer themselves for reappointment.
- 4) To re-appoint and fix the remuneration of M/S JAIN PRADEEP & CO. Chartered Accountants, as Auditors of the Company, who has given notice to the company u/s 224(2)(b) of the Companies Act, 1956 of its willingness for re-appointment. The auditors shall hold the office from the conclusion of this meeting till the conclusion of next Annual General Meeting.

Registered Office:

255, Rabindra Sarani,  
4<sup>th</sup> Floor  
Kolkata-700007

By Order of the Board

*Mahendra S.*

Director

Dated: 3<sup>rd</sup> Day of September, 2012

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote 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 the Registered Office of the Company not less than forty-eight hours before the time fixed for the meeting.*
2. *The register of Members and the share transfer books of the Company will remain closed from 23<sup>rd</sup> September 2012 to 27<sup>th</sup> September 2012 (both days inclusive).*

## DIRECTOR'S REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Thirtieth Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2012.

### 1. FINANCIAL HIGHLIGHTS.

The working result of the Company for the year ended stand as under:-

Particulars	Rs. Year ended 31.03.2012	Rs. Year ended 31.03.2011
Profit/(loss) before Taxation	1272406	838338
Less: Provision for Taxation	393174	258917
Less: Provision for Deferred Tax Assets	00	00
Profit/(loss) after Taxation	879233	579421
Less: Provision Against Standard Assets	462082	00
Less : Transferred to Reserve Fund 45-1C	175847	
Add: Balance brought forward from previous year	6092465	8406509
Less: Proposed Dividend	2506250	2506250
Less: Dividend Tax	406639	387215
Balance carried to Balance Sheet	3420880	6092465

### 2. DIVIDEND

Based on Company's performance, your Directors are pleased to recommend for approval of shareholders, a maiden dividend of Rs. 0.50 pr share (i.e. 5%) of the face value of Rs.10/- each.

### 3. DIRECTORS

Mr. Rohan Nahata retire by rotation, though being eligible, do not offer himself for reappointment and Mr. Dinesh Gupta appointed as a director. Mr. Mahendra Prasad Mallawat & Mr. Prasanjeet Goswami retire by rotation, being eligible offer themselves for reappointment.

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#### **4.DIRECTOR' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed:-

- i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2012, 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, 1956, 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 31<sup>st</sup> March 2012 on a going concern basis.

#### **5. AUDITORS:**

The statutory auditors of the company M/S JAIN PRADEEP & CO, Chartered Accountants, retire at the conclusion of this Annual General Meeting of the company and being eligible for Re-Appointment offer themselves for reappointment.

#### **6 LISTING OF EQUITY SHARES:**

The equity shares of the company are listed on The Calcutta Stock Exchange Association Ltd.

#### **7. DEMATERIALIZATION OF SHARES OF YOUR COMPANY.**

The Company had entered into an arrangement with National Depository Limited and Central Depository Services (India) Limited for dematerialization of its equity shares and all of its equity shares have been dematerialized.



#### 8. EMPLOYEES

None of the employees were in the category of the limits specified under section 217(2A) of the Companies Act, 1956,

#### 9. DEPOSITS

Your company has not accepted any deposits under section 58A of The Companies Act, 1956, from the public or its stakeholders in the last fiscal as a Non Banking Financial Company.

#### 10. STATUTORY INFORMATION

The company being basically in the financial sector, requirement regarding the disclosures of particulars of conservation of energy and technology absorption prescribed by the rules is not applicable.

#### 11. AUDIT COMMITTEE

The Company pursuant to Companies Amendment Act 2000 has constituted an Audit Committee u/s 292A of the Companies Act 2000. The Analysis of the Committee has been given elsewhere under the report of Corporate Governance.

#### 12. EMPLOYER EMPLOYEE RELATIONSHIP

The Company maintained a cordial relationship with its employees, which resulted in smooth flow of business operations during the period under review.

#### 13. FOREIGN EXCHANGE

The Company had no foreign exchange outflow or inflow during the year under review.

#### 14. ACKNOWLEDGEMENTS

Your Directors acknowledge the support and owe a debt of gratitude to the Shareholders, Investors & Bankers. Your Directors are also thankful to its clients for their continued faith and support reposed in us. Last but not the least, your Directors, place on record their sense of appreciation of the valuable contribution made by the employees of the Company.

Dated :

Place: Kolkata

On Behalf of the Board

*Nahendra*

Chairman.

MANAGEMENT DISCUSSION & ANALYSISABOUT THE INDUSTRY:

NBFCs are an integral part of the country's financial system complementing the services of commercial banks. The main reason attributed to the growth of NBFCs is the comprehensive regulation of the banking system. Other factors include higher level of customer orientation, lesser pre/post sanction requirements and higher rates of interest on deposits being offered by NBFCs. It is mandatory that every NBFC should be registered with RBI to carry on any business of non banking financial institution.

The activities of non-banking financial companies (NBFCs) in India have undergone qualitative changes over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognized as they have inherent ability to take quicker decisions, assume greater risks, and customize their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis. The distinction between banks and non-banks has been gradually getting blurred since both the segments of the financial system engage themselves in many similar types of activities. At present, NBFCs in India have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments, etc. By employing innovative marketing strategies and devising tailor-made products, NBFCs have also been able to build up a clientele base among the depositors, mop up public savings and command large resources as reflected in the growth of their deposits from public, shareholders, directors and other companies, and borrowings by issue of non-convertible debentures, etc.

The importance of NBFCs in delivering credit to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised. The rising importance of this segment calls for increased regulatory attention and focused supervisory scrutiny in the interests of financial stability and depositor protection.

**An Overview of Regulation of NBFCs**

In response to the perceived need for better regulation of the NBFC sector, the Reserve Bank of India (RBI) Act, 1934 was amended in 1997, providing for a comprehensive regulatory framework for NBFCs. The RBI (Amendment) Act, 1997 conferred powers on the RBI to issue directions to companies and its auditors, prohibit deposit acceptance and alienation of assets by companies and initiate action for winding up of companies.

**(1) Mission**

To ensure that:

- the financial companies function on healthy lines,
- these companies function in consonance with the monetary policy framework, so that their functioning does not lead to systemic aberrations,
- the quality of surveillance and supervision exercised by the RBI over the NBFCs keeps pace with the developments in this sector.
- comprehensive regulation and supervision of Asset liability and risk management system for NBFCs,

**(2) Amendments to the Reserve Bank of India (RBI) Act, 1934**

RBI Act was amended in January 1997 providing for, *inter alia*.

- Entry norms for NBFCs and prohibition of deposit acceptance (save to the extent permitted under the Act) by unincorporated bodies engaged in financial business,
- Compulsory registration, maintenance of liquid assets and creation of reserve fund,
- Power of the RBI to issue directions to an NBFC or to the NBFCs in general or to a class of NBFCs.
- Comprehensive regulation and Supervision of deposit taking NBFCs and limited supervision over those not accepting public deposits.

**(3) Basic Structure of Regulatory and Supervisory Framework**

- Prescription of prudential norms akin to those applicable to banks,
- Submission of periodical returns for the purpose of off-site surveillance,



- Supervisory framework comprising (a) on-site inspection (CAMELS pattern) (b) off-site monitoring through returns (c) market intelligence, and (d) exception reports by statutory auditors,
  - Punitive action like cancellation of Certificate of Registration (CoR), prohibition from acceptance of deposits and alienation of assets, filing criminal complaints and winding up petitions in extreme cases, appointment of the RBI observers in certain cases, etc.
  - Co-ordination with State Governments to curb unauthorised and fraudulent activities, training programmes for personnel of NBFCs, State Governments and Police officials.
- (4) **Other steps for protection of depositors' interest**
- Publicity for depositors' education and awareness, workshops / seminars for trade and industry organizations, depositors' associations, chartered accountants, etc.

#### **ABOUT THE ARNOLD HOLDINGS LIMITED:**

##### **Business Overview:**

Our Company is a non deposit taking NBFC, registered with the RBI vide Registration No.05.02617 Our Company has been in the business of providing financial services since inception.

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 and arbitrage business in stock and commodity market. 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

#### **FINANCIAL PERFORMANCE:**

During the fiscal 2012, the gross operational income of the Company stood at Rs.1554.20 Lacs as compared to previous fiscal of Rs. 1394.45 Lacs. The company has continued its lending activities and advances portfolio of the Company has been stood at Rs. 1841.81 Lacs and the interest income of the Company have been stood at Rs.272 Lacs. This fiscal, Company profits have been Rs.8.79 Lacs as compared to Rs. 1.93 Lacs of fiscal 2011.

##### **Financial Highlights:**

- Arnold recommended a dividend of 5% as on March 31, 2012.
- Income from operation stood at Rs. 1554.20 Lacs for fiscal 2012
- Profit Before Taxes of fiscal 2012 was Rs.12.72 Lacs.
- Profit After Taxes of fiscal 2012 was Rs.8.79 Lacs
- Earning per share for fiscal 2012 was Rs. 0.18 per share.
- Net Worth of company stood at Rs.4841.37 Lacs as on March 31,2012

#### **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 competition 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.

**REGULATORY:**

As Being a Non-Banking Finance Company, is regulated by department of Non-Banking supervision of Reserve Bank of India. Company is current under category of Non -Deposit taking company so company is not within purview of various guidelines applicable. However RBI has issued several guidelines applicable to Non-Deposit taking companies, notable among which are:

- Submission of Financial
- To exercise the Fair Practice Code
- Compliance with Prudential norms

Company is complying various statutory provisions such as Companies Act, Income tax, Service tax, Listing Agreement provisions and other applicable laws and regulations applicable to the company.

**INTERNAL CONTROL SYSTEM AND ADEQUACY:**

Internal Control Systems has been designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance's with management's authorization and properly recorded and accounting records are adequate for preparation of financial statements and other financial information. Internal check is conducted on a periodical basis to ascertain the adequacy and effectiveness of internal control systems. The management has put in place internal systems for review and monitoring of non performing assets of the company and to indicate corrective action for effecting recoveries.

**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.

## REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of maximizing stakeholders' value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements, the disclosure requirements of which are given below:

### **Mandatory Requirements:-**

1. **Company's Philosophy on Corporate Governance:-**

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders.

2. **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 requirement of Clause 49 of the Listing Agreement with Stock Exchanges.

The present strength of the Board is Five (5) Directors, comprising of one Promoter Director and Four Independent Directors. The Board Members possess the skills, expertise & experience necessary to guide the Company.

Name of Director	Category of Directorship	Designation
Mr. Mahendraprasad Mallawat	Non Independent -Non-Executive	Director
Mr. Ravi Agarwal	Independent - Non Executive	Director
Mr. Avijit Das	Independent - Non Executive	Director
Mr. Dinesh Kumar Gupta	Independent - Non Executive	Director
Mr. Prasenjit Goswami	Independent - Non Executive	Director

b) **Board Meetings and attendance of Directors:-**

During the financial year ended on 31<sup>st</sup> March 2012, four (4) Board Meetings were held on the following dates:-

26<sup>th</sup> April, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 & 15<sup>th</sup> February, 2012.



Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board members to discharge their responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The information as specified in Annexure 1A to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

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	No. of Board Meetings Attended	Attendance at last AGM held on 30 <sup>th</sup> September, 2011	# Directorship held in other Companies	Committee Memberships/ Chairmanships	
				Membership	Chairmanship
Mr. Mahendraprasad Mallawat	4	Present	- Keemtee Financial Services Ltd. - Allwin Securities Ltd.	--	--
Mr. Ravi Agarwal	2	Absent	-	--	--
Mr. Avijit Das	1	Absent	-	--	--
Mr. Dinesh Kumar Gupta	2	Present	-	--	--
Mr. Prasenjit Goswami	4	Present	-	--	--

# Excluding Private Companies and Companies under Section 25 of the Companies Act, 1956.

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all companies in which they are Director. As per Clause 49 of the Listing agreement, for the purpose of reckoning the said limit, Chairmanship/ membership of the Audit Committee and the Shareholders' Grievance Committee alone shall be considered.

c) **Information of Directors' Appointment / Re-appointment:-**

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

Mr. Prasenjit Goswami, aged 41 years is an Independent Director of the Company. He has completed his graduation in commerce and also completed his Masters in Business Administration (MBA). He possess 18 years of experience various aspect of finance. As an Independent Director of our Company and MBA by qualification, he brings value addition to the Company.

Mr. Mahendraprasad Mallawat aged 54, is the Whole time Director of our Company. He is a graduate in commerce. He has 34 years of experience in securities and financial services. He is responsible for the day-to-day activities of the Company and is instrumental in all the expansion plans of the Company.

Mr. Dinesh Kumar Gupta, aged 44 years is an Independent Director of our Company. He has completed his graduation in commerce and also a law graduate. He is a practicing advocate and legal consultant and has more than 20 years of experience. He has been on the board of Company since March, 2012.

### Committees of the Board of Directors of the Company:-

#### 3. Audit Committee:-

##### a) Composition and attendance:-

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The composition and attendance of Audit Committee is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Prasenjit Goswami	Chairman	Independent & Non Executive Director	4
Mr. Dinesh Kumar Gupta	Member	Independent & Non Executive Director	2
Mr. Mahendraprasad Mallawat	Member	Non Executive Director	1

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the Companies Act, 1956. All the members of Audit Committee possess knowledge of corporate finance, accounts and company law.

During the year 2011-12, four (4) Audit Committee meetings were held on 26<sup>th</sup> April, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 & 15<sup>th</sup> February, 2012.

##### b) Power & Terms of Reference:-

The Power and terms of reference of the Audit Committee are as mentioned in Clause 49 II (C), (D) & (E) of the Listing Agreement entered into with the Stock Exchanges and includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issue and issues related to risk management and compliances. The Statutory Auditors are invited to the meeting.

4. Remuneration Committee:-

a) Composition and attendance:-

The Remuneration Committee comprises of three (3) members. The composition of Remuneration Committee is as follows:-

Name of the Members	Position	Category
Mr. Prasenjit Goswami	Chairman	Independent & Non Executive Director
Mr. Dinesh Kumar Gupta	Member	Independent & Non Executive Director
Mr. Mahendraprasad Mallawat	Member	Non Executive Director

b) Terms of Reference:-

The broad terms of reference of the committee are to appraise the performance of Chairman, Managing Director, Whole Time Directors and Chief Executive Officer, determine and recommend to the Board compensation payable to Chairman, Managing Director, Whole Time Directors and Chief Executive Officer. The Remuneration policy of the Company is based on review of achievements. The remuneration policy is in consonance with the existing industry practice.

c) Remuneration Policy:-

Subject to approval of the Board of Directors and subsequent approval by the members at the Annual General Meeting and such authorities as the case may be, remuneration of Chairman, Managing Director, Whole Time Directors, Chief Executive officer is fixed by the Remuneration Committee. The remuneration is decided by the Remuneration Committee taking into consideration various factors such as qualifications, experience, expertise, prevailing remuneration in the competitive industries, financial position of the company etc.

The remuneration structure comprises of basic salary, perquisites, allowances (fixed component), and contribution to provident fund, in accordance with the provisions of the Companies Act, 1956.

5. Shareholders' / Investors' Grievance Committee:-

a) Composition and attendance:-

The Board has delegated the powers to approve transfer of shares etc. to this Committee of Three (3) Directors. The quorum for functioning of the committee is any two (2) Directors present. The composition and attendance of Shareholders' / Investors' Grievance Committee is as follows:-

Name of the Members	Position	Category
Mr. Prasenjit Goswami	Chairman	Independent Director
Mr. Dinesh Kumar Gupta	Member	Independent Director
Mr. Mahendraprasad Mallawat	Member	Non Executive Director



No Shareholders' / Investors' Grievance Committee meeting was held during 2011-12.

**b) 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.

The secretarial department of the Company and registrar and transfer agents viz. Niche Technologies Private Limited attend expeditiously to all grievances / correspondences of the shareholders / investors, received directly or through SEBI, Stock Exchanges, Department of Corporate Affairs, and Registrar of Companies etc. The complaints are generally resolved within 30 days of receipt of letter, except in the cases that are constrained by disputes or legal impediment.

**c) Information on Investor Grievances for the period from 01<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012:-**

Brought Forward	Received Afresh	Disposed	Carried Over
Nil	Nil	Nil	Nil

**d) Compliance Officer:-**

Mr. Mahendra Prasad Mallawat, Director is the compliance officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992 and the Listing Agreements with the CSE.

**6. Code of Conduct and Ethics for Directors and Senior Management:-**

The Company has laid down a code of conduct for all Board members and senior management personnel of the Company. A copy of the Code of conduct is available on the Company's website [www.arnoldholdings.in](http://www.arnoldholdings.in)

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Director is given below:-

**"I hereby confirm that -**

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management in respect of the Financial Year 2011-12"

Mr. Mahendra Prasad Mallawat

Director

7. General Body Meetings:-

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

Financial Year	AGM	Date	Locations	Time	No. of Special Resolutions Passed
2008-09	27 <sup>th</sup>	29 <sup>th</sup> September, 2009	6, Clive Row, Mezzanine, Room No. 16/5, Kolkata - 700001	12.30 p.m.	Nil
2009-10	28 <sup>th</sup>	27 <sup>th</sup> September, 2010	6, Clive Row, Mezzanine, Room No. 16/5, Kolkata - 700001	10.30 a.m.	Nil
2010-11	29 <sup>th</sup>	30 <sup>th</sup> September, 2011	255, Rabindra Sarani, 4 <sup>th</sup> Floor, Kolkata - 700007	11.30 a.m.	Nil

8. Subsidiary Company:-

The Company does not have any subsidiary company in term of Clause 49 (III) of the Listing Agreement and hence, it is not required to have an independent director of the Company on the board of such subsidiary company.

9. Compliance with other mandatory requirements:-

1) Disclosures:-

a) **Materially significant related party transactions:-**

There were no materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, directors or the management, their subsidiary or relatives etc. during the year, that may have potential conflict with interest of the Company at large.

b) **Disclosure of accounting treatment:-**

In the preparation of financial statements, the Company has followed the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India to the extent applicable.

c) **Disclosure of Risk Management:-**

The Company has laid down procedure to inform Board members about the risk assessment and minimization procedure. These would be periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

d) **CEO/ CFO Certification:-**

In line with the requirements of Clause 49 (V) of the Listing Agreement, the Managing Director of the Company has submitted the CEO/CFO Certification, certifying to the

Board inter alia that the Financial Statements and the Cash Flow Statements for the financial year ended on 31<sup>st</sup> March, 2012 were reviewed to the best of his knowledge and belief, that they do not contain any untrue statement, omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with applicable laws and regulations.

e) **Statutory Compliance, Penalties and Strictures:-**

The Company has complied with all requirements of the Listing Agreements entered with Stock Exchanges as well as applicable regulation and guidelines of SEBI. There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authorities for non compliance of any matter related to the capital markets during the last three years.

10. **Means of Communication:-**

Quarterly / Half yearly financial results sent to each shareholder's residence.	No, but published in the newspapers
In Which Newspapers Quarterly, half yearly & annual results were normally Published.	English & Bengali
Any website, where results or official news are displayed.	<a href="http://www.arnoldholdings.in">www.arnoldholdings.in</a>
Whether Management Discussion & Analysis Report is a part of the Annual Report or not.	Yes, it is part of Annual Report - As Annexure - I

11. **General Shareholder Information:-**

a) **30<sup>th</sup> Annual General Meeting:-**

Date	29 <sup>th</sup> September, 2012
Venue	255, Rabindra Sarani, 4 <sup>th</sup> Floor, Kolkata - 700007
Day and Time	Saturday, 11.30 a.m.

b) **Financial Calendar:-**

The Company follows the period of 01<sup>st</sup> April to 31<sup>st</sup> March, as the Financial Year.

For the Financial Year 2012-13, Financial Results will be announced as per the following tentative schedule.

1 <sup>st</sup> Quarter ending June 2012	By 14 <sup>th</sup> August, 2012
2 <sup>nd</sup> Quarter & Half Year ending September 2012	By 14 <sup>th</sup> November, 2012
3 <sup>rd</sup> Quarter ending December 2012	By 14 <sup>th</sup> February, 2013
4 <sup>th</sup> Quarter / year ending March 2013	Within 60 days from 31 <sup>st</sup> March, 2013
Annual General Meeting for the Year 2012-13	By September, 2013



c) **Book Closure Date:-**

Date of Book Closure	23 <sup>rd</sup> September, 2012 to 27 <sup>th</sup> September, 2012 (both days inclusive)
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d) **Listing:-**

The Shares of the Company are listed on the Calcutta Stock Exchange Limited (CSE).

e) **Listing Fees to Stock Exchanges:-**

The Company has paid the Listing Fees for the year 2012-13 to both the above exchanges.

f) **Custodial Fees to Depositories:-**

The Company has paid the custodial fees for the year 2012-13 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

g) **Stock Code/Symbol:-**

Calcutta Stock Exchange Limited (CSE)	10011234
International Securities Identification Number (ISIN)	INE185KO1010
Corporate Identity Number (CIN)	L65993WB1981PLC034406
Allotted by the Ministry of Corporate Affairs (MCA)	

h) **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](http://www.nichetechpl.com)

E-mail: [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)

i) **Share Transfer System:-**

Presently, the share transfers received by the R&TA of the Company are processed and returned within a period of 30 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer agent subject to approval by Grievance Committee. Shareholders' Grievances and other miscellaneous correspondence on change of address, mandates, etc. received from Members are generally processed by R&TA of the Company within 30 days. The Company

obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement and files a copy of the certificate with CSE..

j) **Shareholding pattern (category wise) as on 31<sup>st</sup> March, 2012:-**

Category	Number of Shares held	% of Total Shareholding
Promoters (Incl. Person Acting in Concert)	370000	7.38
Financial Institutions / Banks	0	0.00
Insurance Companies	0	0
NRI	0	0
Bodies Corporate	0	0
Public	4642500	92.62
<b>Total</b>	<b>5012500</b>	<b>100.00</b>

k) **Dematerialization of shares and liquidity:-**

- About 100% of the shares have been dematerialized as on 31<sup>st</sup> March, 2012.
- Trading in the shares of the Company is permitted in dematerialized form only as per notification issued by SEBI.

l) **Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and its impact on equity:-**

Nil

m) **Corporate Office:-**

The Company's corporate office is situated at

B-205/206, Ramji House,  
30 Jambulwadi, Kalbadevi Road,  
Mumbai-400 002  
Tel - +91 22-2270 0994 / +91 22 4344 6444  
Fax: +91 22-4344 6409

n) **Address for correspondence:-**

**Compliance Officer**

Mr. Mahendra Prasad Mallawat  
B-205/206, Ramji House,  
30 Jambulwadi, Kalbadevi Road,  
Mumbai-400 002  
Maharashtra, India

Tel: +91 22-2270 0994 / +91 22 4344 6444;

Fax: +91 22-4344 6409

Email: [info@arnoldholdings.in](mailto:info@arnoldholdings.in) / [arnoldholding9@gmail.com](mailto:arnoldholding9@gmail.com)

**Non Mandatory Requirements:-**

**a) Remuneration Committee:-**

Please refer item number 4 under Mandatory requirements.

**b) Shareholder Rights:-**

Company's quarterly financials are published in English newspaper having a wide circulation all over India and in a Bengali newspaper widely circulated in Kolkata. The quarterly results and limited review report thereon are also put on the Company's website [www.arnoldholdings.in](http://www.arnoldholdings.in). The same are not sent to the shareholders of the Company, individually.

**By Order of the Board of Directors,**

**For Arnold Holdings Limited**

**Director**

**Kolkata, 24<sup>th</sup> August, 2012**



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members

### ARNOLD HOLDINGS LIMITED

We have examined the compliance of conditions of Corporate Governance by Arnold Holdings Limited, for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement for the said Company with 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 condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

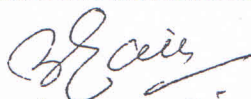
In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Director and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the company, there were no investor's grievances remaining unattended/pending for more than 30 days.

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 JAIN PRADEEP & CO.

Chartered Accountants/FRN: 315109E

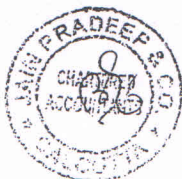


(Pradeep Jain)

Proprietor, Membership no.052264

Place : Kolkata

Dated: 24<sup>th</sup> Day of August, 2012



## AUDITORS' REPORT

TO THE MEMBERS OF  
ARNOLD HOLDINGS LIMITED

We have audited the attached Balance Sheets of ARNOLD HOLDINGS LTD., of 255, Ranindra Sarani, 4<sup>th</sup> floor, Floor, Kolkata - 700 007 as at 31st March' 2012, Profit and Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order' 2003, issued by the Central Government of India in terms of sub - section (4A) of section 227 of the companies Act' 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Subject to the Notes to the Accounts and further to our comments in the Annexure referred to above:-
  - (a) We have obtained all the information and explanations 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 the law have been kept by the company so far as appears from our examination of those books.
  - (c) The Balance Sheet dealt with by this report is in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act' 1956;
  - (e) On the basis of written representations received from the directors, as on 31st March' 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March' 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act' 1956;

*Contd....P/2*



(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act' 1956. in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

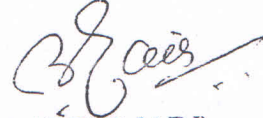
- (i) In the case of Balance Sheet of the state of affairs of the company as at 31st March' 2012.
- (ii) In the case of the Profit and Loss Account of the Profit of the company for the year ended on that date.

AND

- (iii) In case of Cash Flow Statement, of the Cash flows for the year ended on that date.

M/S. JAIN PRADEEP & CO.

Chartered Accountants (FRN: 315109E)

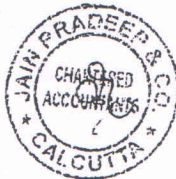


(PRADEEP JAIN)

Proprietor,/Mem no: 52264

Kolkata

Dated: 24<sup>th</sup> Day of August, 2012





ARNOLD HOLDINGS LTD.

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 2 of our Report of even date:

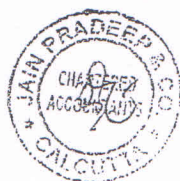
1. In respect of its Fixed Assets :
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories :
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. In our opinion and according to the information and explanations given to us, and on the basis of our examination of records of inventory, the company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.
  - a. As per records and according to the information and explanation given to us, the company has not taken or accepted or advanced any loans to the persons covered in the registrar maintained u/s 301 of the companies Act' 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and also for providing services relating to its activities. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

Contd.....p/2



5. In respect of transaction covered under Section 301 of the Companies Act' 1956:
  - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- (Rupees Five Lacs only) or more in respect of such parties during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits form the public.
7. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
8. The central Government has not prescribed maintenance of cost Records under Section 209 (1) of the Companies Act' 1956 for any of the products of the company for any of the products of the company.
9. In respect of statutory dues :
  - a. According to the records of the company and information and explanations given to us, undisputed statutory dues including P.F. & E.S.I., Income Tax, VAT, Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally deposited with the appropriate authorities.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March' 2012 for a period of more than six months from the date of becoming payable.
10. The company has neither accumulated losses as at the year end nor has incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
11. Based on the audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debenture and other securities.

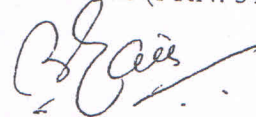
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13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, clauses 4(xiii) of the companies (Auditor's Report) order 2003 is not applicable to the company.
14. Based on the records examined by us and according to information and explanations given to us, the proper records has been maintained of the transactions and contracts and timely entries have been made there in. The shares and securities are held by the company in its own name.
15. In our opinion according to the information & explanation given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any loan during the year.
17. Based on overall examination of records by us and according to the information and explanation given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act' 1956.
19. According to the information & explanation given to us and records examined by us, during the year the company has not issued any debentures hence question of creating security over the same does not arise.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

M/S. JAIN PRADEEP & CO.  
Chartered Accountants (FRN: 315109E)

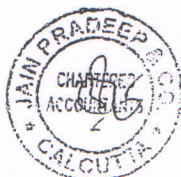


(PRADEEP JAIN)

Proprietor,/Mem no: 52264

Kolkata

Dated: 24<sup>th</sup> Day of August, 2012





# ARNOLD HOLDINGS LIMITED

## BALANCE SHEET

( Figures in INR )

PARTICULARS	NOTES	As at 31/03/2012	As at 31/03/2011
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' Funds			
(a) Share Capital	2	50,125,000.00	50,125,000.00
(b) Reserves and Surplus	3	434,012,090.47	436,045,746.72
(2) Share application money pending allotment		-	-
(3) Current Liabilities			
(a) Trade payables	4	631,949.48	10,228,580.00
(b) Short term provisions	5	3,564,979.54	3,195,198.63
<b>TOTAL</b>		488,334,019.49	499,594,525.35
<b>II. ASSETS</b>			
(1) Fixed Assets	6	27,952.25	32,885.00
(2) Current Assets			
(a) Inventories	7	307,396,915.00	426,613,762.00
(b) Cash and cash equivalents	8	(3,923,652.01)	4,090,807.10
(c) Short term loans and advances	9	184,832,804.25	62,007,071.25
(d) Trade receivables	10	-	6,850,000.00
<b>TOTAL</b>		488,334,019.49	499,594,525.35

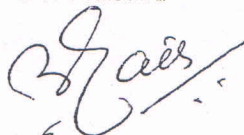
Significant accounting policies & other notes on accounts form an integral part of the Financial Statements. (NOTE I-16)

Signed in terms of report attached of even date

M/S JAIN PRADEEP & CO.

Chartered accountants

FIRM REG. NO. 315109E



( PRADEEP JAIN )

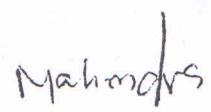
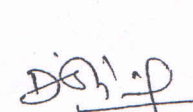
Proprietor

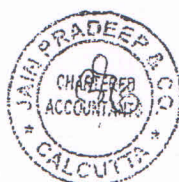
M.NO-052264

ARNOLD HOLDINGS LIMITED

Place : KOLKATA - 700 007

Dated : The 24<sup>th</sup> Day of August 2012.

   
DIRECTOR                      DIRECTOR



ARNOLD HOLDINGS LIMITED  
STATEMENT OF PROFIT AND LOSS

( Figures in INR )

PARTICULARS	NOTES	For The Year Ended 31/03/2012	For The Year Ended 31/03/2011
I. Sales		152,926,486.00	185,058,488.00
II. Other Income	11	2,564,213.52	1,583,156.00
<b>Total revenue</b>		155,490,699.52	186,641,644.00
III Purchases of stock in trade		33,709,639.00	134,062,500.00
IV Changes in inventories of finished goods, work in progress and stock in trade	12	119,216,847.00	50,995,988.00
V Employee benefits expense	13	826,800.00	336,000.00
VI Depreciation and amortization expense	14	4,932.75	5,313.00
VII Other expenses	15	460,074.48	403,504.61
<b>Total Expenses</b>		154,218,293.23	185,803,305.61
VIII Profit/(Loss) before exceptional and extraordinary items and tax		1,272,406.29	838,338.39
IX Exceptional items		-	-
X Profit before extraordinary items and tax		1,272,406.29	838,338.39
XI Extraordinary items		-	-
XII Profit before tax		1,272,406.29	838,338.39
XIII Tax expense:			
(1) Current tax		393,173.54	258,917.00
(2) Deferred tax		-	-
XIV Profit/(Loss) for the period from continuing operations		879,232.75	579,421.39
XV Earning per equity share:	16		
(1) Basic		0.18	0.12
(2) Diluted		0.18	0.12

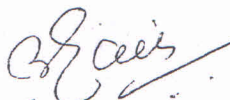
Significant accounting policies & other notes on accounts form an integral part of the Financial Statements. (NOTE I-16)

Signed in terms of report attached of even date

M/S PRADEEP JAIN & CO.

Chartered accountants

FIRM REG. NO: 315109E



ARNOLD HOLDINGS LIMITED

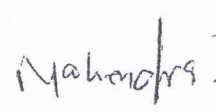
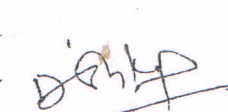
Place : KOLKATA - 700 007

Dated : The 24th Day of August 2012.

( PRADEEP JAIN )

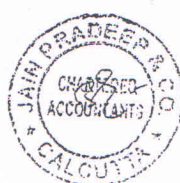
Proprietor

M.NO-052264

DIRECTOR

DIRECTOR



**ARNOLD HOLDINGS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

PARTICULARS		For The Year Ended 31/03/2012	For The Year Ended 31/03/2011
<b>2</b>	<b><u>Share Capital:</u></b>		
	<b>Authorized:</b>		
	50,50,000 Equity shares of Rs.10 /- each	50,500,000.00	50,500,000.00
		<u>50,500,000.00</u>	<u>50,500,000.00</u>
	<b>Issued, subscribed and fully paid up:</b>		
	50,12,500 Equity shares of Rs.10 /- each		
	At the beginning of the reporting period	50,125,000.00	50,125,000.00
	Issued during the reporting period	-	-
	At the close of the reporting period	<u>50,125,000.00</u>	<u>50,125,000.00</u>
	<b><u>Reconciliation of Shares:</u></b>		
		<b>QTY</b>	<b>QTY</b>
	At the beginning of the reporting period	5012500	5012500
	Allotted during the year	-	-
	Outstanding at the end of the year	<u>5012500</u>	<u>5012500</u>
		<b>AMOUNT</b>	<b>AMOUNT</b>
	At the beginning of the reporting period	50,125,000.00	50,125,000.00
	Allotted during the year	-	-
	Outstanding at the end of the year	<u>50,125,000.00</u>	<u>50,125,000.00</u>
	<b><u>Other Information:</u></b>		
	I Particulars of equity share holders holding more than 5% of the total number of equity share capital:	<b>QTY</b>	<b>QTY</b>
	a) JAMEET SINGH INDERJIT SINGH CHHABRA	275000	-
	b) KULMEETSINGH INDERJITSINGH CHHABRA	275000	-
	<b><u>Additional Information:</u></b>		
	Share application money vide serial number I (2) of the Balance Sheet	<u>NIL</u>	<u>NIL</u>
<b>4</b>	<b><u>Trade Payables</u></b>		
	Sundry Creditors	117,290.48	3,800,121.00
	For Expenses	18,295.00	18,295.00
	Advances	-	6,363,500.00
	Audit Fees Payable	66,664.00	46,664.00
	Director Remuneration Payable	360,000.00	-
	Salary Payable	21,700.00	-
	Consultancy Charges Payable	48,000.00	-
		<u>631,949.48</u>	<u>10,228,580.00</u>
<b>5</b>	<b><u>Short term provisions:</u></b>		
	<b>Provisions:</b>		
	For Proposed Dividend	2,506,250.00	2,506,250.00
	For Income Tax	-	42,816.00
	For Income Tax (A.Y. 2011-12)	258,917.00	258,917.00
	For Income Tax (A.Y. 2012-13)	393,173.54	-
	For Dividend Tax (A.Y.2011-12)	-	387,215.63
	For Dividend Tax (A.Y.2012-13)	406,639.00	-
		<u>3,564,979.54</u>	<u>3,195,198.63</u>



NOTES TO FINANCIAL STATEMENTS

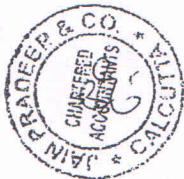
PARTICULARS						
	Capital Reserve	Surplus i.e. balance in Statement of Profit & Loss	General Reserve	Statutory Reserve	Reserve Fund U/Sec 45-IC @20% of NP Assets After Tax	Prov Against Standard Assets @ 0.25% of Loans & Advances
<b>3 Reserves and Surplus:</b>						
At the beginning of the reporting period	1,052,591.00	6,092,464.56	428,889,249.49	11,441.67	-	-
Add: Transferred from Profit & Loss Account	-	879,232.75	-	-	-	-
						436,045,746.72
						879,232.75
Less: Contingent Provision Against Standard Assets						
Less: Transferred to Reserve Fund U/Sec 45-1C	-	(462,082.00)	-	-	-	462,082.00
Less: Proposed Dividend	-	(175,847.00)	-	-	175,847.00	-
: Dividend Distribution Tax	-	(2,506,250.00)	-	-	-	-
						(2,506,250.00)
At the close of the reporting period	1,052,591.00	3,420,879.31	428,889,249.49	11,441.67	175,847.00	-
						(406,639.00)
At the close of the previous reporting period	1,052,591.00	6,092,464.56	428,889,249.49	11,441.67	-	-
						436,045,746.72



## NOTES TO FINANCIAL STATEMENTS

## 6 Fixed Assets:

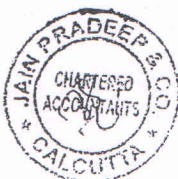
Particulars	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
	As at beginning of current reporting period	Additions for the year	Deductions during the year	As at end of current reporting period	As at beginning of current reporting period	As at end of current reporting period	As at end of previous reporting period
Tangible Assets: Own Assets							
Air Conditioner	38,198.00	-	-	38,198.00	5,313.00	10,245.75	32,885.00
	38,198.00	-	-	38,198.00	5,313.00	10,245.75	32,885.00



**ARNOLD HOLDINGS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

( Figures in INR )

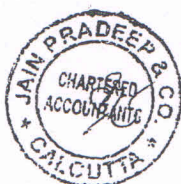
PARTICULARS	For The Year Ended 31/03/2012	For The Year Ended 31/03/2011
<b>7 Inventories:</b>		
Shares & Securities	307,396,915.00	426,613,762.00
	<u>307,396,915.00</u>	<u>426,613,762.00</u>
<b>8 Cash and cash equivalents:</b>		
Balances with banks		
- Others	-	3,794,487.10
- Axis Bank Ltd.	1,019,175.40	
- ICICI Bank 1480301115032	288,050.59	
- ICICI Bank Mumbai	(5,251,884.00)	
Cash in hand	21,006.00	296,320.00
	<u>(3,923,652.01)</u>	<u>4,090,807.10</u>
<b>9 Short term loans and advances &amp; Deposits:</b>		
Loans & Advances	183,419,800.00	60,980,300.00
Miscellaneous Expenditure	314,167.00	314,167.00
TDS( A.Y 2012-13)	429,049.00	-
Deferred Tax	120.25	120.25
TDS (OB))	669,668.00	712,484.00
	<u>184,832,804.25</u>	<u>62,007,071.25</u>
<b>10 Trade receivables:</b>		
Trade receivables exceeding six months	-	6,850,000.00
	<u>-</u>	<u>6,850,000.00</u>
<b>11 Other Income:</b>		
Dividend Income	70,529.00	-
Interest	5,610,975.00	883,277.00
F&O Trading A/C	(3,117,290.48)	(3,800,121.00)
Brokerage and Commission	-	4,500,000.00
	<u>2,564,213.52</u>	<u>1,583,156.00</u>
<b>12 Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the beginning of the year	426,613,762.00	477,609,750.00
Trading goods		
Less: Stocks at the end of the year	307,396,915.00	426,613,762.00
Trading goods	<u>119,216,847.00</u>	<u>50,995,988.00</u>





ARNOLD HOLDINGS LIMITED  
NOTES TO FINANCIAL STATEMENTS

PARTICULARS	( Figures in INR )	
	For The Year Ended 31/03/2012	For The Year Ended 31/03/2011
<b>13 Employee Benefit Expenses:</b>		
Salaries and Bonus	466,800.00	336,000.00
Directors Remuneration	360,000.00	-
	<u>826,800.00</u>	<u>336,000.00</u>
<b>14 Depreciation and amortization:</b>		
Depreciation	4,932.75	5,313.00
	<u>4,932.75</u>	<u>5,313.00</u>
<b>15 Other expenses:</b>		
Payment to the auditors		
- as auditor	20,000.00	18,000.00
Advertisement	2,036.00	2,036.00
Bank Charges	15,517.11	121,916.11
Depository Charges	47,239.00	34,410.00
Filing Fees	-	2,000.00
Consultancy Charges	48,000.00	-
General Expenses	35,587.00	29,960.00
Listing Fees	25,624.00	25,624.50
Office Rent	96,000.00	96,000.00
Office Expenses	70,632.00	39,840.00
Postage & Telegram	24,335.00	19,360.00
Registrar Fees	16,000.00	14,358.00
Rates & Taxes	8,300.00	-
Telephone Expenses	2,320.00	-
Travelling Expenses	43,700.00	-
Interest on Dividend Tax Paid	4,784.37	-
	<u>460,074.48</u>	<u>403,504.61</u>
<b>16 Earnings per share:</b>		
Profit for the year after tax expense	879,232.75	579,421.39
	<u>879,232.75</u>	<u>579,421.39</u>
Weighted average number of equity shares	5,012,500	5,012,500
Earning per share	0.18	0.12



NOTE : 1

NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31ST MARCH' 2012

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**I. SIGNIFICANT ACCOUNTING POLICIES**

- A. a) **BASIS OF ACCOUNTING POLICIES:-** The financial statements have been prepared under the historical cost convention using accrual method of accounting in accordance with the generally accepted accounting principles in India and the provisions of companies Act, 1956 and the accounting standards as specified in companies(Accounting Standards) Rule, 2006.
- b) The Company is not a Small and Medium-sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the company has complied with the Accounting Standards as applicable to it.

**B. FIXED ASSETS & DEPRECIATION:**

The Fixed Assets are stated at their original cost of acquisition including all expenses attributable to bring the assets to its intending use.

The depreciation on Fixed Assets has been provided for on written down value method at the rate and in the manner prescribed in Schedule XIV of The Companies Act' 1956.

None of the Fixed Assets have been revalued during the year.

**C. RECOGNITION OF INCOME & EXPENDITURE :**

- a. Revenues /Income and cost/Expenditure are generally accounted on Accrual basis as they are earned or incurred.
- b. Revenue includes Income from commission & Interest. The Expenses include loss from derivative trading.

**D. FOREIGN CURRENCY TRANSACTIONS:**

- a. The reporting currency of the company is the Indian rupee.
- b. The company has not made any transaction in foreign exchange during the year.

Contd.....p/2



**E. INVESTMENTS:**

- a. There is no investment held by the company.

**F. INVENTORIES:**

The inventories of quoted and unquoted equity shares have been valued at Cost or market price whichever ever is lower.

**G. PROVISION FOR CURRENT AND DEFERRED TAX:**

Current Income Tax is determined as an amount of taxes payable in respect of taxable income for the year. Deferred tax liability/assets in terms of Accounting Standard - 22, issued by The Institute of Chartered Accountants of India, is recognized, subject to the consideration of prudence in respect of Deferred Tax liability/assets arising due to timing differences. Since there was no material difference, the deferred tax liability or assets has not been accounted for.

**H. IMPAIRMENT OF ASSETS:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which the asset is identified as impaired. The impairment loss recognized in the prior periods is reversed if there has been a change in the estimate of recoverable amount.

**I. EMPLOYEES BENEFITS UNDER THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2006.**

The Company has applied the revised Accounting Standard AS-15 EMPLOYEES BENEFITS UNDER THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2006 relating to employees benefits notified under the companies (Accounting Standards) Rules 2006. According to the management there is no present obligation of any post employment benefits including payment of gratuity during the year. Therefore no actuarial gains or losses arose at the end of the year.

**J. DISCLOSURE OF RELATED PARTY/ RELATED PARTY TRANSACTIONS :**

**a) KEY MANAGERIAL PERSONS:**

Ravi Agarwal  
Mahendra Prasad Mallawat  
Avijit Das  
Prasanjeet Goswami  
Dinesh Kumar Gupta

**b) DETAILS OF TRANSACTION: Directors' Remuneration:-**

Mahendra Prasad Mallawat – 1,80,000/-  
Prasanjeet Goswami – 1,80,000/-

Contd.....p/3





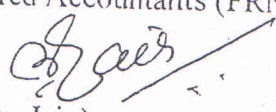
II. NOTES ON ACCOUNTS

1. Payment to Auditors Rs. 20,000/- (prev. year- Rs. 18,000/-).
2. Directors Remuneration Rs. 3,60,000 (Prev. Year – NIL).
3. (i) Expenditure in Foreign Currency Rs. NIL.  
(ii) Earnings in Foreign Currency Rs. NIL.
4. Estimated amount of contract remaining to be executed on capital accounts and not provided for - NIL. ( Prev.year – NIL).
5. Contingent liability as on 31/03/2012 - NIL
6. The company has not received any intimation from vendors regarding their status under the Micro Small & Medium Enterprises Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.
7. Balances of Sundry Debtors and Sundry Creditors, Advance from customers and advances are subject to confirmation.
8. In the opinion of the Board of Directors, the current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provisions for depreciation and all know liabilities are adequate and not in excess of the amounts reasonably necessary.
9. Previous Year's figures have been regrouped and rearranged wherever necessary to conform to the classification adopted for the current year.
10. No employees of the company are in receipt of or are entitled to receive remuneration more than or equal to the rates prescribed under 217(2A) of the Companies Act, 1956.

As per our report of even date

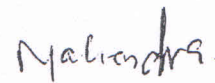
ARNOLD HOLDINGS LTD.

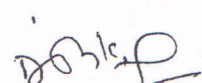
For JAIN PRADEEP & CO.  
Chartered Accountants (FRN: 315109E)

  
(Pradeep Jain)  
Proprietor, Membership no.52264

Place : Kolkata

Dated: 24<sup>th</sup> Day of August, 2012

  
Director

  
Director



# ARNOLD HOLDINGS LIMITED

Cash Flow Statement for the year ended 31/03/2012

(Rs. in '000')

Particulars	Amount	Amount
<b>A. Cash Flow From Operating Activities</b>		
Profit Before Tax	1272.406	
Provision For Current Taxation	(393.174)	
Proposed Dividend & Dividend Distribution Tax	(2912.889)	
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	4.933	
<b>Operating Profit Before Working Capital Changes</b>	<u>4.933</u>	(2028.724)
Movements in Working Capital		
Increase / (decrease) in other current liabilities	(9596.631)	
Decrease / (increase) in inventories	119216.847	
Decrease / (increase) in other current assets	6850.000	
Decrease / (Increase) long term loans and advances	0.000	
Decrease / (increase) short term loans and advances	(122439.500)	
Increase / (Decrease) in long term provisions	0.000	
Increase / (decrease) in short-term provisions	<u>369.781</u>	(5599.503)
		(7628.226)
Less: Income Tax paid	(386.233)	(386.233)
<b>Net Cash from Operating Activities</b>	<u>(386.233)</u>	<u>(8014.459)</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	0.000	
Proceeds from Sale Of Fixed Assets	0.000	
Purchase of Non-Current Investment	0.000	
Purchase of Current Investment	0.000	
Proceeds from Sale Of Current Investment	0.000	
Dividends On Long term Investments	0.000	
<b>Net Cash from Investing Activities</b>	<u>0.000</u>	0.000
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from issuance of Share Capital	0.000	
Proceeds from Long Term Borrowing	0.000	
Proceeds from Short Term Borrowings	0.000	
Repayment of Short Term Borrowings	0.000	
<b>Net Cash from Financing Activities</b>	<u>0.000</u>	0.000
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents</b>		(8014.459)
<b>Opening Cash &amp; Cash Equivalents</b>		<u>4090.807</u>
<b>Closing Cash &amp; Cash Equivalents</b>		<u><u>(3923.652)</u></u>



Reconciliation of Cash and cash equivalents with the Balance Sheet:  
Components of Cash & Cash Equivalent at the end of Year

Cash on hand

21,006

Cash at bank

Current Account

Total cash and cash equivalents

(3944,658)

(3923,652)

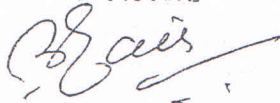
Notes to the Cash Flow Statement:

1. The Cash Flow Statement has been prepared in accordance with requirement of Accounting Standard-3
2. Cash Flow have been reported using the indirect method, where by the net profit is adjusted for the effects of the transactions of the non cash nature and my deferrals or accruals of past or future cash receipts or payments , segregated between cash flows.
3. Cash and cash equivalents balances held by the company are available for its use.

*This is the cash Flow Statement referred in our report of even date.*

As per our report attached.  
M/S JAIN PRADEEP & CO.  
Chartered Accountants  
FIRM REG. NO : 315109E

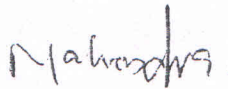
For & on behalf of the Board



( PRADEEP JAIN )

Proprietor

M.NO-052264



Director



Director

24 AUG 2012





# Arnold Holdings Limited

Regd. Office: 255, Rabindra Sarani, 4<sup>th</sup> Floor, Kolkata 700 007

## PROXY FORM

FOLIO NO.	(Shares in physical mode)
DP ID	
CLIENT ID	
NO. OF SHARES HELD	

I/We.....resident of.....being a Member/Member(s) of Arnold Holdings Limited hereby appoint Mr. / Ms.....as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29<sup>th</sup> September, 2012 at 11.30 a.m. at 255, Rabindra Sarani, 4<sup>th</sup> Floor, Kolkata 700 007 and at any adjournment thereof.

Signed this .....day of....., 2012.

Affix Re.1.00 Revenue Stamp
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Notes: a) The form should be signed across the stamp as per specimen signature registered with the Company.  
b) The form should be deposited at the Registered Office of the Company forty-eight hours before the time for holding the Meeting.

# Arnold Holdings Limited

Regd. Office: 255, Rabindra Sarani, 4<sup>th</sup> Floor, Kolkata 700 007

## ATTENDANCE SLIP

FOLIO NO.	(Shares in physical mode)
DP ID	
CLIENT ID	
NO. OF SHARES HELD	

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 30<sup>th</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2012 at 11.30 a.m. at 255, Rabindra Sarani, 4<sup>th</sup> Floor, Kolkata 700 007 and at any adjournment thereof.

Signature of Member/Proxy

(THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)