



ARFIN INDIA LIMITED



ANNUAL REPORT 2019-20





“Good things come to those who innovate, who challenge the norms, who stay true to their vision, values and beliefs, who follow their passions, stick to their commitments and keep their heads up high in the times of difficulty.”





“The Company has many more miles to travel to accomplish its purposes. By being together, we can leverage the diverse capabilities of all our stakeholders and strengthen our preparedness for the future.”



“Our focused approach to the business, dedication and motivation keeps us growing in the changing markets. We are hopeful and seeing the future with endless exciting opportunities.”





“The Company has in built production capacity of 59,000 metric tons per annum. Main products line include Aluminium Wire Rod, Aluminium Deox, Cored Wire, Aluminium Alloy Ingots, Ferro Alloys and Conductor & Cables.”





“Arfin caters to a diverse range of industries across Steel, Automobile and Power Sectors in India as well as overseas markets. Globally, we have expanded our presence in all major Steel and Automobile producers where the demand of our products is on the rise.”



“At Arfin, we continue on our path to growth and success, we will tackle setbacks and difficulties with the same focus, persistence and strength.”



“People are one of the most valued assets for Arfin and we have framed policies that lay the ground for right opportunities for our team, while ensuring their health, safety and good working environment.”



“Our products are strategic material for growth and development of nations and has a multiplier impact on the economy and society.”



Contents

001	Corporate Overview
	001 Corporate Information
	005 Financial Performance
	006 Ratios
	010 Chairman's Message
	014 Arfin at a Glance
	016 Business Overview

032	Statutory Reports
	032 Management Discussion and Analysis Report
	040 Notice
	053 Directors' Report
	087 Corporate Governance Report

109	Financial Statements
	109 Independent Auditors' Report
	121 Balance Sheet
	123 Statement of Profit and Loss
	124 Statement of Changes in Equity
	126 Cash Flow Statement
	128 Notes Forming Part of the Financial Statements



Corporate Information

BOARD OF DIRECTORS

MAHENDRA R. SHAH
Chairman

JATIN M. SHAH
Managing Director

PUSHPA M. SHAH
Executive Director

MUKESH KUMAR CHOWDHARY
Independent Director

HARDIK S. HUNDIA
Independent Director

JITENDRA S. SHAH
Independent Director

CHIEF FINANCIAL OFFICER
Vijay Lathi

COMPANY SECRETARY
Hetal Koradia

STATUTORY AUDITORS
Sanjay Bajoria & Associates,
Ahmedabad

SECRETARIAL AUDITORS
Kamlesh M. Shah & Co.,
Ahmedabad

COST AUDITORS
Ashish Bhavsar & Associates,
Ahmedabad

BANKERS

State Bank of India
Axis Bank
Bank of Baroda
IDBI Bank

REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited
201, 2nd Floor, Shatdal Complex, Ashram Road,
Ahmedabad - 380009, Gujarat, India.
Tel.: +91 79 26580461, 62, 63
Fax: +91 79 26580462
Email: mcsstaahmd@gmail.com
Website: www.mcsregistrars.com

REGISTERED & CORPORATE OFFICE

B-302, 3rd Floor, Pelican House, Gujarat Chamber of
Commerce Building, Ashram Road,
Ahmedabad - 380009, Gujarat, India.
CIN: L65990GJ1992PLC017460
Tel.: +91 79 26583791, 92
Fax: +91 79 26583792
Email: investors@arfin.co.in
Website: www.arfin.co.in

WORKS LOCATION - I

118/1,2,3,4 & 117/P-3,6,7, Ravi Industrial Estate,
Behind Hotel Prestige, Billeshwarpura, Taluka - Kalol,
District - Gandhinagar, Chhatral - 382729, Gujarat, India.
Tel.: +91 2764 232620
Fax: +91 2764 232621

WORKS LOCATION - II

New Block No. 132/P, (Old Block No. 75), Old Survey No.
77,78,79, Ahmedabad Mehsana Highway, Taluka - Kalol,
District - Gandhinagar,
Dhanot - 382729, Gujarat, India.

WORKS LOCATION - III

Survey No. 238, B/h Bhagwati Glass,
Taluka - Kalol, District - Gandhinagar,
Vadaswami - 382729, Gujarat, India.

Our Vision





**“To
be a
premier
name in its
business
segment by fully
understanding the
diverse market
requirements and
providing clients with the
right products to achieve
consistent success.”**

Financial Performance

5 Year Financial Summary

Key Highlights of Financial Position

₹ In Lakhs

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Share Capital	301.83	405.12	1,324.37	1,589.24	1,589.24
Reserves and Surplus	2,075.37	5,082.88	6,939.05	7,033.29	4,898.76
Net Worth	2,377.20	5,488.00	8,263.41	8,622.53	6,488.00
Total Borrowings	4,402.19	6,159.95	9,527.88	11,371.81	10,939.25
Capital Employed	6,779.39	11,647.94	17,791.30	19,994.34	17,427.25
Trade Payables	4,635.89	3,519.00	2,167.93	1,864.20	1,843.44
Net Block	1,410.72	2,122.90	3,047.44	3,821.35	4,599.51
Inventories	6,189.48	7,137.36	8,032.66	10,295.09	9,623.48
Trade Receivables	3,289.81	5,828.90	7,594.23	4,987.00	3,104.35

Key Highlights of Financial Results

₹ In Lakhs

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Net Sales and Operating Income	27,287.56	34,379.54	46,620.73	41,288.05	35,857.27
Total Income	27,383.74	34,436.72	46,696.90	41,344.49	36,018.71
Cost of Goods Sold	23,722.74	28,539.65	37,611.59	33,457.09	29,615.09
PBDIT	1,570.74	2,771.32	4,537.31	2,376.87	(423.01)
Finance Cost	481.89	626.64	1,014.22	1,178.52	1,361.51
PBDT	1,088.85	2,144.68	3,523.10	1,198.35	(1,784.52)
Depreciation	88.19	118.94	156.13	203.86	265.72
Profit Before Tax	1,000.66	2,025.74	3,366.97	994.49	(2,050.24)
Profit After Tax	660.98	1,300.93	2,170.06	656.16	(2,157.18)
Cash Profit	749.17	1,419.87	2,326.19	860.02	(1,891.46)

Note:

1. Financial numbers for the year ended March 31, 2020, March 31, 2019, March 31, 2018 and March 31, 2017 are prepared as per Ind AS, hence not comparable with previous year numbers.

2. During the year, the Company has written off ₹ 2,523.97 Lakhs of Essar Steel India Limited. The Hon'ble Supreme Court of India, vide its order dated November 15, 2019 in the matter of Essar Steel India Limited "Corporate debtor" under the Insolvency and Bankruptcy Code, 2016 upheld the primacy of financial creditors in the distribution of funds received under the corporate insolvency scheme. The company being an operational creditor has recovered part of the outstanding due through the corporate insolvency scheme as approved by the Committee of Creditors on March 27, 2019 and the balance outstanding amount of ₹ 2,523.97 Lakhs as on the date of filing of application (i.e. August 02, 2017) of Essar Steel matter to NCLT under IBC Act, has been written off and netted under the head "Sundry Balances Written Off".

Financial Performance

Ratios

Financial Performance	2015-16	2016-17	2017-18	2018-19	2019-20
Cost of Goods Sold / Net Sales	86.94%	83.02%	80.68%	81.03%	82.59%
Manpower Cost / Net Sales	0.99%	1.13%	1.30%	1.87%	1.39%
Manufacturing Expenses / Net Sales	4.72%	5.83%	6.38%	8.80%	7.78%
Finance Cost / Net Sales	1.77%	1.82%	2.18%	2.85%	3.80%
PBDIT / Interest (Debt-Service Coverage Ratio)	3.26	4.42	4.47	2.02	(0.31)

Profitability	2015-16	2016-17	2017-18	2018-19	2019-20
PBDIT / Net Sales	5.76%	8.06%	9.73%	5.76%	(1.18%)
PBDT / Net Sales	3.99%	6.24%	7.56%	2.90%	(4.98%)
Net Profit / Net Sales	2.42%	3.78%	4.65%	1.59%	(6.02%)
RONW (PAT / Average Net Worth)	31.87%	32.85%	31.56%	7.77%	(28.55%)
ROCE (PBDIT / Average Capital Employed)	26.34%	29.99%	30.82%	12.58%	(2.26%)

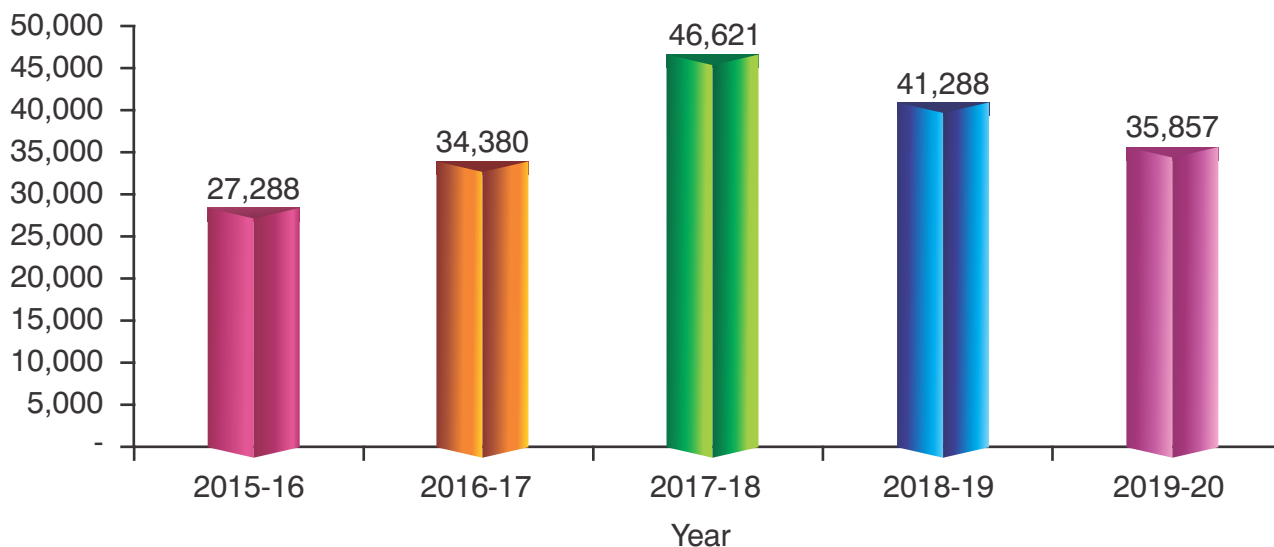
Balance Sheet	2015-16	2016-17	2017-18	2018-19	2019-20
Debt-Equity Ratio	1.85	1.12	1.15	1.32	1.69
Debtors Turnover (Days)	38	52	51	38	28
Inventory Turnover (Days)	83	76	63	91	98
Current Ratio	1.21	1.35	1.43	1.34	1.19
Quick Ratio	0.46	0.63	0.74	0.51	0.36
Asset Turnover (Total Income / Total Assets)	2.32	2.15	2.22	1.87	1.85

Key Financial Parameters (₹ In Lakhs)	2015-16	2016-17	2017-18	2018-19	2019-20
Net Sales	27,287.56	34,379.54	46,620.73	41,288.05	35,857.27
Profit Before Depreciation, Interest and Tax	1,570.74	2,771.32	4,537.31	2,376.87	(423.01)
Profit Before Tax	1,000.66	2,025.74	3,366.97	994.49	(2,050.24)
Profit After Tax	660.98	1,300.93	2,170.06	656.16	(2,157.18)
Cash Profit	749.17	1,419.87	2,326.19	860.02	(1,891.46)

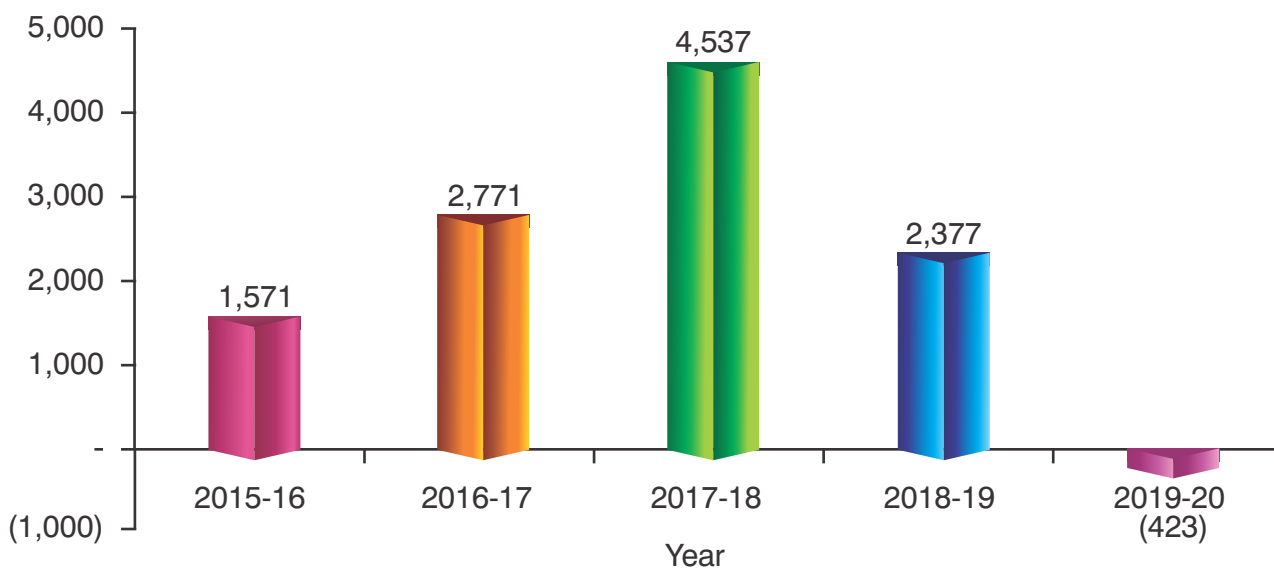
Per Share Data	2015-16	2016-17	2017-18	2018-19	2019-20
Basic Earnings Per Equity Share (₹)	21.90	40.06	29.98	4.61	(13.57)
Cash Earnings Per Equity Share (₹)	24.82	43.72	32.14	6.04	(11.90)
Book Value Per Equity Share (₹)	78.76	135.47	62.40	54.26	40.82

Financial Performance

Net Sales (₹ In Lakhs)

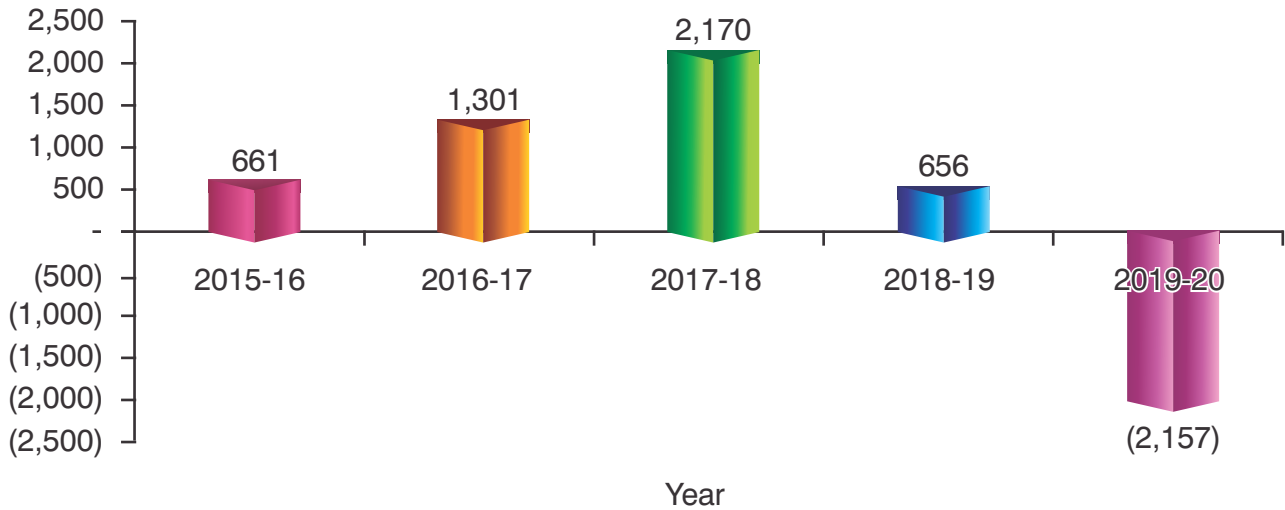


EBIDTA (₹ In Lakhs)

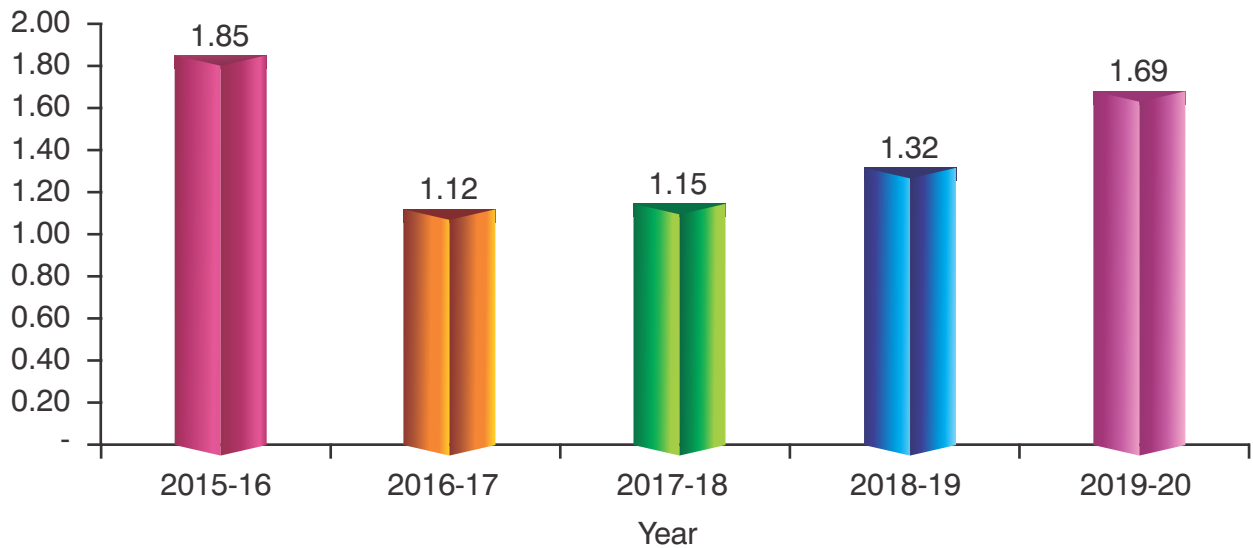


Financial Performance

Profit After Tax (₹ In Lakhs)



Debt Equity Ratio (x)





Mahendra R. Shah
Chairman

Chairman's Message

Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the financial year 2019-20. Your Company has achieved Gross Sales of ₹ 41,098 Lakhs and Profit After Tax of (₹ 2,157) Lakhs. During the year, your Company has sold 24,533* metric tons of goods in compare to 23,950 metric tons of goods sold during the financial year 2018-19. Export Sales during the year has grown by 86% in compare to previous year 2018-19. Your Company has sold goods worth ₹ 74.35 crores to overseas customers during the year in compare to ₹ 40 crores during the previous financial year 2018-19. Your Company has added few more export customers in Steel and Automobile sectors. The Company expects to grow further in export markets.

Your Company's major chunk of purchases are through imports from international markets. Increase in export sales will also benefit the Company on account of natural hedging of import payments against export remittances.

During the year, Aluminium Alloy Wire Rod Plant got operational. Production from this plant is being used for manufacturing of conductors. It is a backward integration for manufacturing of conductors which will result in better margins in the business.

During the year, the Company has recorded volume growth of 20% in Aluminium Deox, 9% in Alloy Ingots,

9% in Conductors and 14% volume growth in Ferro Alloys businesses in compare to previous financial year 2018-19.

Despite the challenges faced by the Company during previous year, we are optimistic and it will help us to regain the growth path going forward. In terms of capacity and potential, we continue to remain the India's strongest Non-Ferrous Metal Company with a dominant presence in Steel, Automobile and Power sectors. We continue to be driven by the best global practices and our vision to become fully integrated Non-Ferrous Metal Company. Our production facilities set up during earlier years continue to give us strength and confidence in our ability to fulfill our customer demands in Indian as well as overseas markets.

In terms of external market scenario, FY 2019-20 saw slowdown in global markets. Raw Material and Finished Goods prices went down in compare to previous year which has resulted in topline de-growth although there was volume growth in compare to previous financial year 2018-19.

During last quarter of the year, the World Health Organization characterized the outbreak of a strain of the new Coronavirus ("COVID-19") as a pandemic. Globally COVID-19 was there since January 2020 which has impacted our import and export cycles. This outbreak has caused significant

“At Arfin, we continue on our path to growth and success, we will tackle setbacks and difficulties with the same focus, persistence and strength.”

*Sales Quantity for 2019-20 includes 976.62 metric tons of quantity consumed for total management contract of one of our customers.

Chairman's Message

“Our customers have been at the heart of our initiatives and our sense of responsibility has strengthened the relationships even further to the point that they show ample trust and confidence in your Company.”

disturbances and slowdown of economic activities across the globe. COVID-19 has impacted business operations globally by way of significant interruption in production, supply chain, unavailability of personnel, closure of production facilities etc. The Company's operations were impacted during last quarter of the year, due to scaling down / suspending production across all plants following nationwide lockdown announced by the Government of India in view of COVID-19 pandemic. The road ahead is certainly challenging. However, Arfin has always risen to challenges and emerged as a stronger player in non-ferrous metal industry.

The Company has been taking various precautionary measures across all its Plants / offices to support the nationwide effort to prevent the spread of the pandemic COVID-19 and to protect employees / Staff from COVID-19.

We have constantly challenged ourselves to deliver more and set new benchmarks in the Industry. With the benefits of volume growth from invested capital yet to reach their full potential, coupled with favourable demand-supply dynamics, we believe that the Company has the potential to deliver better.

Our teams have consistently worked beyond their comfort zone to improve our performance and achieve the vision. We continuously strengthened our manufacturing processes, optimized costs, reduced waste, minimized environmental

hazards and value creation to our customers. At Arfin, we understand the importance and criticality of the products being supplied to Steel, Automobile and Power Sectors.

Our focus is now on our knowledge, expertise and resources to ensure that we continue to meet customer needs and deliver the best possible products to them.

Our customers have been at the heart of our initiatives and our sense of responsibility has strengthened the relationships even further to the point that they show ample trust and confidence in your Company. Finally, we would like to extend our gratitude to all our employees and bankers who are our stakeholders too. Our growth is sustained because of the clear articulation of our strategy, the strong support of our board and the continual and dedicated commitment of the management team.

Finally, I thank each and every shareholder, large and small, for your support and trust.

I must end with optimism that your Company continues to do things better and doing so, intends to enhance value for all its stakeholders in a sustainable way.

With Regards,
Yours Sincerely,



Mahendra R. Shah
(Chairman)

Highlights 2019-20



EXPORT SALES HAS GROWN BY 86% IN COMPARE TO PREVIOUS FINANCIAL YEAR 2018-19. THE COMPANY HAS ADDED FEW MORE EXPORT CUSTOMERS.



SALES VOLUME HAS INCREASED TO 24,533 METRIC TONS DURING THE YEAR IN COMPARE TO 23,950 METRIC TONS DURING PREVIOUS FINANCIAL YEAR 2018-19.



ALUMINIUM ALLOY WIRE ROD PLANT GOT OPERATIONAL DURING THE YEAR. PRODUCTION FROM THIS PLANT IS BEING USED FOR CONDUCTORS MANUFACTURING WHICH IS A BACKWARD INTEGRATION OF EXISTING PRODUCT LINE.

ARFIN INDIA LTD.



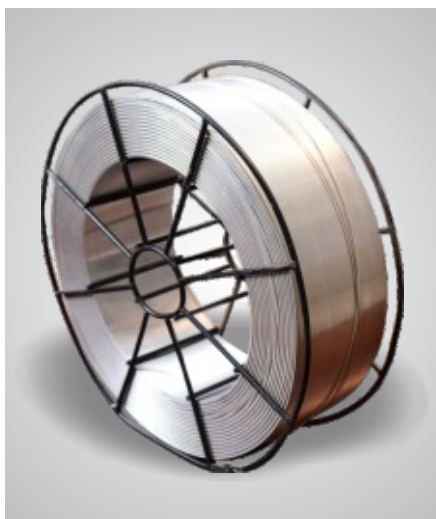
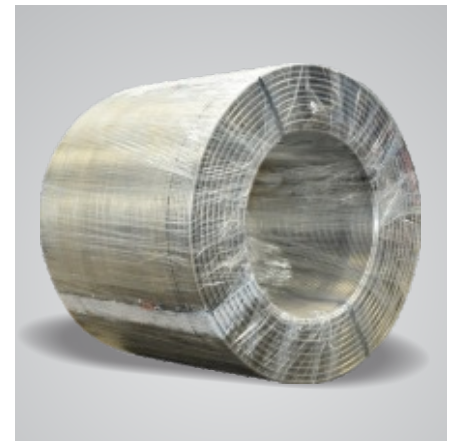
Arfin at a Glance

Arfin India Limited forayed itself as a prominent name in Aluminium Recycling and Ferro Alloys in the year 2011-12 with Aluminium Deox and followed by Aluminium Wire Rod Plant during 2012 -13. In 2014 -15, Arfin expanded its reach into the Steel Sector by extending its manufacturing strength to produce Cored Wire Products which was followed by set up of Alloy Ingots Plant during FY16 and Ferro Alloys Plant during FY17. During 2017-18, the Company started supplying to Power Sector through its Conductor Plant. Arfin's manufacturing facilities are located at Chhatral industrial area within the vicinity of Ahmedabad. The Company has corporate office in Ahmedabad. The Company has in built production capacity of 59,000 metric tons per annum. Main product line includes Aluminium Wire Rod, Aluminium Deox, Cored Wire, Aluminium

Alloy Ingots, Ferro Alloys and Conductor & Cables. Arfin covers supply to the Steel, Automobile and Power Sectors through its existing portfolio of products. Arfin covers supply to customers in India as well as overseas markets.

Arfin brings the four key components together in the Non-Ferrous Metal Industry - a strong portfolio of Non-Ferrous Metal Products, a well-established production capacity, a pan India and Global reach for its products through a strong supply chain and investment in production of Aluminium Wire Rod, Aluminium Deox, Aluminium Alloy Ingots, Cored Wire Products, Ferro Alloys and Conductors & Cables into a single entity. It thus becomes a unique player that is primed to gain leadership position in Non-Ferrous Metal Industry.

“The Company covers supply to the Steel, Automobile and Power Sectors through diversification of its Businesses.”





Business Overview

The Non-Ferrous Metal Industry is a crucial sector in the Indian economy as it meets the requirements of a wide range of industries including engineering, electrical and electronics, infrastructure, automobile and automobile components, packaging etc. The metal industry comprises of two major segments: ferrous metals and non-ferrous metals. Non-ferrous metals include metals like aluminium, copper, zinc and lead that find application in many industrial and infrastructural uses like real estate, automotive, defense, rail, power etc. The performance of the non-ferrous metals industry in India has “far outpaced” the global trend owing to its huge raw material reserves, wide demand base and relatively low cost of production. That said, downstream products like copper wire and aluminium foils are still dominated by imports as the downstream

industry is relatively undeveloped in India. India has seen a strong growth in the recycling industry. Over the time, the share of recycled metals has increased considerably and is now almost equivalent to the global level. The recent slowdown in China has significantly impacted the global industry in terms of demand, supply, trade, prices and profitability. In Asia, consumption showed a declining trend in Japan but was compensated by a higher demand from India and the Middle-East. Globally construction and transportation sectors are major demand drivers of the non-ferrous metals, and these sectors are strongly correlated with the health of the developing economies. Non-ferrous metals industry in India is on a path of strong demand growth given the robust economic growth prospects and rising manufacturing activity.

“The products we produce are being used by Steel Sector to remove the oxygen from liquid steel, to add minerals & to manufacture high quality steel, by Automobile Industry to manufacture vehicle parts and by Power Sector for transmission and distribution of power.”



Business Overview

“We are exploring new markets to develop new businesses and value-added products while acting responsibly to ensure a long-lasting impact on the society and environment.”



Across the world, steel and aluminium are used the most with critical applications in core sectors like defense, aerospace, infrastructure, manufacturing and automobiles. With a demand of around 100 million tons in India, steel sees the most usage. However, globally, industries are fast adopting aluminium as their metal of choice. India, too, is catching up to this global trend. India's aluminium consumption is expected to double to over 7 million tons in five years. Aluminium is the second most used metal in the world after steel with an annual consumption of approximately 88 million tons (including scrap). It is also the fastest growing metal which has grown by nearly 20 times in the last sixty years (compared to 6 to 7 times for other metals). Rise in infrastructure development and automotive production are encouraging development in the metals and

mining sector in India. India has vast mineral potential with mining leases granted for longer durations of 20 to 30 years. India has nearly 10% of the world's bauxite reserves and a growing aluminium sector that leverages this. Demand in the domestic market is expected to raise by 8 to 10%. India holds a fair advantage in cost of production and conversion costs in steel and alumina. Crude steel production in the country increased 3.3% year-on-year to 106.6 MMT in 2018-19. Demand for aluminium is estimated to grow at 6 to 8% per annum in view of the low per capita consumption in India. Also, demand for the non-ferrous metals is expected to pick up as the scenario improves for user industries, like power, infrastructure and transportation. Key Government reforms like Make in India, focus on urbanization,

Business Overview

including initiatives like Smart Cities, place strong emphasis on expansion of our manufacturing sector. Growth of the manufacturing sector will be directly proportional to the growth of the non-ferrous metals industry. Aided by strong demand in sectors like automobile, construction, electrical and consumer durables, the non-ferrous metals industry in India has historically witnessed good progress.

However, there are many critical challenges which are affecting robust growth of the sector in India, especially the China factor, the underdeveloped scrap recycling sector and the problem of inverted duty structure. Addressing each of these challenges is imperative for India to realize the true potential of its vast natural reserves and for boosting sustainable economic

development.

Considering the fact that India has significant aluminium ores and concentrates, its exports are higher than imports. India's imports of aluminium scrap are much higher than its imports of either primary aluminium or aluminium products. Over the last five years, aluminium scrap imports have grown rapidly due to limited generation and availability of aluminium scrap within the country. A well-defined end-of-life norms are essential to ensure availability of quality scrap and cut dependency on imports.

Growing consumption of aluminium in the automotive sector has proven to be a game-changer. The automotive industry with its need for lightweight and fuel-efficient vehicles will be the key growth driver for the metal

“Our products are strategic material for growth and development of the nations and has a multiplier impact on the economy and society.”



Business Overview

“We have a structurally strong product portfolio. We are leader in the products we deal and we focus on operational excellence. We aim to create value by maintaining our leadership position on sustainable basis.”

moving ahead. Other sectors that will drive the demand include electrical applications, consumer durables, construction, packaging, transportation and aviation. India’s strength in aluminium stems from its rich reserves of bauxite, a core resource used in production of Aluminium.

The Non-Ferrous Metal industry generates large-scale employment both directly and indirectly. For example, aluminium industry alone accounts for employment generation of about 8,00,000 people.

India became the fifth largest auto market in 2019 with sales reaching to 3.81 million units. It was the seventh largest manufacturer of commercial vehicles in 2019. The two wheelers segment dominate the market in terms of volume owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural

markets further aided the growth of the sector. India is also a prominent auto exporter and has strong export growth expectations for the near future.

In addition, several initiatives by the Government of India and major automobile players in the Indian market are expected to make India a leader in the two-wheeler and four-wheeler market in the world by 2020. Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 per cent and 12.9 per cent market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20. In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The Government of India also encourages foreign investment in the automobile sector and has allowed 100 per cent foreign direct investment (FDI) under the automatic route. The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centers, and low-cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour.



Business Overview

The Automotive industry consists predominantly SMEs and few organized players. The organized sector caters to high value-added precision engineering products whereas the unorganized sector caters to after markets.

The Indian auto component industry caters to the needs of OEMs as well as replacement markets, with OEMs contributing around 80% of total component demand. The industry has a distinct global competitive advantage in terms of cost which stems from cost-competitiveness in raw material & labour.

The global market environment is constantly changing and customers are becoming more demanding. Arfin has diversified its businesses into international markets and is gradually increasing export sales to get a more

diversified market penetration. To ensure global manufacturing standards of our operations, we are regularly upgrading and improving our technology base. The Company has recorded gross Export Sales of ₹ 7,435 Lakhs during the year.

With a population of 1.3 billion, India is the second most populous country in the world and the third-largest economy, measured by purchasing power parity (PPP). India has seen strong economic performance in recent decades, greater energy access for its citizens. India is one of the largest Electricity market areas in the world, comparable to the power systems of the European Union, the People's Republic of China ("China"), the Russian Federation ("Russia") and the United States.

“We have consistently improved ourselves to be better which has in turn positioned us as a key manufacturer of non-ferrous metal products.”



Business Overview

“At Arfin, we continuously monitor the opportunities presented by the external and internal environment while mitigating risks. Our commitment to our long-term goals remains rock solid despite the prevailing uncertain environment.”



The National Power Grid of India is the largest national synchronous grid in the world. The Government of India (GOI) has focused on keeping up with strong demand growth, while expanding Electricity - Power access to millions of consumers every year. The Government of India has been working to foster the financial health of the Power Sector.

The Company is benefitted from the State Transmission Investments which provide impetus to demand with increased focus on intra-state transmission. Additional renewable energy capacities reflect a high potential for transmission line investments over the next few years. Development of green transmission corridors as outlined by the National Green Corridor Program will provide further impetus for the sector.

India's sustained economic growth is placing an enormous demand on its power resources, systems and infrastructure. By the

end of 2018, India had total inter-regional power transmission capacity to transfer nearly 75,050 MW. By 2022, this will increase to 1,18,050 MW. As of December 2019, India had installed 86 GIGA Watts (GW) of renewable energy capacity, which has more than doubling in the last four years. Further, India has an ambitious target of 175 GW of variable renewable energy by 2022, rising to 450 GW by 2030. The Central Electricity Authority's National Electricity Plan highlights the urgent need for more power transmission lines. An additional 1.1 lakh circuit kilometers are required by financial year 2021 to 2024 to manage the annual peak load demand of 225.7 GW, and to absorb the increasing share of variable renewable energy in the total electricity mix. Power transmission access is also considered as a potentially serious bottleneck for speeding up the deployment of renewable energy. India's power transmission

Business Overview

networks constitute the vital arteries of the entire power value chain. It goes without saying that the growth of power sector is contingent to development of a robust and a non-collapsible power transmission network. Over the past decades, the total Power generation capacity has witnessed commendable growth. However, some of India's Power surplus regions do not have adequate Power evacuation infrastructure which could alleviate the recurring supply shortages in other parts of the nation. The issues related to power generation and power distribution sectors, rightfully, got due focus from Policy makers.

Arfin is well placed in power sector to get benefits of power sector demand to develop infrastructure in power transmission and distribution fields.

Amid the ongoing slowdown, COVID-19 has significantly impacted the business activities globally. The COVID-19 pandemic is rapidly spreading throughout the world. Due to the current global crisis, the demand has declined drastically as segments like construction, electrical, automobile and other industries have not been able to operate to their fullest capacity. The smooth flow of exports and imports was impacted due to the physical constraints.

Arfin is also impacted due to the

worldwide lockdown and shutdowns on account of COVID-19 pandemic. However, the Company is recovering from the impact of COVID-19 pandemic gradually and hopeful to achieve normal cycle of business during second quarter of the financial year 2020-21. The Company being an organized player in the sector and having strong portfolio of products will be benefitted through capacity, quality of products, scale of operations and efficient infrastructure to compete the current markets. The Company will also be benefitted on account of diversification of businesses through supply to Steel,

“As a strong non-ferrous metal products manufacturer, we are committed to delivering our customer requirements in time that contributes to the overall growth of the Company.”



Business Overview

“We look to the future with confidence backed by our passion for what we do and knowing that we have established differentiated strengths that enable us to better innovate, solve complex problems creatively, deliver for our customers and seize new opportunities.”

Automobile and Power Sectors. The Company has managed its cash flow very well during this lockdown period and expects to return very soon on the path of growth. Globally businesses have been significantly impacted due to slowdown. However, in this slowdown also the Company has been able to achieve growth in volumes which is a very positive sign of future growth of the Company.

Arfin has gradually diversified its businesses and covers supply to Steel, Automobile & Power Sector customers in India as well as overseas markets. The Company's main products include Aluminium Wire Rod, Aluminium Deox, Cored Wire, Alloy Ingots, Ferro Titanium and Conductors. Aluminium Wire Rod, Aluminium Deox, Cored Wire

and Ferro Titanium are being sold to Steel Sector Customers. Alloy Ingots are being sold to Automobile Sector Customers. Conductors are being sold to State Electricity Board Companies and other private players in power sector. Also, ongoing focus on continuous improvement is helping us to achieve even greater efficiencies. The Company aims to be a leader in its business segment through its product lines.

The Company has total production capacity of 59,000 metric tons per annum as at March 31, 2020. The operating efficiencies are improving following addition of new plant of Aluminium Alloy Wire Rod to meet captive consumption requirements of Conductor Plant which will result in improved margins in conductor business.



Business Overview

Addition of Alloy Wire Plant has also added one more product line of Alloy Wire Rod. It will also improve efficiency level due to backward integration of this product line as a main raw material for Conductors.

Arfin has focused to become a major global player in non-ferrous metal products. In the domestic arena Arfin focuses and supplies its extensive range of products to Steel, Automobile and Power sector customers. In the international arena, the Company focuses on large steel and automobile units that have a constant need for competitive yet quality products.

The Company's focus on value added products will yield desired results and is set to contribute significantly to the profitability. The Company has seeded several initiatives and projects that

will bear fruits in the upcoming years.

We believe, Arfin will emerge on a stronger footing, through a series of management initiatives targeted at strengthening the core operations including investment in selected production facilities and introduction of new products.

The Company's research facility continually incorporates all the necessary nuances that aid in automatizing the Company's processes. The facility also monitors the latest quality trends to ensure that Company's innovative products portfolio is also at par with the latest global standards.

Arfin's competitive advantage lies in its advanced research and development department. The facility is operated by cutting-edge equipments and skilled professionals who are constantly

“People are one of the most valued assets for Arfin and we have framed policies that lay the ground for right opportunities for our team, while ensuring their health, safety and good working environment.”



Business Overview

“The rich experience of our leadership team combined with the exuberance of young workforce makes our talent pool even more vibrant.”

engaged in development of new and improved products. Arfin has made significant investments in expanding its infrastructural forte that allow smooth functioning of its manufacturing processes. The Company has also delinquently recruited a professional work force that well complements its strides towards growth. We incorporate our customer requirements in our product developments and our expert team works further to develop the products as per the customer requirements. The success of the Non-Ferrous Metal Industry is attributed to the sharp focus on the product lines leading to better cost control, better customer service and consequently faster growth at higher profitability. Overall, all the developments are in the positive direction and in the segments which happened to be the areas of focus for your Company. Our priorities will be to improve margins as well as

bottom line and efficiencies through the enhanced use of technology, diversifying our product mix, boosting capacity utilization and lowering finance costs.

Our people are the foundation of our business and a key ingredient for our success. Our people strategy is founded on the recruitment, development and retention of the talented men and women who run and grow our business. Arfin believes in creating a work environment of fairness, transparency and mutual respect wherein the aspirations of employees and the goals of the Company are aligned. At Arfin, our people form the core of our operations. We invest in employee welfare and happiness to drive performance. People are one of the most valued assets for Arfin and we have framed policies that lay the ground for right opportunities for our team, while ensuring their health, safety and



Business Overview

good working environment. At Arfin, our strong and energetic team helps reinforce the foundation of our business.

We always try to attract, develop and maintain the best talent. We stand strong on our commitment to provide growth opportunities to every employee, hence creating coordination between business requirements and employees.

Arfin had 229 employees (271 employees in previous year) as at March 31, 2020. The median age in the organization is around 30 years and around 5% of work force is women. Employees come from every small and large community with very diverse skill sets. They also come from vastly diverse socio economic group. The diversity in the people force brings in different influences, awareness and understanding thus making change and evolution lot easier. This

collective spirit guides us, motivates us, gives us solutions, encourages us to achieve our goals and propels us to be future-ready. This collective spirit that characterizes our corporate DNA is our team spirit.

We have a well-defined operating structure to ensure that the Company is on track to achieve its vision and strategic objectives. Our executive management rests with Mr. Mahendra R. Shah, Executive Chairman & Whole time Director and Mr. Jatin M. Shah, Managing Director of the Company. The executive team is responsible for operations such as procurement of Raw Materials, Manufacturing, Sales and Marketing, Import-Export, other functions such as Risk Management, Human Resource Management, Corporate Social Responsibility and Corporate Governance. Corporate functions such as Finance and Accounts, Legal, Secretarial, Communications and Regulatory Affairs rest with

“We are developing more product lines and designing solutions that help transform processes, improve efficiencies and enhance customer experience.”



Business Overview

“The main objective is to meet the organizational goals and unless not fully sentiment with significant role of the HR, an organization cannot attain evolution without its human capital.”



Board of Directors.

The Company extensively practices delegation of authority across its team, which creates effective checks and balances within the system to arrest all possible gaps within the system. The rich experience of our leadership team combined with the exuberance of young workforce makes our talent pool even more vibrant. The leadership team is excited to take Arfin forward on its journey to deliver the best from its assets and create value added growth.

A performance driven culture demands higher efficiency and productivity and the key to achieve higher productivity is attraction, development and nurturing of higher caliber individual. Keeping this objective in mind, the Company has undertaken various HR initiatives with focused interventions in continuous learning &

development, leadership development and behavioral training.

Our HR policies and guidelines are designed in a way that encourages team work and synergistic approach. Employee training programs are integral to our HR department. The Company also provides multiple learning and development opportunities to its employees to acquire new skills, knowledge and enhance their capabilities.

Recognizing people as our biggest asset, we provide advanced quality training to the employees. The Company constantly launches and takes initiatives that contribute to happier and more productive talent. It is on the belief that a happier employee has a greater drive to perform and adapt to meet changing needs. The Company always believes that its biggest asset has been the

Business Overview

people employed in its business who come from a large cross section of social and economic backgrounds.

We believe that an engaged work force connects better, performs better and adds better values to the business. Therefore, we organize several employee engagement activities throughout the year to remain close to our employees and ensure better business performance. The main objective is to meet the organizational goals and unless not fully sentiment with significant role of the HR, an organization cannot attain evolution through its human capital.

The Company respects human rights of all relevant stakeholders and groups within and beyond the workplace including that of communities, consumers and marginalized groups. Occupational safety is the topmost priority at

Arfin. Protecting the safety, health and well-being of those who work for us is a business imperative. Our stakeholders recognize this and have rated safety and occupational health as our highest strategic priority.

The Company has in place adequate internal control systems commensurate with the size of its operations. The Policies and Procedures are designed to ensure sound management of Company's operations, safekeeping of its assets, optimal utilization of resources, reliability of its financial information and compliance. The Company is doing well in all its business segments and has organized all its production and warehousing activities through systematic allocation of space for each of the business verticals. The Company has allocated space for warehousing of finished goods

**“Blossoming
from our vision,
led by innovation,
strong market
reputation,
operational
excellence and
steered by a sense
of responsibility
& good
governance.”**



Business Overview



“The road ahead is certainly challenging. However, Arfin has always risen to challenges and emerged as a stronger player in non-ferrous metal industry.”

and raw materials systematically.

The Company has separate laboratory set ups for different business verticals which are Aluminium Deox, Aluminium Wire Rod, Cored Wire, Aluminium Alloys, Ferro Alloys and Conductor & Cable products. The Company has in-house quality testing team which is fully equipped and dedicated for inspection and testing of materials being supplied to our customers.

Arfin utilizes information technology both as a foundation to provide robust infrastructure as well as to enhance the business efficiency and effectiveness. It is constantly helping us in standardizing the business processes and collaboration. Our objective is to relentlessly pursue operational improvement and customer satisfaction. The

Company has well established internal control procedures across all business verticals commensurate with the size and nature of operations.

Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company’s operations. The policies and procedures are adequate for orderly and efficient conduct of business of the Company. There is a separate in-house team which constantly analyses, understands and works upon to reduce the cost of production without any impact on quality of products manufactured. The Company has put in place robust internal risk management systems & processes and supportive technology.

The Company also has Strong Budgetary Control System and

Business Overview

Management Reporting System which serve as the backbone to not only check the adequacy and effectiveness of the Internal Financial Controls, but also to monitor the existing operating systems to ensure that business results are achieved and corrective remedial actions are taken, wherever necessary. The Internal control system and procedures are designed to assist in the identification and management of risks, the procedure-led verification of all compliances as well as an enhanced control consciousness.

We continue to strive for excellence with our strengths being our product mix, state of the art technology, excellence in execution and our focus on employee engagement.

Arfin envisages strong growth in near term as economic growth has picked up and the government is promoting infrastructure investments and consumption through various initiatives taken during last 8 years. The Company also envisages robust growth on the horizon too, as the sectors it caters to are not only large but also growing and it is still quite under-penetrated from the perspective of infrastructure.





Jatin M. Shah
Managing Director

Management Discussion and Analysis Report

Industry Structure and Developments

Non-ferrous metals industry is one of the key sectors of Indian economy. Aluminium, the “Metal of Future” is the fastest growing metal of Indian economy. Manufacturing of non-ferrous metals are capital intensive and continuous processes, with limited requirement of manual interventions as compared to their user industries i.e. construction, automobile, packaging etc. The Company is involved primarily in the segment of manufacturing and trading of non-ferrous metal products although major part of the business is covered by aluminium products.

Resulting from the global outbreak of COVID-19, when other sections of economy were under shutdown / lockdown, demand for the metals has also been impacted because of limited activities in the user industries, as compared to their capacity.

Company's operations were impacted during the quarter ended March 31, 2020 and first quarter of FY21, due to shutdown of all plants following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. In many countries, businesses were temporarily being forced to cease or limit their operations for long period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Economic slowdown in automobile, infrastructure and construction sectors may take time to return on growth path. Non-remunerative prices, coupled with supply side disruptions as well as capacity constraints have impacted non-ferrous metal industry globally.

However, we're well equipped to handle the global crisis based on the business continuity and we remain confident that we will continue to supply our valued customers globally. At the same time, we also

ensured the health and safety of our employees.

Opportunities

Non-ferrous metals industry is one of the key sectors of Indian economy contributing significantly to nation's GDP and providing employment to large number of people, directly and indirectly as it meets the requirements of wide range of key industries including engineering and electronics, automobile, infrastructure etc.

Aluminium is an essential part of our daily lives. Its density is one-third that of steel. Aluminium's strength can be adapted to different applications by modifying the composition of its alloys. Certain alloys are as strong as steel. Based on weight, aluminium is twice as good as a conductor of heat and electricity as copper, and it plays a major role in power transmission lines. The principal user segment in India for aluminium continues to be electrical and electronics sector followed by the automotive, transportation, building, construction, packaging, consumer durables, industrial and other applications. The power, packaging, automobiles and transport sectors are the likely demand drivers of aluminium in India in the near future. Also, the domestic imports of aluminium products, including scrap, are growing significantly, which is a major concern for the domestic aluminium producers.

Amid the ongoing slowdown, COVID-19 has pushed the world towards negative growth. This will adversely impact the entire metal industry, especially the world's second most important metal, aluminium. In an attempt to stabilize the Indian economy alongside safeguarding the interests of the stakeholders and for the revival of business activity, the Minister of Finance laid down the plan for Atmanirbhar Bharat Abhiyan or Self Reliant India Movement (“Atmanirbhar Bharat Scheme”). A special economic package is being announced to make India self-reliant. The mega ₹ 20 lakh crore stimulus package announced by PM Modi includes

Management Discussion and Analysis Report

previously announced measures to save the lockdown-battered economy, and focuses on tax breaks for small businesses as well as incentives for domestic manufacturing. The Government has also provided certain relaxation to the companies with respect to the compliances, due diligence, waiver / moratorium on all statutory payments, deferment in loan EMIs and interest dues to support Indian businesses. The Government of India continues to enhance international co-operation for promoting FDI and improve ease of doing business in the country by releasing notifications / amendments / circulars highlighting measures to improve business environment in India.

During financial year 2019-20, the Company has achieved sales volume of 24,533 metric tons worth ₹ 41,098 Lakhs. The Company has inbuilt production capacity of 59,000 metric tons per annum.

Considering the installed capacity of 59,000 metric tons, the Company has significant spare capacity to increase its production and sales level. Accordingly, the Company has geared-up its marketing & production activities. The company has increased its export sales through addition of more overseas customers and thus the Company has been able to achieve Gross Export Sales of ₹ 7,435 Lakhs during the financial year under report which is higher by 86% in compare to Export Sales of ₹ 4,000 Lakhs during previous financial year ended March 31, 2019.

Threats

The Company identifies all type of risks at an early stage which helps it to control them in a better way. The Company believes that it is exposed to the following types of risks:

1. Inventory Buildup Creates Pressure on Working Capital

On account of global slowdown due to COVID-19 pandemic excess inventory has been built up during last quarter of the year under report and

during the first quarter of FY21, which has put pressure on working capital. However, post COVID-19, the Company has slowed down its procurement to ease the pressure of working capital requirement in business.

2. Overseas Competition

Globally, several countries have taken drastic steps to protect their domestic industry. As a fall-out of recent global developments, the Indian aluminium industry is confronting immense threat from imports due to reciprocal tariffs imposed by US and China.

The outbreak of COVID-19 pandemic could impact the global demand, economic environment / economic policies. At the same time, government thrust on make in India and shift of preference of world leaders from China to other countries will give good opportunity for growth. The Company is also expanding its overseas customer base to meet the challenges from overseas competition.

3. Volatility In Prices

As always, significant volatility in the raw material prices of aluminium and foreign exchange fluctuations have been affecting the growth of aluminum industry to a larger extent and also affect the performance of the Company. However, the Company has balanced its foreign currency risk on imports through more export sales and part buying from domestic markets.

4. Other Threats Include

- Global economic slowdown
- Governance issues
- Technological change / obsolescence
- Higher duties and taxes
- Availability of substitute products.

These factors can be main drivers behind the pressure on the Company in terms of operation and profitability.

Management Discussion and Analysis Report

Product / Plant wise Performance

The Company is engaged only in one segment of manufacturing and trading of non-ferrous metal products and does not have any other segment or activity. Hence segment wise reporting is not required to be given. product / plant wise performance is as follows:

Aluminium Wire Rod

The Company has installed capacity of 15,000 metric tons per annum in the business of aluminium wire rod. The Company has sold 5,467 metric tons of aluminium wire rod worth ₹ 9,180 Lakhs in compare to 6,816 metric tons worth ₹ 13,587 Lakhs during previous year 2018-19. The Company expects aluminium wire rod product sales volume to increase by around 5 to 10% during FY21.

Aluminium Deox

The Company is having installed capacity of 20,000 metric tons per annum in aluminium deox. The sales during the financial year under report was 6,447 metric tons amounting to ₹ 9,233 Lakhs in compare to 5,342 metric tons worth ₹ 9,953 Lakhs during previous year 2018-19. There is volume growth of 20% during the year under report although there is value de-growth which is mainly on account of price reduction globally. The Company expects to grow this business at 5 to 10% during FY21.

Cored Wire

The Company is having cored wire plant with capacity of 3,500 metric tons per annum. The sales quantity during the financial year under report was 1,844 metric tons worth ₹ 5,273 Lakhs in compare to 2,790 metric tons of goods worth ₹ 6,410 Lakhs during previous financial year 2018-19. The Company expects to grow this business by 5 to 8% during FY21.

Aluminium Alloy Ingots

The Company is having installed capacity of 6,000

metric tons per annum of aluminium alloy ingots plant. The sales during the financial year under report stood at 5,131 metric tons amounting to ₹ 6,797 Lakhs in compare to 4,700 metric tons of goods worth ₹ 8,025 Lakhs during previous financial year 2018-19. There is volume growth of 9% during the year under report although there is value de-growth which is mainly on account of price reduction.

Conductor and Cables

The Company is having installed capacity of 12,000 metric tons per annum of conductor and cables plant. The sales during the financial year under report stood at 1,946 metric tons amounting to ₹ 3,642 Lakhs in compare to 1,788 metric tons of goods worth ₹ 3,810 Lakhs during previous financial year 2018-19, which is higher by 9% in terms of quantity and lower by 4% in terms of gross sales amount. The Company has set up one additional aluminium alloy wire rod plant, which had become operational and production of the same is being captively used for manufacturing of conductors. It is a backward integration of the conductor plant which will result in improved margins in business.

Ferro Alloys

The Company is having installed capacity of 2,500 metric tons per annum of Master Alloys & Ferro Alloys plant. The sales during the financial year under report stood at 882 metric tons amounting to ₹ 2,159 Lakhs in compare to 770 metric tons of goods worth ₹ 2,057 Lakhs during previous financial year 2018-19. It reflects year on year increase in sales volume at the rate of 14% in terms of quantity and 5% in terms of sales amount. The Company expects to grow this business also at 5 to 10% during FY21.

Outlook

The global outbreak of COVID-19 has adversely impacted the non-ferrous metal industry. The correction in non-ferrous metal prices and the expected large-scale slowdown in demand would

Management Discussion and Analysis Report

impact the credit metrics of the primary metal manufacturers.

Globally, construction, transportation, power and automobile sectors are major demand drivers of the three non-ferrous metals and these sectors are strongly correlated with the health of the underlying economies.

Pursuant to increased number of COVID- 19 cases in India, the fourth largest non-ferrous metals consumer in the world, improvement in demand conditions in the near - term remain highly uncertain as on date.

Innovative products and solutions are the key factors to the future demand for aluminium and growth of the industry. In line with light weight, aluminium is anticipated to play a vital role in the automotive industry from 2020 and beyond. Electric Vehicles are expected to witness growth in the coming years as government incentives increase.

Arfin is well placed in this tough market. The Company is an organized player in non-ferrous metals recycling industry. The Company will be benefitted from consolidation of procurement by large steel, automobile and power sector customers. The Company is also pursuing the growth by expanding businesses to domestic as well as overseas markets .

Business Highlights

Aluminium Wire Rod, Aluminium Deox and Aluminium alloy businesses have contributed significantly along with Cored Wire, Ferro Alloys and Conductor verticals during the year. All the business verticals are matured.

The salient points for the business overview of the Company during the financial year 2019-20 are as follows:

- Total net revenue from operations of ₹ 35,857.27 Lakhs in compare to ₹ 41,288 Lakhs

during the previous financial year ended March 31, 2019.

- EBIDTA of (₹ 423.01) Lakhs
- EBIDTA Margins of (1.18%) of Net Sales
- PAT of (₹ 2,157.18) Lakhs
- Basic and diluted earnings per equity share for the year was (₹ 13.57) per share

Risks and Concerns

The Company recognizes that risk is an integral part of business and it is committed to manage the risks in a proactive and efficient manner. Risk evaluation and management is an ongoing process within the organization.

The state of external environment, including factors like interest rates, inflation, and growth in economic activity, rationalization of tax structure, job creation & retention of manpower and consumer sentiment continues to be the biggest source of threat as well as opportunity for the Company. Any slowdown in the economic activity in the country, significant job losses or high rates of inflation can severely impact the consumption and therefore growth of the Company.

The Company's business is exposed to many internal and external risks and it has consequently put in place robust systems and processes along with appropriate review mechanism to actively monitor, manage and mitigate these risks. The Company takes a structured approach to the identification, quantification and hedging of such risks by developing comprehensive Risk Management Policy of the Company which is periodically reviewed by the management.

Risks classified as per Company's Risk Management Policy are

- Strategic Risk
- Operational Risk
- Financial Risk
- Hazardous Risk

Management Discussion and Analysis Report

Other risks include employment risk, industry risk, raw material risk, regulatory risks, cyber security risk, economic uncertainty and price volatility resulting from demand uncertainty etc. Although the board recognizes presence of these risks, but there are no risks which in the opinion of the board threaten the existence of the Company.

Internal Control Systems and its Adequacy

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas.

Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's Risk Management Policies and Systems.

The Company's Internal Control System has been designed to provide for:

- (a) Compliance with applicable Statutes, Policies & Procedures, Rules & Regulations and delegated authority.
- (b) Adherence to applicable Accounting Standards and Policies.
- (c) Proper recording of transactions & timely reporting.
- (d) Effective use of resources and efficient operations.
- (e) Safeguarding of assets.

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented system and framework of Internal Financial Controls, which are adequate and operating effectively.

The Company has well designed policies, procedures & guidelines in place to ensure control of its different areas of business operations and reporting. This includes delegation of powers, various manuals, rules, policies and guidelines formulated by the Company from time to time. The approved policies, procedures & guidelines are effectively and responsibly being used while executing business of the Company. The Company has developed & implemented an Internal Financial Control framework duly approved by the Audit Committee which includes internally entity level policies / processes and operating level standard operating procedures primarily aiming at bringing awareness amongst the officials dealing with affairs of the Company so as to ensure adherence of the policies, procedures, guidelines designed and put in place for effective control. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regard to reporting, operational and compliance risks.

Financial statements are prepared in compliance with applicable Accounting Standards & on the basis of the Significant Accounting Policies as adopted by the Company and duly approved by the Audit Committee and the Board. These Policies apply uniformly across the Company. The Accounting Policies supported by standard operating procedures are reviewed and updated from time to time. The Company uses ERP software as a business enabler and also to maintain its books of account. The Standard Operating Procedures and transactional controls built into the ERP software ensure proper recording, approval mechanisms and maintenance of records. The systems, standard operating procedures and controls are reviewed by the management from time to time.

During the year, controls were tested and no reportable material weakness in design and effectiveness was observed as certified by Internal Auditors and as opinion given by Statutory Auditors

Management Discussion and Analysis Report

in their report. The Company recognizes that the internal control framework needs to be regularly reviewed & revised to ensure that such systems are reinforced on an ongoing basis in consonance with changing business environment.

Financial Performance *vis-à-vis* Operational Performance

Details with respect to financial performance *vis-à-vis* operational performance are given at the end of this Management Discussion and Analysis Report.

Human Relations / Industrial Relations

Manpower strength of the Company as on March 31, 2020 was 229 as against 271 at the last day of the previous financial year.

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. The year under review witnessed a very positive industrial relations scenario across all manufacturing and administrative locations of the Company. The Company's well-being strategy aims to create a working environment

that is supportive of employees' personal lives, while meeting your Company's business needs.

The Company's focus continues towards propagating proactive and employee centric practices. Industrial relations remained cordial during the year. The Company places a great deal of confidence on its excellent pool of human resources, which it realizes is the key to its growth strategy.

Sustainable, profitable growth can only be achieved in an organisation which focuses on a performance culture and where employees are engaged and empowered to be the best they can be. The Company focuses on four aspects of well-being – physical, mental, emotional and purposeful. A safe work environment is non-negotiable, for which the Company being a responsible corporate citizen always gives utmost importance to safety, occupational health and environment and is committed to maintain sustainable work environment across all its manufacturing units. The Company places high importance on the development of its human resources.

Key Financial Ratios

The Company has identified the following ratios as its key financial Ratios:

Particulars	2019-20	2018-19
Debtors Turnover (Days)	28	38
Inventory Turnover (Days)	98	91
Interest Coverage Ratio (PBIT / Finance Cost)	(0.51)	1.84
Debt-Service Ratio (PBDIT / Finance Cost)	(0.31)	2.02
Cost of Goods Sold / Net Sales (%)	82.59	81.03
Current Ratio (Current Assets / Current Liabilities)	1.19	1.34
Debt Equity Ratio (x)	1.69	1.32
Operating Profit Margin (PBDIT / Net Sales)	(1.18%)	5.76%
Net Profit Margin (Net Profit / Net Sales)	(6.02%)	1.59%

Management Discussion and Analysis Report

Return on Net Worth

The detail of return on net worth is given below:

Particulars	2019-20	2018-19
Return on Net Worth (Net Profit / Average Net Worth)	(28.55%)	7.77%

Return on Net worth (RONW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing net profit by average capital employed during the year. Net profit has declined from ₹ 656.16 Lakhs to (₹ 2,157.18) Lakhs which is mainly on account of sundry balances written off amounting to ₹ 2,523.97 Lakhs of Essar Steel India Limited, decline in sales and decrease in operating profit.

Net loss of ₹ 2157 Lakhs has reduced the net worth of the Company in compare to previous year which has led to a higher debt equity ratio. Further, the Company has identified aspects for the same and has taken suitable measures to improve net profit margin for upcoming periods.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable Laws and Regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities over which the Company does not have any direct control.

Review of Financial Performance of the Company for the Period under Report

Sales

The Company has reported Net Income from Operations of ₹ 35,857 Lakhs during the year in compare to ₹ 41,288 Lakhs during the previous financial year. There was impact of price reduction globally due to which sales value has gone down in compare to previous year. However, Sales volume has increased during the year under report in compare to previous year which is a positive sign for business growth of the Company going forward.

Profit Before Tax

Profit before tax of the Company for financial year ended March 31, 2020 stood at (₹ 2,050.24) Lakhs as compared to ₹ 994.49 Lakhs during the previous financial year 2018-19.

Interest

Financial cost outflow has increased from ₹ 1,178.52 Lakhs during the previous year 2018-19 to ₹ 1,361.51 Lakhs in 2019-20. The interest & financial charges cover for financial year ended March 31, 2020 under review is (0.31) times as compared to 2.02 times in the previous financial year.

Net Profit

Net profit for the financial year under report stood at (₹ 2,157.18) Lakhs as compared to ₹ 656.16 Lakhs in the previous financial year.

Dividend

The Board has not recommended any dividend on equity shares for the financial year ended on March 31, 2020 due to losses incurred by the Company in the financial year under report.

Capital Employed

The capital employed in the business was decreased

by ₹ 2,567.09 Lakhs for financial year ended March 31, 2020. This is reflected in the liabilities side of the balance sheet through decrease in shareholder's fund by ₹ 2,134.53 Lakhs and decrease in total borrowings by ₹ 432.56 Lakhs. Return on capital employed for the year was (2.26%).

Equity Share Capital

As at March 31, 2020, the Company's issued, subscribed and paid-up equity share capital stood at 1,58,92,405 equity shares of ₹ 10/- each amounting to total paid up equity share capital of ₹ 15,89,24,050/-.

During the financial year under report, the Company has not issued any further equity shares.

Debt Equity

Debt equity ratio of the Company was 1.69 as at March 31, 2020 in compare to 1.32 as at March 31, 2019.

Earnings Per Share

The Company's basic and diluted earnings per equity share for the financial year ended March 31, 2020 remains at (₹ 13.57) in compare to ₹ 4.61 for the previous financial year 2018-19.

Cash Earnings Per Share

The Company's cash earnings per equity share for the financial year ended March 31, 2020 stood at (₹ 11.90) in compare to ₹ 6.04 in the previous financial year 2018-19.

Notice

NOTICE is hereby given that the **28th Annual General Meeting** of the members of the Company, **Arfin India Limited** is scheduled to be held on Monday, September 28, 2020 at 11:00 a.m. (IST) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following businesses:

Ordinary Businesses

1. Adoption of Financial Statements

To receive, consider and adopt the audited financial statements of the Company for the financial year ended on March 31, 2020 and the Reports of the board of directors and auditors thereon.

2. Appointment of Director(s) Retiring by Rotation

To appoint a director in place of Mr. Jatin M. Shah (DIN: 00182683), who retires by rotation and being eligible, offers himself for re-appointment.

Special Businesses

3. Appointment of Mr. Hardik Shantilal Hundia (DIN: 02022246) as an Independent Director

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of section 149, 150, 152, 160 and other provisions, if any, applicable to the Company, for the time being in force, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the provisions of Schedule IV of the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the articles of association

of the Company, appointment of Mr. Hardik Shantilal Hundia (in respect of whom, the Company has, pursuant to the provisions of Section 160 of the Companies Act, 2013, received a notice in writing from a member proposing his candidature for the office of Independent Director) made by the board of directors at its meeting held on Monday, January 27, 2020, be and is hereby approved by the members of the Company for a term of five consecutive years effective from the date of the board meeting stated above and that Mr. Hardik Shantilal Hundia shall not be liable to retire by rotation.

4. Appointment of Mr. Jitendra Shankerlal Shah (DIN: 08781998) as an Independent Director

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160 and other provisions, if any, applicable to the Company, for the time being in force, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the provisions of Schedule IV of the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the articles of association of the Company, appointment of Mr. Jitendra Shankerlal Shah (in respect of whom, the Company has, pursuant to the provisions of Section 160 of the Companies Act, 2013, received a notice in writing from a member proposing his candidature for the office of Independent Director) made by the board of directors at its meeting held on Saturday, July 4, 2020 be and is hereby approved by the members of the Company for a term of five consecutive

Notice

years effective from the date of the board meeting stated above and that Mr. Jitendra Shankerlal Shah shall not be liable to retire by rotation.”

5. Ratification of Remuneration Payable to Cost Auditors

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and

the Companies (Cost Records and Audit) Rules, 2014 including any amendment, modification or variation thereof, the Company hereby ratifies the remuneration of ₹ 40,000 (Rupees Forty Thousand Only) plus GST and out of pocket expenses payable to M/s. Ashish Bhavsar & Associates, Cost Accountants (FRN: 000387) who have been appointed by the board of directors as cost auditors of the Company, to conduct audit of cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules 2014, for the financial year ending on March 31, 2021.”

Registered Office

B-302, 3rd Floor, Pelican House,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad – 380009,
Gujarat, India.
CIN: L65990GJ1992PLC017460
Tel. No.: +91 79 26583791, 92
Email: investors@arfin.co.in
Website: www.arfin.co.in

For and on Behalf of Board of Directors

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Place: Ahmedabad
Date: July 31, 2020

Notes

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto.
 2. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 28th AGM of the Company shall be conducted through VC / OAVM. National Securities Depository Limited ('NSDL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 9 below and is also available on the website of the Company at www.arfin.co.in.
 3. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
 4. Institutional / Corporate Members are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorizing its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, on email id of the Scrutinizer kshahcs@yahoo.co.in and the email id of Company at cs@arfin.co.in.
 5. The register of members and share transfer books of the Company will be closed from Tuesday, September 22, 2020 to Monday, September 28, 2020 (both days inclusive) for the purpose of Annual General Meeting.
- ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:**
6. In accordance with, the General Circular No. 20/2020 dated May 05, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including report of board of directors, auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to members whose e-mail address is registered with the Company or the Depository Participant(s).
 7. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the RTA of the Company on the email id mcsstaahmd@gmail.com along with the copy of the signed request letter mentioning the name and address of the member, self-attested copy of the PAN Card, and self-attested copy of any document (e.g.: Driving License, Election Identity Card, Passport) in support of the address of the member. Members holding shares in dematerialized mode are

Notes

requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, members may write to RTA of the Company on the email id mcsstaahmd@gmail.com.

8. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.arfin.co.in, on the website of BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM

9. Members will be provided a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholders / members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
10. The members can join the AGM in the VC / OAVM mode 15 minutes before and 5 minutes after the scheduled time of the meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
11. Members who need assistance before or during the AGM can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in / 022-24994360 / +91 9920264780 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at sagar.ghosalkar@nsdl.co.in / 022-24994553 / +91 9326781467.
12. Members are encouraged to join the meeting through laptops for better experience.
13. Further members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
14. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
15. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
16. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended),

Notes

and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-Voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

17. AGM has been convened through VC / OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 20/2020 dated May 05, 2020.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

18. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, members are encouraged to express their views / send their queries in advance mentioning their name demat account number / folio number, email id, mobile number at investors@arfin.co.in. Questions / queries received by the Company till 5.00 p.m. IST on September 23, 2020 shall only be considered and responded during the AGM.
19. Members who would like to express their views or ask questions during the AGM may use chat facility to raise questions to moderator. The moderator then will ask one by one question during the meeting. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a

speaker shareholder and may send their request mentioning their name, demat account number / folio number, email id, mobile number at investor@arfin.co.in. Those shareholders who have registered themselves as a speaker shareholder will only be allowed to express their views / ask questions during the meeting.

20. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

21. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-Voting period begins on Friday, September 25, 2020 at 9:00 AM (IST) and ends on Sunday, September 27, 2020 at 5:00 PM (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter.

During this period, members holding shares either in physical form or in dematerialized form, as on **Monday, September 21, 2020** i.e. cut-off date, may cast their vote electronically. Those members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM. Any recipient of the notice, who has no voting rights as on cut-off date, shall treat this notice as information only.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

- Step 1: Login to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Notes

Step 2: Cast your vote electronically on NSDL e-Voting system.

DETAILS ON STEP-1 IS MENTIONED BELOW:-

How to Login to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is
4. Your User ID details are given below :

Manner of Holding Shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300*** 12*****.
b) For members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For members holding shares in physical form.	EVEN Number followed by folio number registered with the Company For example if folio number is 001*** and EVEN of Company is 113734 then user ID is 113734001***.

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial

available under 'shareholders' section.

3. A new screen will open. You will have to enter your user ID, your password and a verification code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL e-services after using your login credentials, click on e-Voting and you can proceed to step 2 i.e. cast your vote electronically.

password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is

Notes

your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details / Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) “Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, home page of e-Voting will open.

A DETAIL ON STEP-2 IS GIVEN BELOW:-

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step-1, you will be able to see the home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of Arfin India Limited, which is 113734.
4. Now you are ready for e-Voting as the voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

GENERAL GUIDELINES FOR SHAREHOLDERS

Institutional shareholders (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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to kshahcs@yahoo.co.in with a copy marked to evoting@nsdl.co.in.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go

Notes

through the “Forgot User Details / Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

In case of any grievances connected with facility for e-Voting, please contact
Ms. Pallavi Mhatre, Manager, NSDL,
4th Floor, 'A' Wing, Trade World,
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai – 400013.
Email: evoting@nsdl.co.in / pallavid@nsdl.co.in,
Tel: +91-22-2499 4545 / 1800-222-990

22. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

- (i) In case shares are held in physical mode please provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN Card), and AADHAR (self-attested scanned copy of Aadhar Card), and communication details by email to investors@arfin.co.in. Members may write to RTA of the Company on the email id mcsstaahmd@gmail.com.
- (ii) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of consolidated account

statement, PAN (self-attested scanned copy of PAN Card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@arfin.co.in.

23. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- (i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- (ii) Only those members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- (iii) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (iv) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

GENERAL INFORMATION

24. Members are requested to note that pursuant to the provisions of Section 124 of the Companies Act, 2013, the amount of dividend unclaimed or unpaid for a period of 7 years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education & Protection Fund (IEPF) set up by Government of India and no claim shall lie against the Company after the transfer of Unpaid or Unclaimed Dividend amount to the Government.

Notes

The following are the details of dividend paid by the Company and their respective due dates of transfer to such fund of the Central Government, which remains unpaid:

Sr. No.	Financial Year	Type of Dividend	Unclaimed / Unpaid Dividend (₹)	Corresponding Equity Shares	Due Date of Transfer
1	2014-15	Final Dividend	85,750	85,750	03/11/2022
2	2015-16	Final Dividend	1,86,912	1,24,608	17/10/2023
3	2016-17	Final Dividend	1,28,360	64,180	17/10/2024
4	2017-18	Final Dividend	2,29,330	1,14,665	31/10/2025

The members are also requested to note that all shares on which dividend remains unclaimed for seven consecutive years or more shall be transferred to the IEPF account in compliance with Section 124 of the Companies Act, 2013 and the applicable Rules. In view of this, members are requested to claim their dividends from the Company, within the stipulated time line. The members, whose unclaimed dividends / shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

25. Details as per Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking re-appointment at the AGM, forms integral part of the Notice. Other details as required under Secretarial Standard – 2 are included in the Corporate Governance Report, which forms part of the Annual Report. The Directors have furnished the requisite consents / declarations for their re-appointment.

26. The members, who still hold share certificates in physical form, are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since the trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of possibility of loss of documents and bad deliveries.

27. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to

register the same by submitting Form No. SH-13. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, MCS Share Transfer Agent Limited at mcsstaahmd@gmail.com, in case the shares are held in physical form.

28. The Company has appointed Mr. Kamlesh M. Shah, proprietor of M/s. Kamlesh M. Shah & Co., Practicing Company Secretary, Ahmedabad (ICSI membership number: ACS 8356, certificate of practice number: 2072), who in the opinion of the board is a duly qualified person as a scrutinizer to scrutinize the voting processes in a fair and transparent manner.

29. The scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, count votes cast at the meeting, thereafter unblock votes cast through remote e-Voting in presence of at least two witnesses not in employment of the Company and present a consolidated scrutinizers' report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by

Notes

him in writing who shall countersign the same.

30. The results declared along with the scrutinizer's report shall be placed on the Company's website www.arfin.co.in and on the website of NSDL at www.evoting.nSDL.com and shall be communicated to the stock exchange within the time prescribed by the law.

31. The resolution shall be deemed to be passed on the date of the annual general meeting, subject to the same being with requisite majority.

PROCEDURE FOR INSPECTION OF DOCUMENTS

32 All the documents referred to in the accompanying Notice and Explanatory

Statements, shall be available for inspection through electronic mode, for which the request required to be sent on and before September 23, 2020.

33. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to September 23, 2020. Members seeking to inspect such documents can send an email to investors@arfin.co.in.

Registered Office

B-302, 3rd Floor, Pelican House,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad – 380009,
Gujarat, India.
CIN: L65990GJ1992PLC017460
Tel. No.: +91 79 26583791, 92
Email: investors@arfin.co.in
Website: www.arfin.co.in

For and on Behalf of Board of Directors

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Place: Ahmedabad
Date: July 31, 2020

Explanatory Statement

Pursuant to Section 102 of the Companies Act, 2013 (including additional information on director(s) recommended for appointment / re-appointment as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under the secretarial standards on general meetings)

In Respect of Item No. 3 & 4

Based on the recommendation of the Nomination & Remuneration Committee, the board of directors of the Company has at its meetings held on Monday, January 27, 2020 and Saturday, July 4, 2020, appointed Mr. Hardik Shantilal Hundia (DIN: 02022246) and Mr. Jitendra Shankerlal Shah (DIN: 08781998) as Additional Independent Directors of the Company respectively under Section 161(1) of the Act to hold office for a period of five consecutive years from the date of their appointment at the respective board meetings, subject to consent by the members of the Company at the ensuing annual general meeting (AGM), and the Independent Directors shall not be liable to retire by rotation.

As additional directors, Mr. Hardik Shantilal Hundia and Mr. Jitendra Shankerlal Shah hold the office of Independent Director from the date of their appointment(s) till the ensuing annual general meeting. The Company has received notice(s) pursuant to the provisions of Section 160(1) of the Companies Act, 2013 (the Act) from member(s) signifying his / her / their intention to propose the

appointment of both the proposed Independent Directors of the Company.

The Company has also received declarations from both the proposed Independent Directors that they meet the criteria of independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and that they are also not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013 and have given their consent to act as directors of the Company.

In the opinion of the board, both the proposed appointees fulfill the conditions for their appointment as Independent Directors as specified in the Act and the Listing Regulations and they are independent to the management and the Company.

Pursuant to Regulation 36(3) of the Listing Regulations and secretarial standards on general meetings, information of the director(s) proposed for appointment / re-appointment is given below:

Details of Directors Retiring by Rotation / Seeking Appointment / Re-Appointment at the ensuing Annual General Meeting

Particulars	Mr. Hardik Shantilal Hundia	Mr. Jitendra Shankerlal Shah
Director identification number	02022246	08781998
Date of appointment at current designation	January 27, 2020	July 4, 2020
Brief resume of the director including nature of expertise in specific functional areas	Mr. Hardik Shantilal Hundia, aged around 40 years is a qualified chartered accountant, cost accountant and bachelor of commerce.	Mr. Jitendra Shankerlal Shah, aged around 50 years is a commerce graduate from Gujarat University.

Explanatory Statement

Details of Directors Retiring by Rotation / Seeking Appointment / Re-Appointment at the ensuing Annual General Meeting

Particulars	Mr. Hardik Shantilal Hundia	Mr. Jitendra Shankerlal Shah
	<p>Over 18+ years of experience contributes excellence in the fields of strategic management, corporate financing and generic management etc. into his nature of expertise. Mr. Hundia has also gained an honour of being previously associated with Punj Lloyd Limited as an executive vice president. At present, Mr. Hundia is pursuing his carrier as a self-employed professional.</p> <p>He is having extensive experience in doing successful business in India. His nature of expertise also includes strategic management, corporate finance, and corporate governance.</p>	<p>Mr. Jitendra Shankerlal Shah has gained over 25+ years of business experience in manufacturing, trading and export businesses which contributes excellence in the fields of risk management, strategic management, corporate financing and generic management etc. into his nature of expertise.</p>
No. of shares held in the Company as on March 31, 2020	NIL	445 Equity Shares
Directorships and committee memberships in other Companies	NIL	NIL
Inter-se relationships between director	Independent to the Company & its directors	Independent to the Company & its directors

The above qualification and expertise of both the proposed appointees shall be considered as justification for choosing them as Independent Directors of the Company.

Except both the proposed appointees in general, none of the directors, key managerial personnel and relatives of the directors / key managerial personnel of the Company is interested in the proposed resolutions.

It is in the Company's interest that it should avail their services as members of the board. Accordingly, the board recommends the resolutions in relation to appointment of Mr. Hardik Shantilal Hundia and Mr. Jitendra Shankerlal Shah, as Independent Directors, for the approval by shareholders of the Company.

In Respect of Item No. 5

The board, on the recommendation of the Audit Committee, has approved the re-appointment and

Explanatory Statement

remuneration of M/s. Ashish Bhavsar & Associates, Cost Accountants, Ahmedabad, (FRN: 000387) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2021. In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be subsequently ratified by the members of the Company. Accordingly, consent of

the members is sought for passing an ordinary resolution as set out in this item of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2021. None of the directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution. The Board of Directors recommends the resolution for member's approval.

Registered Office

B-302, 3rd Floor, Pelican House,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad – 380009,
Gujarat, India.

CIN: L65990GJ1992PLC017460

Tel. No.: +91 79 26583791, 92

Email: investors@arfin.co.in

Website: www.arfin.co.in

For and on Behalf of Board of Directors

Mahendra R. Shah

(Chairman)

(DIN: 00182746)

Place: Ahmedabad

Date: July 31, 2020

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report on the businesses and operations of the Company together with Audited Accounts for the financial year ended on March 31, 2020.

1. Financial Summary

₹ In Lakhs

Particulars	2019-20	2018-19
Revenue from Operations	35,857.27	41,288.05
Other Income	161.44	56.44
Total Income	36,018.71	41,344.49
Total Expenses	38,068.96	40,350.00
Profit / (Loss) Before Tax	(2,050.24)	994.49
Provisions for Income Tax including Deferred Tax	106.94	338.33
Profit / (Loss) After Tax	(2,157.18)	656.16
Other Comprehensive Income	22.65	21.75
Total Comprehensive Income for the Period	(2,134.53)	677.91
Earnings per Equity Share		
Basic	(13.57)	4.61
Diluted	(13.57)	4.61
Proposed Dividend	0.00	0.00
Transfer to General Reserves	0.00	50.00
Profit Carried to Balance Sheet	(2,157.18)	656.16
Accumulated Balance of Profit	1,718.31	3,875.49

Financial Highlights and State of Company's Affairs

The revenue from operation for the financial year 2019-20 stands at ₹ 35,857.27 Lakhs in compare to ₹ 41,288.05 Lakhs for previous financial year 2018-19. Total net profit for the year stood at (₹ 2,157.18) Lakhs in compare to ₹ 656.16 Lakhs for the previous financial year 2018-19.

During the year the Company has written off ₹ 2,523.97 Lakhs of Essar Steel India Limited. The Hon'ble Supreme Court of India, vide its order dated November 15, 2019 in the matter of Essar Steel India Limited "Corporate Debtor" under the Insolvency and Bankruptcy Code, 2016 upheld the primacy of financial creditors in the distribution of funds received under the corporate insolvency scheme. The Company being an operational creditor has recovered part of the outstanding due through the

corporate insolvency scheme as approved by the Committee of Creditors on March 27, 2019 and the balance outstanding amount of ₹ 2,523.97 Lakhs as on the date of filing of application (i.e. August 02, 2017) of Essar Steel matter to NCLT under IBC Act, has been written off and netted under the head "Sundry Balances Written Off".

2. Transfer to Reserve

The closing balance of the retained earnings of the Company for FY 2020, after all appropriation and adjustments was ₹ 1,718.31 Lakhs. The Board of Directors of the Company has not proposed any amount to be transferred to the General Reserve.

3. Dividend

The Board has not recommended any dividend on equity shares for the financial year ended on March 31, 2020 due to losses incurred by the Company.

Directors' Report

4. Listing on Stock Exchanges

As on March 31, 2020, the equity shares of the Company were listed on BSE Limited and The Calcutta Stock Exchange Limited. The Company has paid the annual listing fees for the financial year ending on March 31, 2020 within time.

The equity shares of the Company have been delisted from The Calcutta Stock Exchange Limited w.e.f. July 23, 2020.

5. Details in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements and Audit

The Company has designed and implemented process driven framework for internal financial controls within the meaning of explanation to Section 134(5)(e) of the Act.

For the year ended on March 31, 2020, the board is of the opinion that the Company has adequate internal control systems commensurate with the size, scale and complexity of its business operations. The internal control systems comprising of policies and procedures are designed to ensure sound management of your Company's operations, safe keeping of its assets, optimal utilization of resources, reliability of its financial information and compliances. The internal financial control operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

The Board of Directors at the recommendations of the Audit Committee appointed Mr. Anant Patel, Cost Accountant, as Internal Auditor of the Company for the financial year 2020-21.

Other details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

6. Details of Subsidiary / Joint Venture / Associate Companies

The Company doesn't have any subsidiary, joint venture or associate Company. Group Companies to the Arfin India Limited includes Krish Ferro Industries Private Limited and Arfin Alucop Private Limited.

7. Material Changes, Transactions and Commitment, if any, affecting the Financial Position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the closure of financial year on March 31, 2020 to which the financial statements relate and on the date of this report.

8. Significant and Material Orders passed by the Regulators or Courts

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations. However, members attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the financial statements under note no. 35.

9. Deposits

During the financial year under report, your Company has not accepted any deposits within the meaning of Sections 73 & 74 of the Companies Act, 2013, and the Companies (Acceptance of Deposits) Rules, 2014, as amended, nor did it have any amount of deposits carried forward from the previous financial year.

Directors' Report

10. Statutory Auditors

M/s. Sanjay Bajoria & Associates, Chartered Accountants, Ahmedabad (FRN: 117443W) were appointed as Statutory Auditors of the Company to hold the office for a term of five years from the conclusion of the 26th annual general meeting held on September 24, 2018 until the conclusion of the 31st annual general meeting of the Company.

Pursuant to the notification dated May 7, 2018 issued by the Ministry of Corporate Affairs ("The Companies Amendment Act, 2017") amending Section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Statutory Auditors by members at every annual general meeting has been omitted and hence your Company has not proposed ratification of appointment of M/s. Sanjay Bajoria & Associates, Chartered Accountants, at the ensuing annual general meeting.

The Auditors' Report issued by M/s. Sanjay Bajoria & Associates, for the financial year ended on March 31, 2020 forms part of this annual report and there is no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors in their report.

11. Compliance with Secretarial Standards

The Company complies with all applicable mandatory secretarial standard issued by the Institute of Company Secretaries of India.

12. Secretarial Auditors

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 of Directors of your Company has re-appointed M/s. Kamlesh M. Shah & Co., Practicing Company Secretary,

Ahmedabad as Secretarial Auditors to conduct an audit of secretarial records and compliances of the Company, for the financial year ending on March 31, 2021. The secretarial audit report for the financial year ended on March 31, 2020 is annexed herewith as **Annexure – 5** and the same is unmodified i.e. does not contain any qualification, reservation, adverse remark or disclaimer.

13. Reporting of Frauds by Auditors

During the year under report, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees.

14. Cost Auditors

The board has on the recommendation of the Audit Committee, appointed M/s. Ashish Bhavsar & Associates, Cost Accountant (FRN: 000387), as a Cost Auditor for conducting the Audit of Cost records of the Company for the financial year 2019-20 as well as for financial year 2020-21. M/s. Ashish Bhavsar & Associates, have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Audit Committee has also received a certificate from Cost Auditors certifying their independence and arm's length relationship with the Company. As per the provisions of the Companies Act, 2013, the remuneration payable to Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration

Directors' Report

payable to M/s. Ashish Bhavsar & Associates, Cost Auditor is included in the notice convening the ensuing annual general meeting.

15. Share Capital

During the financial year under report, the Company has not issued any further share capital.

The detail of the capital structure of the Company is tabulated as below:

Event Date	Particulars	Authorised Share Capital		Issued, Subscribed and Paid-up Share Capital	
		No. of Equity Shares	Amount in ₹	No. of Equity Shares	Amount in ₹
April 1, 2019	Share capital at the beginning of the financial year	3,15,00,000	31,50,00,000	1,58,92,405	15,89,24,050
	Changes during the year	NA	NA	NA	NA
March 31, 2020	Resultant share capital / capital at the end of the financial year	3,15,00,000	31,50,00,000	1,58,92,405	15,89,24,050

16. Directors & Key Managerial Personnel

I. Details of KMPs and Appointments

During the financial year under report, followings have been designated as the key managerial personnel of the Company pursuant to Sections 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Mahendra R. Shah – Chairman & Whole Time Director
- Mr. Jatin M. Shah – Managing Director
- Mr. Vijay Lathi – Chief Financial Officer
- Ms. Hetal Koradia – Company Secretary¹

¹Appointed w.e.f. May 27, 2019

There is change in the composition of Board of Directors of the Company during the financial year ending on March 31, 2020 details of which are given herein further.

Appointment of Independent Director

Based on the recommendations of the

Nomination & Remuneration Committee, the Board of Directors of the Company has at its meetings held on January 27, 2020 and on July 4, 2020 appointed Mr. Hardik Shantilal Hundia (DIN: 02022246) and Mr. Jitendra Shankerlal Shah (DIN: 08781998) respectively, as Additional Independent Director(s) of the Company to hold office for a period of five consecutive years from the date of their appointment at the respective board meeting(s). As Additional Director(s), Mr. Hundia and Mr. Jitendra Shah hold the office of Independent Director(s) from the date of their appointments till the date of ensuing annual general meeting or due date thereof.

The board recommends the resolutions in relation to appointment of Mr. Hardik Shantilal Hundia and Mr. Jitendra Shankerlal Shah as Independent Director(s), for the approval by shareholders of the Company.

Pursuant to the provisions of Section 149 of the Act, all the Independent Directors have submitted declarations that each of them

Directors' Report

meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There has been no change in the circumstances affecting their status as Independent Directors of the Company.

Appointment of Company Secretary and Compliance Officer

Ms. Hetal Koradia, a member of the Institute of Company Secretaries of India (ICSI) has been appointed as Company Secretary and Compliance Officer of the Company at the meeting of Board of Directors held on May 27, 2019.

II. Cessations

Ms. Kruti Sheth has resigned and thus ceases to be Company Secretary & Compliance Officer of the Company w.e.f. April 10, 2019.

Mr. Shantilal Mehta (DIN: 06459451) has resigned from the post of Non-Executive Independent Director of the Company with effect from October 01, 2019.

Mr. Dineshchandra M. Shah (DIN: 02479309) has resigned from the post of Non-Executive Independent Director of the Company with effect from January 27, 2020.

The board places on record its sincere appreciation for the valuable services rendered by the outgoing directors and the Company Secretary during their tenure.

III. Retirement by Rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and the articles of association of the Company,

Mr. Jatin M. Shah (DIN: 00182683) will retire by rotation at this annual general meeting and being eligible, he offers himself for re-appointment. The board recommends his appointment.

IV. Evaluation of the Board's Performance

Pursuant to the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board has carried out an annual evaluation of its own performance and that of its committees as well as performance of the directors individually considering various aspects of the board's functioning such as adequacy of the composition of the board & and its committee(s), board culture, experience & competencies, execution and performance of specific duties & obligations, governance etc.

Separate exercise was carried out to evaluate the performance of each of the individual directors including the board's chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgments, safeguarding of minority shareholders' interest etc.

The evaluation of the Independent Directors was carried out by the entire board excluding Independent Directors and that of the Chairman and the performance evaluation of the Non-Independent Director and the board as a whole was carried out by the Independent Directors.

The performance evaluation of the Executive Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Managing Director and other Non-Executive Director(s).

Directors' Report

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the board and its committees with the Company. This may be considered as a statement under provisions of Section 134(3)(p) of the Companies Act, 2013 and Rule 8(4) of the Companies (Accounts) Rules, 2014. As at closure of the financial year, the board of your Company is composed with proper number of Executive and Non-Executive Director(s).

V. Remuneration Policy

The Company follows a policy on remuneration of directors and senior management employees. The policy has been approved by the Nomination & Remuneration Committee and the board. More details on the same have been given in the corporate governance report. The policy on remuneration of directors, key managerial personnel and senior employees can be accessed on website of the Company at the following web link: <http://arfin.co.in/pdf/policies/remuneration-of-directors-key-managerial-personnel-and-senior-employees-policy.pdf>.

17. Number of Meetings of Board of Directors

The board of directors met 9 times during the financial year ended on March 31, 2020. The details of the board meetings and the attendance of the directors are provided in the corporate governance report, which is a part of this report.

18. Audit Committee

The Audit Committee of the Company is constituted with Mr. Hardik Shantilal Hundia as Chairman and Mr. Mukesh Shankerlal Chowdhary and Mr. Mahendra R. Shah as members of the committee. All the

recommendations, if any, made by the Audit Committee were accepted by the Board of Directors during the period under report. More details on the Audit Committee have been provided in the corporate governance report.

19. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted unanimously by the Non-Executive Directors of the Company. Mr. Mukesh Shankerlal Chowdhary holds position of Chairman of the committee and Mr. Hardik Shantilal Hundia and Mr. Jitendra Shankerlal Shah are members of the committee.

Due to countrywide lockdown on account of COVID-19 pandemic during the month of March to June 2020, the Company could not comply with the provisions of Regulation 19(1) of the SEBI (Listing Obligation and Disclosure Requirement) 2015 due to failure of filling of casual vacancy occurred by resignation within period of three months from the date of the resignation, due to delay in finding the suitable person for the said post. The Policy, required to be formulated by the Nomination and Remuneration Committee, under Section 178(3) of the Companies Act, 2013 is uploaded on the Company's website at the following web link: <http://arfin.co.in/pdf/policies/remuneration-of-directors-key-managerial-personnel-and-senior-employees-policy.pdf>.

More details on the committee have been provided in the corporate governance report.

20. Stakeholder Relationship Committee

In order to redress the grievances of stakeholders timely and in efficient manner and as statutorily required, the Company has formulated a committee named Stakeholder Relationship

Directors' Report

Committee which is headed by Mr. Mukesh Shankerlal Chowdhary as Chairman and is further constituted with Mr. Mahendra R. Shah, Mrs. Pushpa M. Shah and Ms. Hetal Koradia as members of the committee.

More details on the committee have been provided in the corporate governance report.

21. Internal Complaints Committee (ICC)

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral and provides the employees safety against harassment, if any. The said Policy adopted by the Company for prevention of sexual harassment at workplace is available on its website at the following web link: <http://arfin.co.in/pdf/policies/prevention-of-sexual-harassment-policy.pdf>.

During the financial year ended on March 31, 2020, the Company did not receive any complaint pertaining to sexual harassment.

22. Related Party Transactions

All the Related Party Transactions, if any, are being entered on arm's length basis, in ordinary course of business and in compliance with the applicable provisions of the Companies Act, 2013 and relevant Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your directors further confirm that there were no

materially significant Related Party Transactions made by the Company with promoters, directors or key managerial personnel etc. which may have potential conflict with the interest of the Company at large. All the Related Party Transactions are presented to the audit committee and to the board. Omnibus approval has been obtained from Audit Committee, Board of Directors and members of the Company for the transactions with the related parties.

The policy on Related Party Transactions as approved by the board has been uploaded on the company's website at the following weblink: <http://arfin.co.in/pdf/policies/related-party-transactions-policy.pdf>.

23. Establishment of Vigil Mechanism / Whistle Blower Policy for Directors and Employees

The Company promotes ethical behavior in all its business activities and has put in place a mechanism wherein the employees are free to report illegal or unethical behavior, improper practice, wrongful conduct taking place, actual or suspected fraud or violation of the Company's code of conduct or corporate governance policies or any improper activity to the chairman of the Audit Committee of the Company or to the Chairman of the board. The Whistle Blower Policy has been duly communicated within the Company.

Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. No personnel have been denied access to the audit committee in this regard. The said Vigil Mechanism / Whistle Blower Policy has been uploaded on website of the Company and can be accessed at the

Directors' Report

following web link: <http://arfin.co.in/pdf/policies/vigil-mechanism-or-whistle-blower-policy.pdf>.

24. Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

The Company did not provide any guarantee in respect of loans availed by any other person, under the provisions of Section 186 of the Companies Act, 2013 and Rules framed thereunder during the financial year under report. Details of loans and investments covered under the provisions of Section 186 are given in the notes forming part of the financial statements which form part of this annual report.

25. Managerial Remuneration

The Company follows a policy on remuneration of directors, KMP and senior management employees. The Company has paid remuneration to the Executive as well as sitting fees to the Non-Executive Directors during the financial year under report. More details on the managerial remuneration has been given in the extract of annual return and in the corporate governance report.

26. Management Discussion & Analysis Report

A detailed analysis of the Company's performance is made in the management discussion and analysis report, which forms part of this annual report.

27. Corporate Governance Report

The Company has a rich legacy of ethical governance practices many of which were implemented by the company, even before they were mandated by Law.

The Company is committed to transparency in

all its dealings and places high emphasis on business ethics. A report on corporate governance as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this annual report.

28. Code of Conduct

The Board has laid down a Code of Conduct ("Code") for the board members, managerial personnel and for senior management employees of the Company. This Code has been posted on the Company's website at <http://arfin.co.in/code-conduct.html>.

All the board members and senior management personnel have affirmed compliance with this code. A declaration signed by the Managing Director to this effect forms part of the corporate governance report.

The board has also laid down a Code of Conduct for the Independent Directors pursuant to the provisions of Section 149(8) and Schedule IV to the Companies Act, 2013 via terms and conditions for appointment of Independent Directors, which is a guide to the professional conduct for Independent Directors and has been uploaded on the website of the Company at the following weblink: <http://arfin.co.in/pdf/disclosures/terms-and-conditions-of-appointment-of-independent-directors.pdf>.

29. Risk Management Policy

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of risks associated with the business of the Company.

The Company has developed Risk Management

Directors' Report

Policy in accordance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("SEBI Listing Regulations"). It establishes various levels of accountability and overview within the Company, while vesting identified officials with responsibility for each significant risk.

The Board has delegated responsibility to the Committee to monitor and review risk management, assessment and minimization procedures and to develop, implement and monitor the risk management plan and identify, review and mitigate all elements of risks which the Company may be exposed to. The Audit Committee and the Board also periodically review the risk management assessment and minimization procedures.

The Board takes responsibility for the overall process of risk management in the organization. Through Enterprise Risk Management Programme, business units and corporate functions address opportunities and attend the risks with an institutionalized approach aligned to the Company's objectives. This is facilitated by internal audit.

The business risk is managed through cross functional involvement and communication across businesses. A Risk Management Policy adopted by the board in this regard includes identification of elements of risks which mainly covers strategic risk, operational risk, financial risk and hazardous risks which can be accessed from the website of the Company at the following web link: <http://arfin.co.in/pdf/policies/risk-management-policy.pdf>.

More details on the risk and concern factors have been given in the management discussion and analysis report.

30. Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 including Rules framed thereunder, during the financial year under report the Company attracted the criteria for applicability of corporate social responsibility. Accordingly, it has constituted a Corporate Social Responsibility Committee which comprises of:

Sr. No.	Name of the Member	Nature of Membership
1	Mr. Mahendra R. Shah	Chairman
2	Mr. Mukesh Chowdhary	Member
3	Mrs. Pushpa M. Shah	Member

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure – 7** of this report in the format prescribed in the Companies (CSR Policy) Rules, 2014.

The Policy is available on Company's website at the following web link: <http://arfin.co.in/pdf/policies/corporate-social-responsibility-policy.pdf>.

31. Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, with respect to the director's responsibility statement, it is hereby stated:

a. that in the preparation of the annual financial statements for the year ended on March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in notes to the financial statements have been selected and applied consistently and judgment and estimates have been made that are

Directors' Report

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken 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;

d. that the annual financial statements for the year ended on March 31, 2020 have been prepared on a going concern basis;

e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and

f. that the system to ensure the compliances with the provisions of all applicable laws were in place and were adequate and operating effectively.

32. Disclosure u/s 164(2) of the Companies Act, 2013

On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the board of directors, none of directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

33. Transfer of Amount(s) and Shares to the Investor Education and Protection Fund

Section 124 of the Companies Act, 2013 mandates that companies shall transfer dividend(s) that remain unpaid or unclaimed for a period of seven years, from the unpaid

dividend account to the Investor Education and Protection Fund. In this respect, the stakeholders are requested to take note that Company has not yet completed seven years from its first dividend paying financial year and thus there were no dividend amounts or corresponding equity shares, which were required to be transferred to the Investor Education and Protection Fund by the Company. Information about unclaimed / unpaid dividends and unclaimed shares to be transferred to IEPF is provided in the notes to the notice of AGM.

34. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as to conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed in terms of Section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 have been given separately as **Annexure – 1**.

35. Extract of Annual Return

The Extract of Annual Return in the **Form MGT-9** is enclosed herewith as **Annexure – 2**.

36. Form AOC-2

Form AOC - 2 pursuant to clause (h) of sub section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 for disclosure of particulars of contracts / arrangements, if any, entered into by the Company with the related parties as referred in Section 188(1) of the Companies Act, 2013 for financial year ended March 31, 2020 is enclosed herewith as **Annexure – 3**.

37. Particulars of Employees and Remuneration

Directors' Report

As required by the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the particulars are set out in **Annexure – 4**.

38. Secretarial Audit Report

The Secretarial Audit Report given by Mr. Kamlesh M. Shah, Proprietor of M/s. Kamlesh M. Shah & Co., Practicing Company Secretary, Ahmedabad, for the financial year ended on March 31, 2020 is enclosed herewith as **Annexure – 5**.

39. Auditors Certificate on Corporate Governance

A certificate from Statutory Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith as **Annexure – 6**.

Registered Office

B-302, 3rd Floor, Pelican House,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad – 380009,
Gujarat, India.
CIN: L65990GJ1992PLC017460
Tel. No.: +91 79 26583791, 92
Email: investors@arfin.co.in
Website: www.arfin.co.in

40. Acknowledgments

Your Directors wish to convey their appreciation to all of the Company's employees for their enormous efforts as well as their collective contribution, co-operation, active participation and professionalism as all such things have collectively made the Company's growth possible.

The Directors would also like to thank the Shareholders, Customers, Suppliers, Bankers, Government, Regulatory Authorities and all Other Business Associates for their continuous support to the Company and their confidence in its management. Finally, the Directors thank you all for your continued trust and support.

For and on Behalf of Board of Directors

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Place: Ahmedabad
Date: July 31, 2020

Annexure 1 to the Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to the Provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

(A) Conservation of Energy

(i) steps taken or impact on conservation of energy	Nil
(ii) steps taken by the Company for utilizing alternate sources of energy	Nil
(iii) capital investment on energy conservation equipments	Nil

(B) Technology Absorption

(i) efforts made towards technology absorption	Nil
(ii) benefits derived like product improvement, cost reduction, product development or import substitution	Nil
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
(a) details of technology imported	Nil
(b) year of import	Not Applicable
(c) whether the technology been fully absorbed	Not Applicable
(d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof	Not Applicable
(iv) expenditure incurred on research and development	Nil

(C) Foreign Exchange Earnings and Outgo

Description	₹ In Lakhs
Foreign Exchange Earned (Actual Inflow)	
Sale of Finished Goods	7,204.90
Others	-
Total	7,204.90
Foreign Exchange Used (Actual Outflow)	
Import of Raw Material	16,433.11
Import - Stores	1.63
Consultancy Expenses	4.68
Business Promotion Expenses	5.06
Commission	54.48
Foreign Travelling Expenses	4.62
Clearing & Forwarding Charges	18.52
Interest Expenses	0.41
Total	16,522.51

For and on Behalf of the Board of Directors

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Place: Ahmedabad
Date: July 31, 2020

Annexure 2 to the Directors' Report

Form No. MGT-9

Extract of Annual Return

As on the Financial Year Ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration & Other Details

1	Corporate Identification Number	L65990GJ1992PLC017460
2	Registration Date	April 10, 1992
3	Name of the Company	Arfin India Limited
4	Category / Sub-Category	Listed Public Company, Limited by Shares
5	Address of the Registered Office & Contact Details	B-302, 3 rd Floor, Pelican House, Gujarat Chamber of Commerce Building, Ashram Road, Ahmedabad – 380009, Gujarat, India. Tel. No.: +91 79 26583791, 92 Email: investors@arfin.co.in , Website: www.arfin.co.in
6	Whether Listed Company	Yes

Details of Stock Exchanges where Equity Shares are listed:

Stock Exchange(s)	Script Code
BSE Limited	539151
The Calcutta Stock Exchange Ltd.*	10011140

7	Name, Address & Share Contact Details of Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited Website: www.mcsregistrars.com	
		Ahmedabad Branch	Head Office (Kolkata)
		201, 2 nd Floor, Shatdal Complex, Ashram Road, Ahmedabad - 380009, Gujarat, India. Tel No.: +91 79 26580461, 0462, 0463 Email: mcsstaahmd@gmail.com	383, Lake Gardens, 1 st Floor, Kolkata – 700045, West Bengal, India. Tel No.: +91 33 4072, 4051, 4052, 4053, 4054 Fax: +91 33 40724050 Email: helpdesk@kol@mcsregistrars.com

*Equity shares of the Company have been delisted w.e.f. July 23, 2020

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company are given below:

Sr. No.	Name and Description of Main Product / Services	NIC Code of the Product	% to Total Turnover of the Company
1	Non-Ferrous Metal	242	94.75%

(NIC Codes – 2008)

III. Particulars of Holding, Subsidiary and Associate Companies

The Company doesn't have any Holding, Subsidiary or Associate Company.

Annexure 2 to the Directors' Report

IV. Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity) As At March 31, 2020
i. Category Wise Shareholding

Category of Shareholders	No. of Shares Held at the Beginning of the Financial Year - April 01, 2019				No. of Shares Held at the End of the Financial Year - March 31, 2020				% Change During the Financial Year	
	Demat		% of Total Shares		Demat		% of Total Shares			
	Physical	Total	Physical	Total	Physical	Total	Physical	Total		
A. PROMOTERS AND PROMOTERS GROUP										
1. INDIAN										
a. Individual / HUF	-	1,17,77,702	-	1,17,77,702	74.11	1,17,77,702	-	1,17,77,702	74.11	-
b. Central Government	-	-	-	-	-	-	-	-	-	-
c. State Government(s)	-	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-	-
e. Banks / Financial Institutions	-	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-	-
Sub total - (A1)	-	1,17,77,702	-	1,17,77,702	74.11	1,17,77,702	-	1,17,77,702	74.11	-
2. FOREIGN										
a. NRI - Individuals	-	-	-	-	-	-	-	-	-	-
b. Other - Individuals	-	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-	-
d. Banks / Financial Institutions	-	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-	-
Sub Total - (A2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters and Promoters Group (A1+A2)	-	1,17,77,702	-	1,17,77,702	74.11	1,17,77,702	-	1,17,77,702	74.11	-
B. PUBLIC SHAREHOLDING										
1. INSTITUTIONS										
a. Mutual Funds / UTI	-	-	-	-	-	170	-	170	0.00	-
b. Banks / Financial Institutions	-	-	-	-	-	-	-	-	-	-
c. Central Government	-	-	-	-	-	-	-	-	-	-
d. State Government(s)	-	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-	-
g. Foreign Institutional Investors	-	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-

Annexure 2 to the Directors' Report

Category of Shareholders	No. of Shares Held at the Beginning of the Financial Year - April 01, 2019				No. of Shares Held at the End of the Financial Year - March 31, 2020				% Change During the Financial Year	
	Demat		% of Total Shares		Demat		% of Total Shares			
	Physical	Total	Physical	Total	Physical	Total	Physical	Total		
i. Foreign Portfolio Investors	-	-	-	-	2,83,000	-	2,83,000	1.78	1.78	
j. Others	-	-	-	-	-	-	-	-	-	
Sub Total - (B1)	-	-	-	-	2,83,170	-	2,83,170	1.78	1.78	
2. NON – INSTITUTIONS										
a. Bodies Corporate	3,82,694	-	3,82,694	2.41	27,223	-	27,223	0.17	(2.24)	
b. Individuals										
(i) Individual Shareholders Holding Nominal Share Capital upto ₹ 1 Lakh	5,58,414	38,768	5,97,182	3.76	5,64,419	19,488	5,83,907	3.67	(0.09)	
(ii) Individual Shareholders Holding Nominal Share Capital in Excess of ₹ 1 Lakh	25,06,322	1,99,940	27,06,262	17.03	26,63,615	1,33,080	27,96,695	17.60	0.57	
c. Others										
(i) HUF	3,44,666	-	3,44,666	2.17	3,46,427	-	3,46,427	2.18	0.01	
(ii) NRI (Non Repatriable)	38,830	-	38,830	0.24	34,880	-	34,880	0.22	(0.02)	
(iii) NRI (Repatriable)	2,829	42,240	45,069	0.28	4,481	37,920	42,401	0.27	(0.01)	
(iv) Clearing Members	-	-	-	-	-	-	-	-	-	
Sub Total - (B2)	38,33,755	2,80,948	41,14,703	25.89	36,41,045	1,90,488	38,31,533	24.11	(1.78)	
Net Total (B1 + B2)	38,33,755	2,80,948	41,14,703	25.89	39,24,215	1,90,488	41,14,703	25.89	-	
C. SHARES HELD BY CUSTODIANS FOR GDRs & ADRs										
a. Promoter and Promoter Group	-	-	-	-	-	-	-	-	-	
b. Public	-	-	-	-	-	-	-	-	-	
Net Total (C)	-	-	-	-	-	-	-	-	-	
GRAND TOTAL (A + B + C)	1,56,11,457	2,80,948	1,58,92,405	100.00	1,57,01,917	1,90,488	1,58,92,405	100.00	-	

Annexure 2 to the Directors' Report

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the Beginning of the Financial Year - April 01, 2019			Shareholding at the End of the Financial Year – March 31, 2020			% Change During the Financial Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
1	Mahendra R. Shah	25,65,825	16.14	-	25,65,825	16.14	-	-
2	Jatin M. Shah	25,15,953	15.83	-	25,15,953	15.83	-	-
3	Pushpa M. Shah	21,60,110	13.59	-	21,60,110	13.59	-	-
4	Rani J. Shah	21,33,316	13.42	-	21,33,316	13.42	-	-
5	Jatin M. Shah (HUF)	6,49,800	4.09	-	6,49,800	4.09	-	-
6	Pooja M. Shah	8,02,440	5.05	-	8,02,440	5.05	-	-
7	Mahendra R. Shah (HUF)	3,25,353	2.05	-	3,25,353	2.05	-	-
8	Khushbu M. Shah	1,74,905	1.10	-	1,74,905	1.10	-	-
9	Krish Jatin Shah	3,60,000	2.27	-	3,60,000	2.27	-	-
10	Khwaish Jatin Shah	90,000	0.57	-	90,000	0.57	-	-
	Total	1,17,77,702	74.11	-	1,17,77,702	74.11	-	-

Annexure 2 to the Directors' Report

iii. Change in Promoters' Shareholding

Sr. No.	Name of the Shareholder	Shareholding at Beginning of the Financial Year – April 01, 2019		Cumulative Shareholding During the Financial Year	
		No. of Shares	% of Total no. of Shares of the Company	No. of Shares	% of Total no. of Shares of the Company
1	Mahendra R. Shah				
	At the beginning of the year	25,65,825	16.14	25,65,825	16.14
	Changes during the year	-	-	-	-
	At the end of the year			25,65,825	16.14
2	Jatin M. Shah				
	At the beginning of the year	25,15,953	15.83	25,15,953	15.83
	Changes during the year	-	-	-	-
	At the end of the year			25,15,953	15.83
3	Pushpa M. Shah				
	At the beginning of the year	21,60,110	13.59	21,60,110	13.59
	Changes during the year	-	-	-	-
	At the end of the year			21,60,110	13.59
4	Rani J. Shah				
	At the beginning of the year	21,33,316	13.42	21,33,316	13.42
	Changes during the year	-	-	-	-
	At the end of the year			21,33,316	13.42
5	Jatin M. Shah (HUF)				
	At the beginning of the year	6,49,800	4.09	6,49,800	4.09
	Changes during the year	-	-	-	-
	At the end of the year			6,49,800	4.09
6	Pooja Shah				
	At the beginning of the year	8,02,440	5.05	8,02,440	5.05
	Changes during the year	-	-	-	-
	At the end of the year			8,02,440	5.05
7	Mahendra R. Shah (HUF)				
	At the beginning of the year	3,25,353	2.05	3,25,353	2.05
	Changes during the year	-	-	-	-
	At the end of the year			3,25,353	2.05
8	Khushbu Shah				
	At the beginning of the year	1,74,905	1.10	1,74,905	1.10
	Changes during the year	-	-	-	-
	At the end of the year			1,74,905	1.10

Annexure 2 to the Directors' Report

iii. Change in Promoters' Shareholding

Sr. No.	Name of the Shareholder	Shareholding at Beginning of the Financial Year – April 01, 2019		Cumulative Shareholding During the Financial Year	
		No. of Shares	% of Total no. of Shares of the Company	No. of Shares	% of Total no. of Shares of the Company
9	Krish Jatin Shah				
	At the beginning of the year	3,60,000	2.27	3,60,000	2.27
	Changes during the year	-	-	-	-
	At the end of the year			3,60,000	2.27
10	Khwaish Jatin Shah				
	At the beginning of the year	90,000	0.57	90,000	0.57
	Changes during the year	-	-	-	-
	At the end of the year			90,000	0.57

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding at Beginning of the Financial Year – April 01, 2019		Cumulative Shareholding During the Financial Year	
		No. of Shares	% of Total no. of Shares of The Company	No. of Shares	% of Total no. of Shares of The Company
1	Gopal Shantilal Shah				
	At the beginning of the year	2,93,544	1.85	2,93,544	1.85
	Changes during the year	-	-	-	-
	At the end of the year			2,93,544	1.85
2	Elara India Opportunities Fund Limited				
	At the beginning of the year	-	-	-	-
	Changes during the year	2,83,000	1.78	2,83,000	1.78
	At the end of the year			2,83,000	1.78
3	Khatod Vartika Vijendra				
	At the beginning of the year	1,80,000	1.13	1,80,000	1.13
	Changes during the year	-	-	-	-
	At the end of the year			1,80,000	1.13
4	Parasmal Ghewarchand Nahata				
	At the beginning of the year	1,80,000	1.13	1,80,000	1.13
	Changes during the year	-	-	-	-
	At the end of the year			1,80,000	1.13

Annexure 2 to the Directors' Report

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding at Beginning of the Financial Year – April 01, 2019		Cumulative Shareholding During the Financial Year	
		No. of shares	% of Total no. of Shares of the Company	No. of Shares	% of Total no. of Shares of the Company
5	Shantilal Tulsiram Khator				
	At the beginning of the year	1,80,000	1.13	1,80,000	1.13
	Changes during the year	-	-	-	-
	At the end of the year			1,80,000	1.13
6	Babita R Shah				
	At the beginning of the year	1,55,774	0.98	1,55,774	0.98
	Purchased during the benpos / week ended on May 31, 2019	628	0.00	1,56,402	0.98
	Purchased during the benpos / week ended on June 07, 2019	200	0.00	1,56,602	0.98
	Purchased during the benpos / week ended on June 29, 2019	3,394	0.02	1,59,996	1.00
	Purchased during the benpos / week ended on July 26, 2019	100	0.00	1,60,096	1.00
	Purchased during the benpos / week ended on August 23, 2019	1,918	0.01	1,62,014	1.01
	Sold during the benpos / week ended on September 06, 2019	(342)	(0.00)	1,61,672	1.01
	Sold during the benpos / week ended on September 20, 2019	(163)	(0.00)	1,61,509	1.01
	Sold during the benpos / week ended on September 27, 2019	(392)	(0.00)	1,61,117	1.01
	At the end of the year			1,61,117	1.01
7	Sumitra Lalitkumar Shah				
	At the beginning of the year	1,54,009	0.97	1,54,009	0.97
	Purchased during the benpos / week ended on May 31, 2019	500	0.00	1,54,509	0.97
	Purchased during the benpos / week ended on June 07, 2019	250	0.00	1,54,759	0.97
	Purchased during the benpos / week ended on June 29, 2019	2,958	0.02	1,57,717	0.99
	Purchased during the benpos / week ended on July 26, 2019	100	0.00	1,57,817	0.99
	Purchased during the benpos / week ended on August 23, 2019	669	0.00	1,58,486	1.00

Annexure 2 to the Directors' Report

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding at Beginning of the Financial Year – April 01, 2019		Cumulative Shareholding During the Financial Year	
		No. of Shares	% of Total no. of Shares of the Company	No. of Shares	% of Total no. of Shares of the Company
	Sold during the benpos / week ended on September 06, 2019	(300)	(0.00)	1,58,186	1.00
	Sold during the benpos / week ended on September 20, 2019	(219)	(0.00)	1,57,967	0.99
	At the end of the year			1,57,967	0.99
8	Kinnari Vaibhav Shah At the beginning of the year	1,08,541	0.68	1,08,541	0.68
	Changes during the year	-	-	-	-
	At the end of the year			1,08,541	0.68
9	Bela Himanshu Shah At the beginning of the year	1,08,170	0.68	1,08,170	0.68
	Changes during the year	-	-	-	-
	At the end of the year			1,08,170	0.68
10	Manojkumar Chhaganlal Rathod HUF At the beginning of the year	1,00,000	0.63	1,00,000	0.63
	Changes during the year	-	-	-	-
	At the end of the year			1,00,000	0.63

Annexure 2 to the Directors' Report

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Director / KMP	Shareholding at Beginning of the Financial Year – April 01, 2019		Cumulative Shareholding During the Financial Year	
		No. of Shares	% of Total no. of Shares of the Company	No. of Shares	% of Total no. of Shares of the Company
1	Mahendra R. Shah At the beginning of the year At the end of the year	25,65,825	16.14	25,65,825 25,65,825	16.14 16.14
2	Jatin M. Shah At the beginning of the year At the end of the year	25,15,953	15.83	25,15,953 25,15,953	15.83 15.83
3	Pushpa M. Shah At the beginning of the year At the end of the year	21,60,110	13.59	21,60,110 21,60,110	13.59 13.59
4	Shantilal Mehta ¹ At the beginning of the year At the end of the year	-	-	- -	- -
5	Dineshchandra Mangaldas Shah ² At the beginning of the year At the end of the year	-	-	- -	- -
6	Mukesh Shankerlal Chowdhary At the beginning of the year At the end of the year	-	-	- -	- -
7	Hardik Shantilal Hundia ³ At the beginning of the year At the end of the year	-	-	- -	- -
8	Vijay Lathi At the beginning of the year At the end of the year	-	-	- -	- -
9	Kruti Sheth ⁴ At the beginning of the year At the end of the year	-	-	- -	- -
10	Hetal Koradia ⁵ At the beginning of the year At the end of the year	-	-	- -	- -

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

⁴Resigned w.e.f. April 10, 2019

⁵Appointed w.e.f. May 27, 2019

Annexure 2 to the Directors' Report

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment ₹ In Lakhs

Particulars	Secured loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtednes
Indebtedness as at April 1, 2019				
1) Principle Amount	10,585.10	786.71	-	11,371.81
2) Interest Due but not Paid	-	-	-	-
3) Interest Accrued but not Due	-	-	-	-
Total (1+2+3)	10,585.10	786.71	-	11,371.81
Change of Indebtedness During the Year				
Addition	1,179.63	530.66	-	1,710.29
Reduction	(2,075.87)	(66.98)	-	(2,142.85)
Net Change	(896.24)	463.68	-	(432.56)
Indebtedness as at March 31, 2020				
1) Principle Amount	9,688.86	1250.39	-	10,939.25
2) Interest Due but not Paid*	72.85	-	-	72.85
3) Interest Accrued but not Due	-	-	-	-
Total (1+2+3)	9,761.71	1,250.39	-	11,012.10

* Interest payable on working capital loans for the month of March 2020 has been deferred by working capital lenders post RBI announcement to ease liquidity in the businesses on account of COVID-19 pandemic.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-Time Directors and / or Manager

Amount in ₹

Sr. No.	Particulars of Remuneration	Whole Time Director	Managing Director	Total Amount
		Mr. Mahendra R. Shah	Mr. Jatin M. Shah	
1	Gross Salary			
	(a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	12,00,000	12,00,000	24,00,000
	(b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of Profit	-	-	-
	- Other, Specify	-	-	-
5	Others			
	- Ad-hoc Allowance	11,56,000	11,56,000	23,12,000
	- Contribution of Employer to the Provident Fund	1,44,000	1,44,000	2,88,000
	Total	25,00,000	25,00,000	50,00,000

Ceiling as per the Act: ₹ 1 Crore per annum for whole time director & managing director each, as approved by the members at their 26th annual general meeting, under Section II of Part II of Schedule V of the Companies Act, 2013.

Annexure 2 to the Directors' Report

B. Salary of Other Directors

I. Other Executive Directors

Amount in ₹

Sr. No.	Particulars of Remuneration	Mrs. Pushpa M. Shah
1	Gross Salary (a) Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961 (b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	6,00,000 - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - As % of Profit - Other, Specify	- -
5	Others - Ad-hoc Allowance - Contribution of Employer to the Provident Fund	3,28,000 72,000
	Total	10,00,000

Ceiling as per the Act: ₹ 50.00 Lakhs per annum as approved by the members at their 26th annual general meeting under Section II of Part II of Schedule V of the Companies Act, 2013.

II. Non-Executive Independent Directors

Amount in ₹

Particulars of Salary	Name of the Directors				Total Amount
	Mr. Shantilal Mehta ¹	Mr. Dineshchandra Mangaldas Shah ²	Mr. Mukesh Shankerlal Chowdhary	Mr. Hardik Shantilal Hundia ³	
Fee for Attending Board Meetings	20,000	30,000	40,000	10,000	1,00,000
Fee for Attending Committee Meetings	-	15,000	20,000	5,000	40,000
Commission	-	-	-	-	-
Others	-	-	-	-	-
Total	20,000	45,000	60,000	15,000	1,40,000

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

Ceiling as per the Companies Act, 2013

Section 197(5) read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 allows payment to each of the Non-Executive Director upto ₹ 1 Lakh per meeting attended. Payment to the Directors in this respect is well within the limits.

Overall Ceiling as per the Companies Act, 2013

11% of the Net Profit of the Company subject to the provisions of Chapter XIII of the Companies Act, 2013 & Schedule thereto.

Annexure 2 to the Directors' Report

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Amount in ₹

Sr. No.	Particulars of Remuneration	Mr. Vijay Lathi (Chief Financial Officer)	Ms. Hetal Koradia (Company Secretary) ¹
1	Gross Salary		
	(a) Salary as per Provisions Contained in Section 17(1) of the Income Tax Act	12,00,000	1,64,385
	(b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- As % of Profit	-	-
	- Others, Specify	-	-
5	Others		
	- Ad-hoc Allowance	12,66,000	90,533
	- House Rent Allowance	2,10,000	10,887
	- Others	3,24,000	-
	- Bonus	-	-
	Total	30,00,000	2,65,805

¹Appointed w.e.f. May 27, 2019

VII. Penalties / Punishment / Compounding of Offences (Under the Companies Act 1956 / 2013):

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2020.

For and on Behalf of the Board of Directors

Place: Ahmedabad
Date: July 31, 2020

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Annexure 3 to the Directors' Report

Form No. AOC - 2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contract or arrangements of transactions not at arm's length price: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis: Nil

For and on Behalf of the Board of Directors

Place: Ahmedabad
Date: July 31, 2020

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Annexure 4 to the Directors' Report

Disclosure as per Section 197(12) of the Companies Act, 2013 & Rule 5(1) & (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Rule 5(1)

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ended on March 31, 2020 and
- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name	Designation	Ratio to Median Employee	% Increase in Remuneration in the Financial Year 2019-20
Mahendra R. Shah	Chairman & Whole time Director	9.14:1	(75%)
Jatin M. Shah	Managing Director	9.14:1	(75%)
Pushpa M. Shah	Executive Director	3.66:1	(80%)
Shantilal Mehta ¹	Independent Director	Being non-executive directors, only sitting fees was paid and ratio of remuneration to the remuneration of median employee is not being given.	
Hardik Shantilal Hundia ²	Independent Director		
Dineshchandra Mangaldas Shah ³	Independent Director		
Mukesh Shankerlal Chowdhary	Independent Director		
Vijay Lathi	Chief Financial Officer	10.97:1	-
Hetal Koradia ⁴	Company Secretary	0.97:1	NA

¹Resigned w.e.f. October 01, 2019

²Appointed and ³Resigned w.e.f. January 27, 2020

⁴Appointed w.e.f. May 27, 2019

- The percentage increase in the median remuneration of employees in the financial year ended on March 31, 2020: Nil
- The number of permanent employees on the rolls of company: 229 employees (Previous year 271 employees)
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration:
 - Average increase in remuneration of employees excluding KMPs: 3.12%
 - Average increase in remuneration of KMPs: (24.21%)
- The Company affirms that the remuneration is as per the remuneration policy of the Company.
- The Statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary of the Company.

For and on Behalf of the Board of Directors

Mahendra R. Shah
(Chairman)
(DIN: 00182746)

Place: Ahmedabad
Date: July 31, 2020

Annexure 5 to the Directors' Report

FORM NO. MR - 3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Arfin India Limited
CIN: L65990GJ1992PLC017460

I / We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Arfin India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me / us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my / our opinion thereon.

Based on my / our verification of the records of **Arfin India Limited**, books, papers, minutes 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, I / we hereby report that in my / our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I / We have examined the books, papers, minutes books, forms and returns filed and records maintained by Arfin India Limited (CIN: L65990GJ1992PLC017460) for the financial year ended on March 31, 2020 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- II. The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 / 2018 and the Regulations and Bye-Laws framed thereunder;
- IV. The Foreign Exchange Management Act, 1999 and the Rules and Regulation made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings: (not applicable for the year under report)
- 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 Takeover) Regulations, 2011;

Annexure 5 to the Directors' Report

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: (not applicable as the Company has not issued any further share capital during the period under report);
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (not applicable for the year under report);
 - 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 report);
 - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable as there was no reportable event during the period under review); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable as there was no reportable event during the period under review);
- VI. As Stated in the **Annexure – A**, all the Laws, Rules, Regulations are applicable specifically to the Company.
- VII. No other major corporate events occurred during the year and various compliances were made by the Company with applicable Laws, Rules, Regulations, Listing Regulations etc.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India or any amendment, substation, if any, are adopted by the Company and are complied with;
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executives Directors, Independent Directors and Woman Director. 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 provisions of the act and with intimation to Stock Exchanges(s).

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 or with consent of Directors at a shorter notice, and a system

Annexure 5 to the Directors' Report

exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliances with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period, the Company has not incurred any specific event / action that can have a bearing on the Company's compliance responsibilities in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

For Kamlesh M. Shah & Co.,
Practicing Company Secretary

Place: Ahmedabad
Date: June 02, 2020
UDIN: A008356B000310152

Kamlesh M. Shah
(Proprietor)
(ACS: 8356, COP: 2072)

Annexure 5 to the Directors' Report

ANNEXURE-A

Securities Laws

1. All price sensitive information was informed to the stock exchanges from time to time.
2. All investors complain directly received by the RTA and Company is recorded on the same date of receipts and all such complaints are resolved within reasonable time.

Labour Laws

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour / bonded labour in any of its establishments.
3. Provisions related to compliances of PF / ESI / Gratuity Act are applicable to the Company and are duly complied with.

Environmental Laws

As the Company is engaged in the manufacturing activities, the Environmental Laws as are applicable to it and it has properly complied with such provisions to the extent applicable and have obtained GPCB approval and such approvals / license are either valid throughout the year or were renewed during the year.

Taxation Laws

The Company follows all the provisions of taxation and the Income Tax Act, 1961 and filing of the returns at proper time with income tax department and all other concerned departments.

For Kamlesh M. Shah & Co.,
Practicing Company Secretary

Place: Ahmedabad
Date: June 02, 2020
UDIN: A008356B000310152

Kamlesh M. Shah
(Proprietor)
(ACS: 8356, COP: 2072)

Annexure 5 to the Directors' Report

ANNEXURE-B

To
The Members,
ARFIN INDIA LIMITED
CIN: L65990GJ1992PLC017460
B-302, 3rd Floor, Pelican House,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad – 380009, Gujarat, India.

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 processes as were appropriate 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 processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever 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 provisions of corporate and other applicable Laws, Rules, Regulations and Standards are the responsibility of management. Our examination was limited to the verification of procedures 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.
7. We have relied on management representation letter provided by the Company before issuing this report to the Company.

For Kamlesh M. Shah & Co.,
Practicing Company Secretary

Place: Ahmedabad
Date: June 02, 2020
UDIN: A008356B000310152

Kamlesh M. Shah
(Proprietor)
(ACS: 8356, COP: 2072)

Annexure 6 to the Directors' Report

Auditors' Certificate on Corporate Governance

To
The Members,
Arfin India Limited

We have examined the compliance of conditions of corporate governance by Arfin India Limited for the financial year ended on March 31, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (l) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2020.

We 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 Sanjay Bajoria & Associates,
Chartered Accountants
Firm Registration Number: 117443W

Place: Ahmedabad
Date: July 31, 2020
UDIN:20103301AAAABL4228

Kalpesh R. Shah
(Partner)
(Membership No.: 103301)

Annexure 7 to the Directors' Report

Annual Report on CSR Activities

Sr. No.	Particulars	Details
1.	A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be taken and a reference to the web link to the CSR policy and projects or programs	<p>The Company's vision on CSR is to enhance the quality of life and the economic well-being of communities around its operations.</p> <p>Arfin believes that Corporate Social Responsibility ("CSR") extends beyond the ambit of business and should focus on a broad portfolio of assets viz. human, physical, environmental and social. The CSR Policy of the Company inter-alia includes CSR Activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013.</p> <p>The Company endeavours to make a positive contribution for promotion and development of traditional arts and handicrafts, restoration of buildings and sites of historical importance. We have made deep inroads into our chosen areas and are contributing to inclusive growth, empowering communities and spurring development.</p> <p>CSR Policy of the Company is available on the website of the Company at the Link: http://arfin.co.in/pdf/policies/corporate-social-responsibility-policy.pdf</p>
2.	Composition of CSR Committee	The CSR Committee as on March 31, 2020 comprises of: Mr. Mahendra R. Shah (Chairman) Mrs. Pushpa M. Shah (Member) Mr. Mukesh S. Chowdhary (Member)
3.	Average net profit of the Company for the last three financial years	₹ 2,214.35 Lakhs
4.	Prescribed CSR expenditure (2% of the amount as mentioned in point 3 above)	₹ 44.29 Lakhs
5.	Details of CSR expenditure during the year	
	Total amount to be spent for the financial year	₹ 44.12 Lakhs for Financial Year 2018-19 and ₹ 44.29 Lakhs for Financial Year 2019-20
	Amount unspent, if any	₹ 24.12 Lakhs for Financial Year 2018-19 and ₹ 44.29 Lakhs for Financial Year 2019-20

Annexure 7 to the Directors' Report

Sr. No.	Particulars			Details			
Manner in which amount spent during the financial year 2019-20 is detailed below:							
Sr. No.	CSR Project or Activity Identified	Sector in which Project is Covered	Area where the Project Undertaken	Amount Outlay (Budget) Project or Program Wise (₹)	Amount Spent Directly on Projects (₹)	Cumulative Expenditure Upto Reporting period (₹)	Implementing Agency Through which Amount Spent
1	Promotion of art and culture, restoration of buildings and sites of historical importance and works of art	Construction	Nathdwara, Rajasthan	₹ 20 Lakhs	₹ 20 Lakhs	₹ 80.70 Lakhs	Tatpadam Upavan
Tatpadam Upavan is Company incorporated for charitable purposes and has its registered office at 1 st Floor, Miraj Campus, Uper ki Oden, Nathdwara, Rajsamand, Rajasthan - 313301. Tatpadam Upavan has also received certificate under Section 80G of the Income Tax Act, 1961 on the ground that it is operating with the charitable objective to serve public and society at large.							
6.	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount on CSR	The amount of ₹ 44.29 Lakhs for corporate social responsibility was not spent during the financial year ended on March 2020. However, the Company has planned to make cumulative provision for such unspent amount in the financial year 2020-21. The Company has also identified long term projects for CSR expenditure in line with CSR Policy for spending such unspent amount in upcoming years.					
7.	Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company	It is affirmed that implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.					

For Arfin India Limited

Jatin M. Shah
(Managing Director)
(DIN: 00182683)

Place: Ahmedabad
Date: July 31, 2020

For Arfin India Limited

Mahendra R. Shah
(CSR Committee Chairman)
(DIN: 00182746)

Place: Ahmedabad
Date: July 31, 2020

Corporate Governance Report

1. Company's Philosophy on Code of Corporate Governance

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. At Arfin India Limited, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Arfin, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation.

To create a culture of good governance, the Company has adopted practices that comprise of performance accountability, effective management control, fair representation of professionally qualified Non-Executive and Independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Governance Structure of Arfin India Limited

Governance structure of the Company comprises of the Board of Directors (the Board) and the Committees of the Board at the top level and the internal governance structure at the operational level.

The responsibility of the Board is to determine the overall corporate objectives and give directions and freedom to the management to achieve those objectives within a given framework. The organisational and governance structure enables an environment for value creation through sustainable and profitable growth. The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed. The Chairman and the Managing Director are in overall control and responsible for the overall working of the Company. They give strategic directions, lay down the policy guidelines and ensure the implementation of the decisions of the Board and its committees. The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. Board of Directors

The Chairman and the Managing Director look after the day-to-day business affairs of the Company. The Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Chairman / Managing Director.

a. Composition and Category of the Board

Arfin believes that our Board needs to have an appropriate mix of Executive, Non-Executive and

Corporate Governance Report

Independent Directors to maintain its independence, and separate its functions of governance and management.

The Board of Directors at Arfin is headed by Mr. Mahendra R. Shah, Chairman and Whole time Director of the Company, who is also a promoter Director. As on March 31, 2020, the Company's Board comprised of Five Directors, which include three Executive Directors and two Non-

Executive Independent Directors. The Independent Directors on the Board are experienced, competent and highly reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors. A detail of Directors on the Board of the Company during the financial year under report is given below:

Sr. No.	Name	Category and designation
1	Mr. Mahendra R. Shah	Promoter Chairman & Whole Time Director
2	Mr. Jatin M. Shah	Promoter Managing Director
3	Mrs. Pushpa M. Shah	Promoter Executive Woman Director
4	Mr. Shantilal Mehta ¹	Non Promoter Non-Executive Independent Director
5	Mr. Dineshchandra Mangaldas Shah ²	Non Promoter Non-Executive Independent Director
6	Mr. Hardik Shantilal Hundia ³	Non Promoter Additional Independent Director
7	Mr. Mukesh Shankerlal Chowdhary	Non Promoter Non-executive Independent Director

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

b. Attendance of Directors at Board Meetings and last Annual General Meeting

In compliance with Regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two board meetings was not more than 120 days. In addition, the Board also meets as and when necessary to address specific issues relating to the business of the Company.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / year to date unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, compliance with applicable Laws and Regulations. It monitors overall performance of the Company. All agenda items are supported by relevant information, documents and presentations to enable the Board and Committee(s) thereof to take informed decisions.

During the financial year ended on March 31, 2020, 9 (Nine) board meetings were held on the following dates:

1. April 22, 2019	2. May 17, 2019	3. May 27, 2019
4. June 12, 2019	5. August 09, 2019	6. November 11, 2019
7. December 20, 2019	8. January 27, 2020	9. February 14, 2020

Corporate Governance Report

Attendance of each director at board meetings and at last annual general meeting (AGM) held on September 29, 2019 is as under:

Sr. No.	Name of Director	Serial Number of Meetings Stated Above									Attendance at last AGM
		1	2	3	4	5	6	7	8	9	
1	Mr. Mahendra R. Shah	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
2	Mr. Jatin M. Shah	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
3	Mrs. Pushpa M. Shah	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yes
4	Mr. Shantilal Mehta ¹	x	x	✓	x	✓	NA	NA	NA	NA	No
5	Mr. Dineshchandra Mangaldas Shah ²	x	x	✓	x	✓	✓	✓	NA	NA	No
6	Mr. Mukesh Shankerlal Chowdhary	x	x	✓	x	✓	✓	x	x	✓	Yes
7	Mr. Hardik Shantilal Hundia ³	NA	NA	NA	NA	NA	NA	NA	NA	✓	NA

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

c. The number of Directorships on the Board and Board Committees of other Companies, of which the Directors are Members / Chairman, as on March 31, 2020, including skill sets / expertise / competencies / practical knowledge and list of category of Directorship in other Listed Companies are as follows:

Sr. No.	Name of Director	Relationship Inter-Se Directors	No. of Other Directorships (Other than Arfin India Limited)	No. of Board Committees (Other than Arfin India Limited)	
				Chairman	Member
1	Mr. Mahendra R. Shah	Related to Mr. Jatin M. Shah & Mrs. Pushpa M. Shah	2	-	-
2	Mr. Jatin M. Shah	Related to Mr. Mahendra R. Shah & Mrs. Pushpa M. Shah	1	-	-
3	Mrs. Pushpa M. Shah	Related to Mr. Mahendra R. Shah & Mr. Jatin M. Shah	-	-	-
4	Mr. Shantilal Mehta ¹	-	-	-	-
5	Mr. Dineshchandra Mangaldas Shah ²	-	2	-	-
6	Mr. Mukesh Shankerlal Chowdhary	-	1	-	-
7	Mr. Hardik Shantilal Hundia ³	-	-	-	-

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

The Board of Arfin requires skills / expertise / competencies in the areas of Business Strategy, Finance, Accounting, Business Management, Marketing, Strategic Management and Corporate Governance, Investment Banking and Structured Finance, Human Resource Management, Economics, Legal and Regulatory matters, Mergers and Acquisitions, Foreign Exchange Management, Risk Management, Corporate Advisory, Environmental Friendly & Green Technologies, Sustainability, Operations and Process Optimization, to efficiently carry on its core business of manufacturing and trading of Non-ferrous metal products and other metal products. All the above required skills / expertise / competencies are available with the Board.

Corporate Governance Report

The Board provides leadership, strategic guidance, an objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

Sr. No.	Name of Director	Category	Special Knowledge / Practical Experience / Skills / Expertise / Competencies	List and Category of Directorship in Other Listed Companies
1	Mr. Mahendra R. Shah	Executive Chairman & Whole Time Director	Business Strategy, Business Management, Human Resource Management, and Strategic Management and Corporate Governance	-
2	Mr. Jatin M. Shah	Managing Director	Investment Banking and Structured Finance, Foreign Exchange Management, Marketing, Operations and Process Optimization	-
3	Mrs. Pushpa M. Shah	Executive Director	Business Management	-
4	Mr. Hardik Shantilal Hundia ¹	Non-Executive Independent Director	Corporate Advisory, Strategic Planning, Corporate Governance	-
5	Mr. Mukesh Shankerlal Chowdhary	Non-Executive Independent Director	Corporate Advisory, Strategic Management & Corporate Governance	-

¹Appointed w.e.f. January 27, 2020

Note: The Nomination & Remuneration Committee (NRC) of the Board undertakes the process of due diligence and evaluates every year whether the members of the Board adhere to the 'fit and proper' criteria and the adherence to the 'fit and proper' criteria by the members of the NRC is evaluated by the Board of Directors annually and at the time of appointment of Directors.

d. Number and Dates of Meetings of the Board of Directors

Please refer point (b.) above.

e. Relationship Between Directors Inter-se

Please refer point (c.) above.

f. No. of Shares and Convertible Instruments held by the Non-Executive Directors

Sr. No.	Name of the Non-Executive Director	No. of Equity Shares Held as on March 31, 2020	No. of Convertible Instruments Held as on March 31, 2020
1	Mr. Shantilal Mehta ¹	-	NA
2	Mr. Dineshchandra Mangaldas Shah ²	-	
3	Mr. Mukesh Shankerlal Chowdhary	-	
4	Mr. Hardik Shantilal Hundia ³	-	

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

Corporate Governance Report

g. Web Link of Familiarization Programs imparted to the Independent Directors

At the time of appointment of an Independent Director, a formal letter of appointment is offered to him / her, which *Interalia* explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made thereunder and Regulation 25 of the Listing Regulations. Independent Director's Familiarisation Programme is posted on the website of the Company at following web link: <http://www.arfin.co.in/policies-disclosures.html>.

h. Confirmation by the Board on Fulfillment of Independence of the Independent Director

The Board also hereby confirms that all the Independent Directors of Company fulfill all the conditions specified in the Companies Act, 2013, LODR Regulations, 2015 and are Independent of the Management.

i. Independent Director Databank Registration

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the directors in this regard.

j. Meeting of Independent Directors

Meeting of Independent Director has not been held during the year. However, pursuant to the relaxations granted for applicability provisions of Secretarial Standards on Meetings of the Board of Directors ("SS-1") and Secretarial

Standards on General Meetings ("SS-2") and Clarifications issued by the Institute of Company Secretaries of India ("ICSI") on April 03, 2020 and April 15, 2020 for the same, if the Independent Directors of a Company are not able to hold such a meeting for the financial year 2019-20, the same shall not be viewed as a violation.

3. Audit Committee

a. Brief Description of Terms of Reference

The terms of reference of the Audit Committee are very extensive. The Audit Committee analyses the matters falling in its terms of reference and also addresses higher issues and inspects those facts that could be of significant concerns to the Company.

The Committee acts as a bridge between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss and deliberate their suggestions, findings and other related matters. Further, it is empowered to make necessary discussion with Internal Auditors regarding internal control weakness and any other significant findings and follow up thereon.

Apart from having access to all the required information from within the Company, the Committee can also obtain outside professional advice whenever required. The Committee is authorized to oversee the functioning of the Whistle Blower Policy / Vigil Mechanism. The Committee is also empowered to review, inter alia, the remuneration payable to the Internal Auditors and Statutory Auditors, fees paid / payable for other services and to

Corporate Governance Report

recommend changes in the Auditors, if thought proper.

Further, the Committee is authorized to, inter-alia, monitor, review and evaluate the auditor's independence, performance and effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the management the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with related parties including consequent modifications thereof, analysis of inter-corporate loans and investments, grant omnibus approvals subject to fulfillment of certain conditions, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems.

Further, it is also empowered to review the management discussion and analysis of the financial conditions and results of operations and statement of significant related party transactions. It also looks into any other matters as referred to it by the Board of Directors from time to time.

Generally all the items stated in Section 177(4) of the Companies Act, 2013 and Point A of Part C of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are covered under the roles of the Audit Committee.

The Audit Committee has been granted powers as prescribed under provisions of the Regulation 18(2)(c) of the aforesaid

Regulations and reviews all the information as prescribed in Point B of the Part C of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. Composition of Audit Committee

As at March 31, 2020, the following Directors were members of the Audit Committee:

Sr. No.	Name of the Member	Designation	Committee Position
1	Mr. Hardik Shantilal Hundia	Independent Director	Chairman
2	Mr. Mukesh Shankerlal Chowdhary	Independent Director	Member
3	Mr. Mahendra R. Shah	Chairman & WTD	Member

All members of the Audit Committee have the requisite qualification for appointment on the committee and possess sound knowledge of finance, accounting and internal controls. Ms. Hetal Koradia, Company Secretary & Compliance Officer acts as Secretary of the Committee effective from May 27, 2019.

c. Meetings & Attendance

During the financial year ended on March 31, 2020, the Committee met four times on (i) May 27, 2019, (ii) August 09, 2019, (iii) November 11, 2019, and (iv) February 14, 2020. All the Committee members attended all the meetings held during their tenure.

d. Invitees at the Audit Committee Meetings:

The Managing Director, Chief Financial Officer and Auditor are also invited along with members of the Committee to attend and participate in these meetings. The Company continues to derive benefits from the deliberations of the Audit Committee meetings as the members are experienced

Corporate Governance Report

in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

4. Nomination & Remuneration Committee

a. Brief Description of Terms of Reference

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee (NRC). The Terms of reference of the NRC are specified in Clause A of Part D of Schedule II of the Listing Regulations which are being followed by the Committee as well.

The functions of Nomination and Remuneration Committee, *Inter alia*, include the following:

- To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management in accordance with criteria laid down.
 - To recommend to the Board, appointment and removal of the Director(s) wherever required necessary and evaluation of each Director's performance.
 - To formulate criteria for determining qualifications, positive attributes and Independence of Directors.
 - To review on annual basis the compensation to the Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and recommend to the Board the remuneration and incentive payable to each of them.
 - Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear

and meets appropriate performance benchmarks; and

- To develop and review the succession plan for the Board.

b. Composition of the Committee

As at March 31, 2020, the following Directors were members of the Nomination and Remuneration Committee:

Sr. No.	Name of the Member	Designation	Committee Position
1	Mr. Mukesh Shankerlal Chowdhary	Independent Director	Chairman
2	Mr. Hardik Shantilal Hundia	Independent Director	Member
3	Mr. Jitendra S. Shah*	Independent Director	Member

* Appointed w.e.f. July 04, 2020

The Company could not comply with the provisions of Regulation 19(1) of the Listing Regulations, 2015, with regard to composition of Nomination and Remuneration Committee due to delay in filling casual vacancy occurred by resignation of Mr. Dineshchandra Shah after the closure of period of three months from date of his resignation due to delay in finding suitable person for the said post.

Ms. Hetal Koradia, Company Secretary and Compliance Officer acts as Secretary of the Committee effective from May 27, 2019.

c. Meetings and Attendance

During the financial year ended on March 31, 2020, one Committee meeting was held on August 05, 2019. All the Committee members attended the said meeting.

d. Performance Evaluation Criteria of Independent Directors

The performance evaluation criteria of the

Corporate Governance Report

Independent Directors are determined by the Nomination and Remuneration Committee.

An indicative list of the factors that may be evaluated includes participation and contribution by the director, commitment, effective deployment of knowledge, expertise of their field, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgment.

5. Remuneration of Directors

a. Pecuniary Relationship or Transactions of the Non-Executive Directors vis-à-vis Company

c. Disclosure of Remuneration

The amount of remuneration paid to the Directors of the Company during the financial year ended on March 31, 2020 is as follows:

Amount In ₹

Particulars of Remuneration	Whole time Director	Managing Director	Executive Director
	Mr. Mahendra R. Shah	Mr. Jatin M. Shah	Mrs. Pushpa M. Shah
Gross Salary	12,00,000	12,00,000	6,00,000
Ad-hoc Allowance	11,56,000	11,56,000	3,28,000
Contribution of Employer to the Provident Fund	1,44,000	1,44,000	72,000
Total	25,00,000	25,00,000	10,00,000

Amount In ₹

Non- Executive Directors	Mr. Shantilal Mehta ¹	Mr. Dineshchandra Mangaldas Shah ²	Mr. Mukesh Shankerlal Chowdhary	Mr. Hardik Shantilal Hundia ³	Total
Sitting Fees Paid	20,000	45,000	60,000	15,000	1,40,000

¹Resigned w.e.f. October 01, 2019

²Resigned & ³Appointed w.e.f. January 27, 2020

6. Stakeholder Relationship Committee or Shareholders' / Investors' Grievance Committee

a. Brief Description of Terms of Reference

The Stakeholder Relationship Committee is constituted in line with the provisions of Regulation 20 of the SEBI Listing Regulations and Section 178 of the Act.

The functions of Stakeholders Relationship Committee, *inter-alia*, include the following:

- Consider and resolve the grievances of the Stakeholders including complaints related to transfer /

Corporate Governance Report

transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, general meeting notices etc. and issue of new / duplicate certificates.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Take a note of the unclaimed dividend and equity shares transferred to the Investor Education and Protection Fund (IEPF) pursuant to IEPF Rules.

b. Composition

As on March 31, 2020, followings were the members of the Stakeholder's Relationship Committee / Shareholders' / Investors' Grievance Committee:

Sr. No.	Name of the Member	Designation	Committee Position
1	Mr. Mukesh S. Chowdhary ¹	Non-Executive Independent Director	Chairman
2	Mr. Mahendra R. Shah	Chairman and Whole time Director	Member
3	Ms. Hetal Koradia ²	Company Secretary and Compliance Officer	Member
4	Mrs. Pushpa M. Shah	Executive Director	Member

¹Appointed w.e.f. November 11, 2019

²Appointed w.e.f. May 27, 2019

c. Meetings and Attendance

During the financial year ended on March 31, 2020, one committee meeting was held on March 31, 2020. All the committee members attended the said meeting.

d. Status of Complaints

There was no pending investor complaint at the beginning of the financial year. However, one investor complaint received during the quarter ended on September 30, 2019 and another one received during the quarter ended on December 31, 2019, were satisfactorily resolved before closure of September and December quarter(s) respectively. Accordingly, there remains no investor complaint unresolved as on March 31, 2020.

7. General Body Meetings

a. Dates, time and places of last three Annual General Meetings (AGMs) held are given below:

AGM	Place	Date	Time	No. of Special Resolution(s) set out at AGM
2018-19 27 th AGM	Gujarat Chamber of Commerce Hall, Opp. H. K. College, Ashram Road, Ahmedabad – 380009, Gujarat, India	Sunday, September 29, 2019	10:00 am	3
2017-18 26 th AGM	Gujarat Chamber of Commerce Hall, Opp. H. K. College, Ashram Road, Ahmedabad – 380009, Gujarat, India	Monday, September 24, 2018	10:30 am	4
2016-17 25 th AGM	Alishan, Courtyard by Marriott, Ramdev Nagar Cross Road, Satellite Road, Ahmedabad – 380015, Gujarat, India.	Sunday, September 10, 2017	12:00 noon	3

Corporate Governance Report

b. Whether any Special Resolution(s) passed in the previous three annual general meetings:

Yes, details as per point a. above

c. Whether any Special Resolution(s) passed during the year through postal ballot:

No resolution had been passed through postal ballot during the year under report.

d. Person who conducted the postal ballot exercise: Not Applicable

e. Whether any special resolution is proposed to be conducted through postal ballot

No special resolution is proposed to be conducted through postal ballot in the ensuing annual general meeting.

f. Procedure for Postal Ballot

Not applicable since there is no proposal to pass any resolution through postal ballot in the ensuing annual general meeting.

8. Means of Communication

The annual, half yearly and quarterly results are submitted to the stock exchange(s) in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same are normally published in “Business Standard” and “Jaihind” newspaper publications or such other newspaper publications as decided. Management discussion and analysis report forms part of the annual report of the Company. All vital information relating to the Company viz. report on corporate governance, financial results, shareholding pattern, stock exchange submissions etc. are simultaneously posted on Company's website viz. www.arfin.co.in.

Further, financial results, shareholding pattern, quarterly corporate governance report, corporate announcements etc. are also being uploaded on the website of the Bombay Stock Exchange, where the equity shares of the Company are listed.

Official news releases, as and when required are displayed at the website of the Company at www.arfin.co.in. Quarterly presentations in the form of investor updates are also being uploaded on the website of the Company.

Designated exclusive email-ids:

The Company has designated the following email-ids exclusively for investor servicing:

- (i) For Investor Grievances and Queries:- investors@arfin.co.in, cs@arfin.co.in
- (ii) For queries related to financial statement:- vijay.lathi@arfin.co.in

9. General Shareholders Information

a. Annual General Meeting

Date : Monday, September 28, 2020

Time : 11:00 a.m.

Venue : Video Conference / Other Audio Visual Means

Book Closure Date : Tuesday, September 22, 2020 to Monday, September 28, 2020 (both days inclusive)

Corporate Governance Report

b. Financial Year / Calendar

(a)	First Quarter Results	Within 45 days from the closure of quarter ended on June 30, 2020
(b)	Second Quarter Results	Within 45 days from the closure of quarter and half year ending on September 30, 2020
(c)	Third Quarter Results	Within 45 days from the closure of quarter and nine months ending on December 31, 2020
(d)	Results for the Financial Year	Within 60 days from the closure of quarter / financial year ending on March 31, 2021

c. Dividend Payment Date

The Board of Directors of the Company has not recommended any dividend for the financial year ended on March 31, 2020.

d. Listing on Stock Exchanges

Sr. No.	Name of the Exchange	Address	Script Code
1	BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001, Maharashtra, India.	539151
2	The Calcutta Stock Exchange Limited*	7, Lyons Range, Dalhousie, Murgighata, BBD Bagh, Kolkata – 700001, West Bengal, India.	10011140

ISIN: INE784R01015

The listing fee has been duly and timely paid to the Stock Exchanges for the financial year under report.

*The Equity Shares of the Company have been delisted from The Calcutta Stock Exchange Limited w.e.f. July 23, 2020.

e. Stock (Scrip) Code

Please refer point (d.) above

Corporate Governance Report

f. Market Price Data

Month(s)	Price of Equity Shares of the Company at BSE		
	High (₹)	Low (₹)	Volume (No. of Shares)
April 2019	193.95	160.15	20,822
May 2019	180.00	133.55	1,45,062
June 2019	138.00	88.00	2,19,992
July 2019	97.95	74.00	18,101
August 2019	84.00	48.50	30,901
September 2019	71.95	55.25	15,504
October 2019	63.25	50.60	9,693
November 2019	63.00	48.55	32,826
December 2019	55.40	40.10	19,379
January 2020	66.30	42.60	36,813
February 2020	67.00	43.00	28,130
March 2020	52.00	25.45	64,937

(Source: Bombay Stock Exchange Portal)

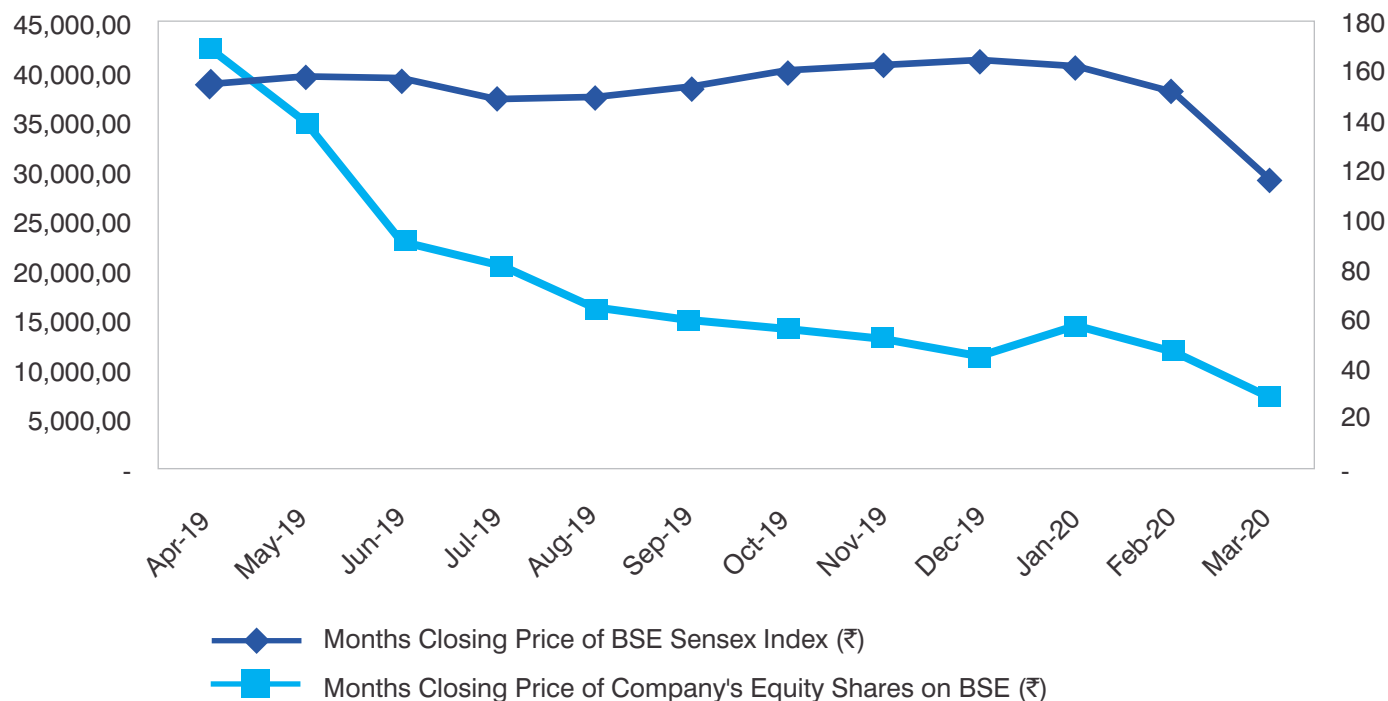
g. Performance in Comparison to Broad - Based Indices

Month(s)	Months Closing Price of BSE Sensex Index (₹)	% Increase / (Decrease) in Compare to Previous Month	Month Closing Prices of Company's Equity Shares on BSE (₹)	% Increase / (Decrease) in Compare to Previous Month
April 2019	39,031.55	0.93	170.15	(5.34)
May 2019	39,714.20	1.75	139.90	(17.78)
June 2019	39,394.64	(0.80)	92.00	(34.24)
July 2019	37,481.12	(4.86)	81.90	(10.98)
August 2019	37,332.79	(0.40)	64.80	(20.88)
September 2019	38,667.33	3.57	59.00	(8.95)
October 2019	40,129.05	3.78	55.15	(6.53)
November 2019	40,793.81	1.66	53.65	(2.72)
December 2019	41,253.74	1.13	45.45	(15.28)
January 2020	40,723.49	(1.29)	57.95	27.50
February 2020	38,297.29	(5.96)	47.75	(17.60)
March 2020	29,468.49	(23.05)	30.45	(36.23)

(Source: Bombay Stock Exchange Portal)

Corporate Governance Report

Performance in Comparison to Broad - Based Indices



h. Suspension of Securities

During the financial year under report and during any of the previous financial years, the securities of the Company were never suspended from trading on any of the stock exchange(s).

i. Registrar and Share Transfer Agent

The Company has appointed MCS Share Transfer Agent Limited as registrar and share transfer agent during April 2018. The communication address of the registrar and share transfer agent is as stated below:

Registered Office

MCS Share Transfer Agent Limited
383, Lake Gardens, 1st Floor,
Kolkata – 700045, West Bengal, India.
Tel. No: +91 33 40724051 / 52 / 53 / 54
Email: helpdeskkol@mcsregistrars.com
Website: www.mcsregistrars.com

Ahmedabad Office

MCS Share Transfer Agent Limited
201, 2nd Floor, Shatdal Complex,
Ashram Road, Ahmedabad – 380009,
Gujarat, India.
Tel. No.: +91 79 26580461 / 62 / 63
Email: mcsstaahmd@gmail.com

Corporate Governance Report

j. Share Transfer System

All works related to Share Registry, both in physical form and electronic form is being handled by the Company's Registrar and Share Transfer Agent i.e. MCS Share Transfer Agent Limited and their contact details are given above.

k. Dematerialization of Shares

As per notifications issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialized form. Share transfers in physical form are processed and returned to the shareholders in the normal course and requests for dematerialisation of shares are processed and confirmation thereof is given to the respective depositories within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects. In terms of requirements to amendments to Regulation 40 of the SEBI LODR w.e.f. April 1, 2019, transfer of securities in physical form are not processed unless the securities are held in the dematerialized form with a depository.

l. Distribution of Shareholding as at March 31, 2020

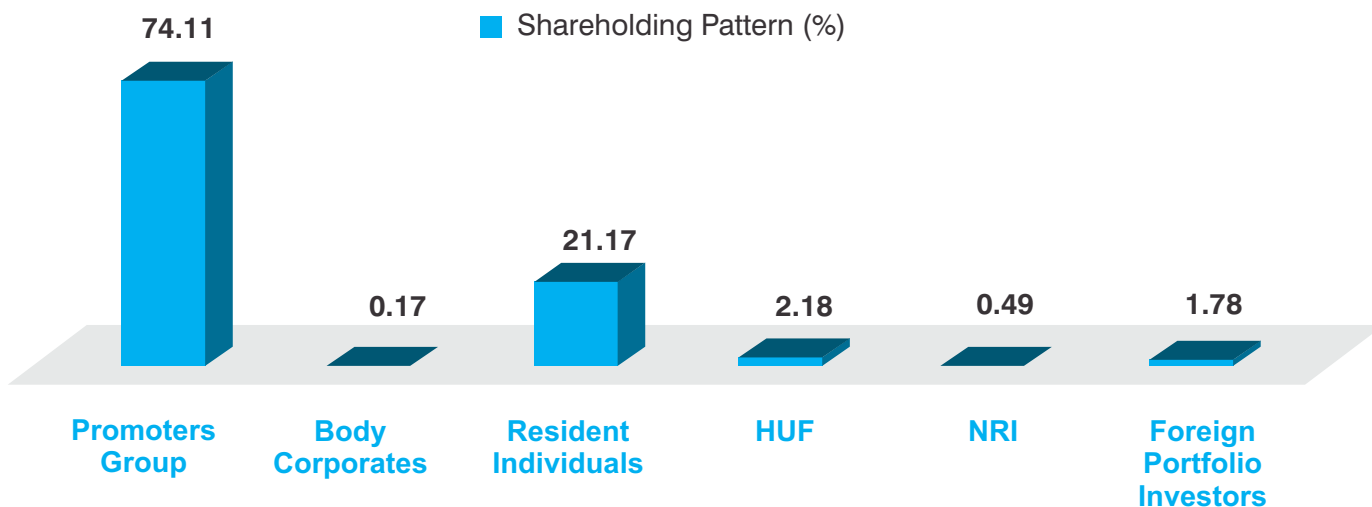
No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Equity Shares Held	% of Shareholding
Upto 500	1,542	82.95	1,38,649	0.87
501 To 1,000	103	5.54	75,003	0.47
1,001 To 2,000	69	3.71	1,00,756	0.63
2,001 To 3,000	25	1.34	63,665	0.40
3,001 To 4,000	24	1.29	85,384	0.54
4,001 To 5,000	12	0.65	54,606	0.34
5,001 To 10,000	21	1.13	1,50,738	0.95
10,001 To 50,000	26	1.40	5,59,166	3.52
50,001 To 1,00,000	18	0.97	13,24,397	8.33
1,00,001 above	19	1.02	1,33,40,041	83.94
Total	1,859	100.00	1,58,92,405	100.00

Category of Shareholders as at March 31, 2020

Category	No. of Shareholders	% of Shareholders	No. of Equity Shares Held	% of Shareholding
A. Promoter & Promoter Group	10	0.54	1,17,77,702	74.11
B. Public Shareholding				
(a) Bodies Corporate	36	1.94	27,223	0.17
(b) Resident Individuals	1,705	91.72	33,80,602	21.27
(c) HUF	84	4.52	3,46,427	2.18
(d) NRI	22	1.18	77,281	0.49
(e) Foreign Portfolio Investors	1	0.05	2,83,000	1.78
(f) Mutual Funds / UTI	1	0.05	170	0.00
Total	1,859	100.00	1,58,92,405	100.00

Corporate Governance Report

Shareholding Pattern as on March 31, 2020



m. Break up of Shares in Physical and Demat Form as at March 31, 2020

Particulars	No. of Equity Shares	% of Shares
Physical Segment	1,90,488	1.20
Demat Segment		
• CDSL	1,43,47,014	90.28
• NSDL	13,54,903	8.53
Total	1,58,92,405	100

The Company's equity shares have been allotted ISIN (INE784R01015) both by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

n. Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and Impact on Equity

During the financial year under report, the Company has neither issued any of the securities namely global depository receipts or american depository receipts or warrants or any other convertible instruments nor the Company had any such securities outstanding throughout the year.

o. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company considers exposure to commodity price fluctuations to be an integral part of its business and its usual policy is to sell its products at prevailing market prices and not to enter into price heading arrangements. The Company's reputation for quality, products differentiation and service, coupled with existence of brand image with marketing network mitigates the impact of price risk on finished goods.

The Company continues to watch the market situation closely and continues to focus on mitigating the inflationary impact through "Commodity Risk Management" and other cost reduction measures. Hedging

Corporate Governance Report

of Commodities as a part of “Commodity Risk Management” as well as Foreign Exchange and Commodity prices risks are being governed in accordance with the measures as approved by the Board of Directors of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with the no material residual risk.

p. Plant Location

Chhatral Plant	Vadaswami Plant
118/1,2,3,4 & 117/P-3,6,7, Ravi Industrial Estate, Behind Hotel Prestige, Billeshwarpura, Taluka – Kalol, District – Gandhinagar, Chhatral – 382729, Gujarat, India.	Survey No. 238, B/h. Bhagwati Glass, Vadaswami, Taluka – Kalol, District – Gandhinagar – 382729, Gujarat, India.
	Dhanot Plant
	New Block No. 132/P (Old Block No. 75), Old Survey No. 77,78,79, Village: Dhanot, Taluka: Kalol, District – Gandhinagar – 382729, Gujarat, India.

q. Address of Correspondence

Company	Registrar and Share Transfer Agent
Ms. Hetal Koradia Company Secretary and Compliance Officer Arfin India Limited B-302, 3 rd Floor, Pelican House, Gujarat Chamber of Commerce Building, Ashram Road, Ahmedabad – 380009, Gujarat, India. Tel. No.: +91 79 26583791, 92 Email: investors@arfin.co.in , cs@arfin.co.in Website: www.arfin.co.in	MCS Share Transfer Agent Limited 201, 2 nd Floor, Shatdal Complex, Ashram Road, Ahmedabad – 380009, Gujarat, India. Tel. No.: +91 79 26580461 / 62 / 63 Email: mcsstaahmd@gmail.com Website: www.mcsregistrars.com

r. Credit Rating

The Company has CARE BBB Stable Rating for the long-term and short-term bank facilities as at March 31, 2020.

Corporate Governance Report

10. Others Disclosures

a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All transaction entered into by the Company with Related Parties during the Financial Year 2019-20 are in ordinary course of business and on arm's length basis. The Company had not entered any materially significant Related Party Transactions i.e. transaction of the Company of material nature with its Promoters / Director / Senior Employees or relatives etc., which could have a potential conflict with the interest of Company at large. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company.

b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

Other than the penalty of ₹ 20,000/- for delay of 1 day in getting trading approval from the Bombay Stock Exchange for the bonus shares issued during the financial year 2017-18, there were no instances of any non-compliance by the Company or any other penalties or strictures imposed upon it by any of the exchange(s) or the board or any other statutory authority, on any matter related to capital markets, during the last three years. The Company has received penalty notice for non-compliance with the provisions of Regulation 19(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 for the composition of NRC Committee for the quarter ended March 31, 2020, which is under discussion and yet to be decided by BSE.

c. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Vigil Mechanism / Whistle Blower Policy for Directors and Employees have already been established and the same is in place.

Mr. Mahendra R. Shah, Whole time Director and Mr. Jatin M. Shah, Managing Director of the Company do hereby affirm that no personnel are being denied access to the Chairman of the Audit Committee & to the Chairman of the Board of Directors of the Company to report genuine concerns in this regard.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Board periodically reviewed the compliance of all the applicable Laws and the steps were taken by the Company to rectify instances of non-compliance, if any. During the year, the Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

Corporate Governance Report

The status of compliance with discretionary recommendations of Regulation 27 of the Listing Regulations are provided below:

- 1. Shareholder's Right:** As the quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
 - 2. Modified Opinion in Auditors Report:** The Company's financial statement for the financial year 2019-20 does not contain any modified audit opinion.
 - 3. Separate posts of Chairman and Managing Director:** The position of the Chairman is held by Mr. Mahendra R. Shah and of the Managing Director is held by Mr. Jatin M. Shah.
 - 4. Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.
- e. **The Company doesn't have any subsidiaries and thus it has not adopted any policy for determination of material subsidiaries.**
- f. **Web link of the policy on dealing with related party transactions is as follow:**
<http://arfin.co.in/pdf/policies/related-party-transactions-policy.pdf>.
- g. **Disclosure of commodity price risks and commodity hedging activities**
Please refer point 9(o) above.
- h. **During the year under review, there was no preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations.**
- i. **Certificate from Company Secretary in Practice:** M/s. Kamlesh M. Shah & Co, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the board of the Company has been debarred or disqualified from being appointed or continuing as Director of companies by the SEBI / Ministry of Corporate Affairs or such other statutory authority. The certificate is enclosed with this section as **Annexure – A.**
- j. **All the recommendations, if any, of the various committees were accepted by the Board.**
- k. **During the year, details of fees paid / payable to the Statutory Auditors and all entities in the network firm / network entity of which the Statutory Auditor is a part, by the Company and its subsidiaries, are given below:**

Particulars	₹ In Lakhs*
Statutory Audit Fees	1.50
Tax Audit Fees	0.25
Other Services	0.10
Total Payment	1.85

*The above fees are exclusive of applicable tax.

Corporate Governance Report

I. Disclosure in relation to the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act and the Rules framed thereunder, including constitution of the Internal Complaints Committee (ICC). The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same is available on the Company's website at following web link: <http://arfin.co.in/pdf/policies/prevention-of-sexual-harassment-policy.pdf>

Status of Complaints as on March 31, 2020:

Sr. No.	Particulars	Number of Complaints
1	Number of complaints filed during the financial year	NIL
2	Number of complaints disposed off during the financial year	N.A.
3	Number of complaints pending at the end of the financial year	N.A.

11. Non Compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed

The Company has complied with all the provisions of corporate governance related to the matters enumerated in the point 2 to 10 above to the extent applicable. The Company has received penalty notice for non-compliance with the provisions of Regulation 19(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 for the composition of NRC Committee for the quarter ended March 31, 2020, which is under discussion and yet to be decided by BSE.

12. Compliance with Discretionary Requirements under Listing Regulations

Please refer point 10(d) above.

13. Disclosures of Requirements of Corporate Governance Specified in Regulation 17 to 27 and Clause (b) to (i) of Sub-Regulation (2) of Regulation 46

The Company is in compliance with the corporate governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (listing regulations) for the financial year ended on March 31, 2020, to the extent applicable. The Company has received penalty notice for non-compliance with the provisions of Regulation 19(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 for the composition of NRC Committee for the quarter ended March 31, 2020, which is under discussion and yet to be decided by BSE.

14. Declaration signed by the Managing Director stating that the Members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management

The Board of Directors has adopted a Code of Conduct & Policy for the Directors and senior

Corporate Governance Report

management personnel. This code is a comprehensive code applicable to all Executives as well as Non-Executive Directors and members of the senior management. A copy of the code has been hosted on the Company's website at web link: <http://www.arfin.co.in/code-conduct.html>.

The code has been circulated to all the members of the board and senior management personnel and compliance of the same has been affirmed by them. A declaration signed by the Managing Director in this regard is given below:

"I hereby confirm that the Company has obtained from all the members of the board and senior management personnel of the Company, affirmation(s) that they have complied with the code of ethics and business conduct framed for directors and senior management personnel in respect to the financial year ended on March 31, 2020."

For Arfin India Limited

Jatin M. Shah

(Managing Director)

(DIN: 00182683)

Place: Ahmedabad

Date: July 31, 2020

15. Compliance certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance

a certificate from Statutory Auditors of the Company regarding compliance of conditions of corporate governance has been attached as an annexure to the Directors' Report.

16. Disclosure with respect to Demat Suspense Account / Unclaimed Suspense Account

- a. aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the year: Nil
- b. number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil
- c. number of shareholders to whom shares were transferred from suspense account during the year: Nil
- d. aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year: Nil
- e. that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: NA

For and on Behalf of the Board of Directors

Mahendra R. Shah

(Chairman)

(DIN: 00182746)

Place: Ahmedabad

Date: July 31, 2020

Corporate Governance Report

ANNEXURE-A

Certificate of Non-Disqualification of Directors

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,
The Members,
Arfin India Limited,
Ahmedabad-09, Gujarat, India.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Arfin India Limited bearing CIN: L65990GJ1992PLC017460 and having its registered office at B - 302, 3rd Floor, Pelican House, Gujarat Chamber of Commerce Building, Ashram Road, Ahmedabad – 380009, Gujarat, India (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Disqualified Under Section 164 of Companies Act, 2013	Deactivation of DIN Due to Non Filing of DIR-3 KYC
1	Mahendra R. Shah	00182746	N.A.	N.A.
2	Jatin M. Shah	00182683	N.A.	N.A.
3	Pushpa M. Shah	00182754	N.A.	N.A.
4	Mukesh S. Chowdhary	00025877	N.A.	N.A.
5	Hardik S. Hundia	02022246	N.A.	N.A.

Note: List of Directors as on March 31, 2020

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

For Kamlesh M. Shah & Co.,
Practicing Company Secretary

Place: Ahmedabad
Date: June 16, 2020
UDIN: A008356B000345275

Kamlesh M. Shah
(Proprietor)
(ACS: 8356, COP: 2072)

Corporate Governance Report

CERTIFICATE BY MD & CFO

To,
The Board of Directors,
Arfin India Limited

We, Mr. Jatin M. Shah, Managing Director and Mr. Vijay Lathi, Chief Financial officer of the Company, do hereby certify that on the basis of the review of the financial statements and the cash flow statement of Arfin India Limited for the financial year ended on March 31, 2020 and that to the best of our knowledge and belief, we state that:

- a.
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading; and
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable Laws and Regulations.
- b. there are no transactions entered into by the Company during the financial year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- d. we have indicated to the Auditors and the Audit Committee:
 - i. significant changes, if any, in the internal control over financial reporting during the financial year;
 - ii. significant changes, if any, in accounting policies made during the financial year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on Behalf of the Board of Directors

Jatin M. Shah
(Managing Director)
(DIN: 00182683)

Place: Ahmedabad
Date: July 31, 2020

Vijay Lathi
(Chief Financial Officer)

Independent Auditors' Report

To,
**The Members of
Arfin India Limited**
Reports on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Arfin India Limited** (“the Company”), which comprise the Balance Sheet as at **March 31, 2020**, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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 March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the

Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditors Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our Auditor's report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Emphasis of Matter

We draw attention to Note 48 of the financial statements, as regards the management's evaluation of COVID-19 impact on the future performance of the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context

Independent Auditors' Report

of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We

have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Response to Key Audit Matter
1. Debts written off under Trade Receivables	
<p>Trade Receivable balances written off of ₹ 2,523.97 Lakhs as on March 31, 2020 of Essar Steel India Limited pursuant to the order of Hon'ble Supreme Court of India dated November 15, 2019 under Insolvency and Bankruptcy Code, 2016. This constitutes about 11.25% of the total assets of the Company. Management's judgment is involved in identifying impairment in the value of the receivable which has an adverse impact on the profits of the Company.</p>	<p>We have performed the following processes in relation to Management's Judgment in identification of impairment of value of receivables and made written off during the year.</p> <ul style="list-style-type: none"> (a) We have referred to defined Policy in place stipulating methodology of making balances written off in respect of overdue receivable amounts. (b) We have sought information and explanations from the department heads regarding status of receivable for purpose of ensuring amount to be written off. We have also obtained and read latest news and publication from market and at online portal. (c) We have also availed order copy of Supreme Court of India dated November 15, 2019 regarding Essar Steel matter under Insolvency and Bankruptcy Code, 2016. (d) We have also tested subsequent collections made from the overdue receivables.

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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

Independent Auditors' Report

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial

controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance of the Company of which we are the

Independent Auditors' Report

Independent Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the 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 Act, we give in the "**Annexure-1**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and 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 accounts as

required by Law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income and the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the Directors as on March 31, 2020, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020, from being appointed as a Director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure-2**" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

Independent Auditors' Report

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 35 to the financial statements.
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses, if any.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For, Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No. 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

UDIN: 20103301AAAABL4228

Place: Ahmedabad

Date: July 31, 2020

Independent Auditors' Report

Annexure - 1 to the Independent Auditor's Report

Referred to in Paragraph 1 of report on Legal and Regulatory requirements of our report of even date to the members of **Arfin India Limited** on the Financial Statements for the year ended on **March 31, 2020**

- 1 In respect of Fixed Assets:
 - a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) As explained to us, the fixed assets have been physically verified by the management during the year according to a phased program designed by the Company to cover all the items, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, fixed assets have been physically verified by the management during the year and according to the information and explanations given to us, no material discrepancies have been noticed on such verification; and
 - c) The title deeds of immovable properties other than self-constructed immovable properties, as disclosed in fixed assets note to the financial statements, are held in the name of the Company.
- 2 In our opinion and according to the information and explanations given to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year and discrepancies noticed on verification between the physical stocks and book records were not material having regard to the size of the Company.
- 3 According to the information and explanation given to us, the Company has not granted any secured or unsecured loans to Companies, Firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii) of the aforesaid Order, in our opinion, are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company has not granted any loans or given any guarantee or provided any security or made any investment to any parties covered under Section 185 of the Act. The Company has not advanced any loans or given guarantees or provided any security or made investments pursuant to the provisions of Section 186 of the Act and hence not commented upon.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules framed thereunder, with regard to the deposits accepted from the public are not applicable to the Company.
- 6 We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules prescribed by the Central Government for maintenance of cost records under Sub-Section (1) of Section 148 of the Companies Act, 2013 for the business activities carried out by the Company, and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination for the same with a view to determine whether they are accurate or complete.
- 7 In respect of Statutory Dues:

Independent Auditors' Report

a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, GST, income tax, VAT, wealth tax, custom duty, excise duty, cess and other statutory dues, if any. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, VAT, customs duty and excise duty etc. were outstanding as at March 31, 2020 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 are no dues of income tax, GST, service tax, VAT, wealth tax, excise duty and cess which have not been deposited on account of any dispute except given below:

Name of the Department	Income Tax
Nature of Dues	Demand under scrutiny assessment
Amount	62,25,800/-
Period for which it relates	FY 2011-12
Forum where dispute is pending	CIT-Appeal, Ahmedabad

8 In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to any banks or financial institutions or government. The Company has not issued any debentures.

9 To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised

moneys by way of initial public offer or further public offer (including debt instruments). However, term loans obtained were prima facie, applied by the Company during the year for the purpose for which they were raised.

10 To the best of our knowledge and belief, during the course of our examination of the books and records of the Company, carried out with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across of any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year nor we have been informed of any such case by the management.

11 To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12 As the Company is not Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13 To the best of our knowledge and belief and according to the information and explanations given to us, all the transactions with related parties are in compliance with the provisions of Section 177 and Section 188 of the Act, wherever applicable. The details of related party transactions have been disclosed in the financial statements, as required under "Related Party Disclosures".

14 To the best of our knowledge and belief and according to the information and explanations

Independent Auditors' Report

given to us, the Company has not made any preferential allotment or private placement of shares or not issued any fully or partly convertible debentures during the year under review. Consequently, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15 To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its Directors or persons connected with them. Consequently, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16 According to the nature of business of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Consequently, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For, Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No. 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

UDIN:20103301AAAABL4228

Place: Ahmedabad

Date: July 31, 2020

Independent Auditors' Report

Annexure - 2 to the Independent Auditor's Report

Referred to in paragraph 2 of report on Legal and Regulatory requirements of our report of even date to the members of **Arfin India Limited** on the financial statements for the year ended on **March 31, 2020**

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Act

We have audited the Internal Financial Controls over financial reporting of **Arfin India Limited** ("the Company") as on March 31, 2020 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. 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 the 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.

Auditor's 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 and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act 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 (ICAI). 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 procedure to obtain audit evidences about the adequacy of the Internal Financial Control Systems over financial reporting and their operating effectiveness. Our audit of Internal Financial Control Systems over financial reporting includes 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, if any, of the Financial Statements, whether due to fraud or error.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Control Systems over financial reporting.

Meaning of Internal Financial Control Systems over Financial Reporting

A Company's Internal Financial Control Systems over financial reporting is a process designed to provide reasonable assurance regarding the

Independent Auditors' Report

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 Systems over financial reporting includes those policies and procedures that;

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparations of Financial Statements in accordance with the Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Control Systems over Financial Reporting

Because of the inherent limitations of Internal Financial Control Systems 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 to be detected. Also, projections of any

evaluation of the Internal Financial Control Systems over financial reporting to future periods are subject to the risk that the Internal Financial Control Systems 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate Internal Financial Control System over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Control Systems over financial reporting issued by the Institute of Chartered Accountants of India.

For, Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No. 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

UDIN: 20103301AAAABL4228

Place: Ahmedabad

Date: July 31, 2020



41.51-



FINANCIAL

Statements and Notes

Balance Sheet As At March 31, 2020

₹ In Lakhs

Particulars	Note No.	As At March 31, 2020	As At March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	3	4,599.51	3,821.35
(b) Capital Work-In-Progress	3	1,264.66	1,722.97
(c) Intangible Assets		0.00	0.00
(d) Financial Assets			
(i) Investments	4	0.00	0.00
(ii) Loans	5	62.75	74.22
(iii) Others	6	41.30	41.30
(e) Other Non-Current Assets	7	85.54	106.50
		6,053.76	5,766.34
CURRENT ASSETS			
(a) Inventories	8	9,623.48	10,295.09
(b) Financial Assets			
(i) Investments	9	501.83	472.52
(ii) Trade Receivables	10	3,104.35	4,987.00
(iii) Cash and Cash Equivalents	11	19.13	16.02
(iv) Bank Balances other than (iii) above	12	295.29	302.86
(v) Loans	13	45.79	60.67
(vi) Others Current Financial Assets	14	2.04	1.71
(c) Other Current Assets	15	258.54	515.54
		13,850.45	16,651.40
		19,904.21	22,417.74
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	16	1,589.24	1,589.24
(b) Other Equity	17	4,898.76	7,033.29
		6,488.00	8,622.53
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	1,313.75	1,062.63
(ii) Other Financial Liabilities		0.00	0.00
(b) Provisions	19	37.95	27.42
(c) Deferred Tax Liabilities (Net)	20	407.63	289.34
		1,759.33	1,379.39
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	21	9,371.24	10,088.24
(ii) Trade Payables	22	1,843.44	1,864.20
(iii) Other Financial Liabilities	23	300.63	273.36
(b) Other Current Liabilities	24	68.71	19.78
(c) Provisions	25	72.85	170.24
		11,656.88	12,415.82
TOTAL EQUITY AND LIABILITIES		19,904.21	22,417.74

Balance Sheet As At March 31, 2020

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-2

The accompanying notes 1 to 50 are integral parts of the Financial Statements.
As per our Report of even date attached

For Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No.: 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

Place: Ahmedabad

Date: July 31, 2020

For and on Behalf of Board of Directors

Mahendra R. Shah

(Chairman & Whole
Time Director)

Pushpa M. Shah

(Executive Director)

Hetal Koradia

(Company Secretary)

Jatin M. Shah

(Managing Director)

Vijay Lathi

(Chief Financial Officer)

Statement of Profit and Loss for the Year Ended March 31, 2020

₹ In Lakhs

Particulars		Note No.	As At March 31, 2020	As At March 31, 2019
I	Revenue From Operations	26	35,857.27	41,288.05
II	Other Income	27	161.44	56.44
III	Total Income (I+II)		36,018.71	41,344.49
IV	Expenses			
	Cost of Materials Consumed	28	31,275.77	35,434.53
	Purchases of Stock-in-Trade		0.00	0.00
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	29	(1,660.68)	(1,977.45)
	Employee Benefits Expense	30	499.77	771.15
	Finance Costs	31	1,361.51	1,178.52
	Depreciation and Amortization Expense	3	265.72	203.86
	Other Expenses	32	6,326.87	4,739.38
	Total Expenses (IV)		38,068.96	40,350.00
V	Profit / (Loss) Before Exceptional Items and Tax (III-IV)		(2,050.24)	994.49
VI	Exceptional Items		0.00	0.00
VII	Profit / (Loss) Before Tax (V-VI)		(2,050.24)	994.49
VIII	Tax Expense:			
	(1) Current Tax	33	0.00	285.69
	(2) Deferred Tax	20	106.94	52.64
IX	Profit / (Loss) For the Period (VII-VIII)		(2,157.18)	656.16
X	Other Comprehensive Income			
	A (i) Items that will not be Reclassified to Profit or Loss		4.69	2.24
	(ii) Income tax relating to Items that will not be Reclassified to Profit or Loss		(1.57)	(0.75)
	B (i) Items that will be Reclassified to Profit or Loss		29.32	30.41
	(ii) Income tax relating to items that will be Reclassified to Profit or Loss		(9.79)	(10.15)
XI	Total Comprehensive Income for the Period (IX+X) (Comprising Profit / (Loss) and Other Comprehensive Income for the Period)		(2,134.53)	677.91
XII	Earnings per Equity Share	34		
	(1) Basic (₹)		(13.57)	4.61
	(2) Diluted (₹)		(13.57)	4.61

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-2

The accompanying notes 1 to 50 are integral parts of the Financial Statements.

As per our Report of even date attached

For Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No.: 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

Place: Ahmedabad

Date: July 31, 2020

For and on Behalf of Board of Directors

Mahendra R. Shah

(Chairman & Whole Time Director)

Pushpa M. Shah

(Executive Director)

Hetal Koradia

(Company Secretary)

Jatin M. Shah

(Managing Director)

Vijay Lathi

(Chief Financial Officer)

Statement of Changes in Equity for the Period Ended March 31, 2020

A. EQUITY SHARE CAPITAL

Equity Shares of ₹ 10/- each Issued, Subscribed and Fully Paid Up

₹ In Lakhs

Particulars	As At March 31, 2020	As At March 31, 2019
Balance at the Beginning of the Reporting Period	1,589.24	1,324.37
Add: Bonus Shares Issued During the Year NIL (Previous Year Bonus Shares Issued in the Ratio of 1:5)	0.00	264.87
Balance at the End of the Reporting Period	1,589.24	1,589.24

B. OTHER EQUITY

₹ In Lakhs

Particulars	Capital Reserve	Securities Premium Reserve	General Reserves	Surplus in Profit & Loss Statement	Other Comprehensive Income	Total
Balance at the Beginning of the Reporting Period April 01, 2019	603.11	2,148.36	365.00	3,875.49	41.33	7,033.29
Profit for the Year	0.00	0.00	0.00	(2,157.18)	0.00	(2,157.18)
Fair Valuation of Debt Instrument	0.00	0.00	0.00	0.00	19.53	19.53
Re-measurement Gains / (Losses) on Employee Benefits	0.00	0.00	0.00	0.00	3.12	3.12
Dividend Payment	0.00	0.00	0.00	0.00	0.00	0.00
Tax on Dividend Payment	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Transfer from Retained Earnings	0.00	0.00	0.00	0.00	0.00	0.00
Used for Issue of Bonus Shares	0.00	0.00	0.00	0.00	0.00	0.00
Balance at the End of the Reporting Period March 31, 2020	603.11	2,148.36	365.00	1,718.31	63.98	4,898.76

Statement of Changes in Equity for the Period Ended March 31, 2020

B. OTHER EQUITY

₹ In Lakhs

Particulars	Capital Reserve	Securities Premium Reserve	General Reserves	Surplus in Profit & Loss Statement	Other Comprehensive Income	Total
Balance at the Beginning of the Reporting Period April 01, 2018	603.11	2,148.36	315.00	3,853.00	19.57	6,939.05
Profit for the Year	0.00	0.00	0.00	656.16	0.00	656.16
Fair Valuation of Debt Instrument	0.00	0.00	0.00	0.00	20.26	20.26
Re-measurement Gains / (Losses) on Employee Benefits	0.00	0.00	0.00	0.00	1.49	1.49
Dividend Payment	0.00	0.00	0.00	(264.87)	0.00	(264.87)
Tax on Dividend Payment	0.00	0.00	0.00	(53.92)	0.00	(53.92)
Transfer to General Reserve	0.00	0.00	0.00	(50.00)	0.00	(50.00)
Transfer from Retained Earnings	0.00	0.00	50.00	0.00	0.00	50.00
Used for Issue of Bonus Shares	0.00	0.00	0.00	(264.87)	0.00	(264.87)
Balance at the End of the Reporting Period March 31, 2019	603.11	2,148.36	365.00	3,875.49	41.33	7,033.29

As per our Report of even date attached

For Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No.: 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

Place: Ahmedabad

Date: July 31, 2020

For and on Behalf of Board of Directors

Mahendra R. Shah

(Chairman & Whole Time Director)

Pushpa M. Shah

(Executive Director)

Hetal Koradia

(Company Secretary)

Jatin M. Shah

(Managing Director)

Vijay Lathi

(Chief Financial Officer)

Cash Flow Statement for the Year Ended March 31, 2020

₹ In Lakhs

Particulars	As At March 31, 2020	As At March 31, 2019
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(2,050.24)	994.49
Adjustments for:		
Depreciation and Amortization	265.72	203.86
Interest and Finance Charges	1,361.51	1,178.52
Interest income	(20.83)	(20.90)
(Gain) / Loss on Fixed Assets Sold / Discarded (Net)	(7.46)	10.21
Others	0.00	0.00
Operating Profit Before Working Capital Changes	(451.30)	2,366.18
Adjustments for Changes in Working Capital:		
(Increase) / Decrease in Trade Receivables, Loans & Advances and Other Assets	2,154.20	2,726.03
(Increase) / Decrease in Inventories	671.61	(2,262.44)
Increase / (Decrease) in Trade Payables, Other Liabilities and Provisions	99.15	(303.30)
(Increase) / Decrease Other Non-Current Assets	32.43	(109.61)
Increase / (Decrease) Other Non-Current Liabilities	10.53	14.29
Cash Generated From Operations	2,516.63	2,431.14
Income Taxes Paid	169.73	1,114.23
Net Cashflow From Operating Activities	2,346.90	1,316.91
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,074.22)	(996.35)
Additions in Capital Work-in-Progress	458.31	(752.93)
Proceeds From Sale of Fixed Assets	37.80	8.36
Purchase of Non-Current Investments	0.00	0.00
Investments in Bank Deposits (with Original Maturity over 3 Months)	7.56	33.38
Interest Received	20.83	20.90
Net Cashflow From Investing Activities	(549.72)	(1,686.64)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Share Capital & Capital Reserve	0.00	0.00
Proceeds / (Repayment) from Long Term Borrowings	284.44	0.93
Proceeds / (Repayment) from Short Term Borrowings	(717.00)	1,842.99
Payment of Dividend & Dividend Tax thereon	0.00	(318.80)
Interest and Finance Charges	(1,361.51)	(1,165.32)
Net Cashflow from Financing Activities	(1,794.07)	359.81
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	3.11	(9.92)
Cash and Bank Balances at the Beginning of the Year	16.02	25.93
Cash and Bank Balances at the End of the Year	19.13	16.02

Cash Flow Statement for the Year Ended March 31, 2020

Notes:

- 1) The above cash flow statement has been prepared as per the "Indirect method" set out in the Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows.
- 2) Figures in bracket indicate cash outflow.
- 3) Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

Cash and cash equivalents at the end of the year consist of cash on hand, cheques, draft on hand and balance with banks as follows:

DETAIL OF CASH AND CASH EQUIVALENTS

₹ In Lakhs

Particulars	As At March	As At March
	31, 2020	31, 2019
Balances with Banks		
In Current Accounts	1.25	2.75
In Deposits with Original Maturity of Less than 3 Months	0.00	0.00
Cash on Hand	17.88	13.27
Cheque on Hand	0.00	0.00
Total	19.13	16.02

As per our Report of even date attached

For Sanjay Bajoria & Associates,

Chartered Accountants

Firm Registration No.: 117443W

Kalpesh R. Shah

(Partner)

(Membership No.: 103301)

Place: Ahmedabad

Date: July 31, 2020

For and on Behalf of Board of Directors

Mahendra R. Shah

(Chairman & Whole
Time Director)

Pushpa M. Shah

(Executive Director)

Hetal Koradia

(Company Secretary)

Jatin M. Shah

(Managing Director)

Vijay Lathi

(Chief Financial Officer)

Notes Forming Part of the Financial Statements

Note 1 Company Overview and Significant Accounting Policies

1. Corporate Information

Arfin India Limited (the "Company") is a Public Limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its Equity Shares are listed on BSE Limited and The Calcutta Stock Exchange Limited (Equity Shares of the Company have been delisted from The Calcutta Stock Exchange w.e.f. July 23, 2020). The registered office of the Company is located at B-302, 3rd Floor, Pelican House, Gujarat Chamber of Commerce Building, Ashram Road, Ahmedabad - 380009, Gujarat, India.

The Company is engaged in the business of manufacturing, trading and selling of various non-ferrous metal products and its manufacturing facilities are located at Chhatral, Dhanot and Vadaswami within the vicinity of Ahmedabad in the State of Gujarat. The Company caters to both domestic as well as international markets.

2.1 Basis of Preparation of Financial Statements

Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements for the financial year ended March 31, 2020 have been approved by the Board of Directors of the Company in its meeting held on July 31, 2020.

Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- i) Certain financial assets and liabilities that are measured at fair value or amortized cost;
- ii) Defined benefit plans - plan assets are measured at fair value less present value of defined benefit obligations.

Current and Non-Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest rupees in lakhs as per the requirement of Schedule III, unless otherwise stated.

2.2 Use of Estimates

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognized in the period in which the results are known / materialized. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about

Notes Forming Part of the Financial Statements

conditions existing as at the reporting date.

2.3 Estimation of Uncertainties Relating to the Global Health Pandemic from COVID -19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and other intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and, based on the current estimates, expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

2.4 Property, Plant & Equipments

Property, plant and equipments are stated at cost, net of recoverable taxes, less depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and other cost directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a straight line method over the estimated useful lives of assets.

The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and the management believes that useful life of assets are same as

Asset Class	Useful Life
Factory Building	30 years
Non - Factory Building	60 years
Plant and Machinery	15 years
Furniture and Fixtures / Electric Installations	10 years
Office Equipment	5 years
Vehicles	8 / 10 years
Computers	3 years

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

Notes Forming Part of the Financial Statements

Capital Work in Progress and Capital Advances

Cost of assets not ready for intended use, as on the Balance Sheet date is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at Balance Sheet date are disclosed as Other Current Assets.

2.5 Intangible Assets

Computer softwares are stated at cost, less accumulated amortization and impairments, if any.

Amortization method and useful life

The Company amortizes computer software using the straight-line method over the period of 5 years. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

2.6 Inventories

Items of inventories of Raw Material, Finished goods, Spares and Stores, Packing Material & Fuel are valued at lower of cost or net realizable value except waste which is valued at estimated net realizable value. Raw material cost of inventories comprises of cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Finished goods cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

2.7 Financial Instruments

(i) Initial Recognition and Measurement

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way of purchase and sale of financial assets are recognized on the trade date.

(ii) Subsequent Measurement

A. Non-Derivative Financial Instrument

(a) Financial Assets Carried at Amortized Cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets at Fair Value through Other Comprehensive Income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an

Notes Forming Part of the Financial Statements

irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(c) Financial Assets at Fair Value through Profit or Loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(d) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

B. Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank.

Financial Assets or Liabilities, at Fair Value through Profit or Loss

This category has derivative financial assets or liabilities which are not designated as hedges. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

C. De-recognition of Financial Instruments

The Company derecognizes a financial asset when the contractual right to receive the cash flows from the financial asset expires or it transfers the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

2.8 Current versus Non-Current Classification

An asset is considered as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Notes Forming Part of the Financial Statements

All other assets are classified as non-current.

A liability is considered as current when it is:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.9 Measurement of Fair Value

Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Input for the asset or liability those are not based on observable market data (unobservable inputs).

2.10 Investments and Other Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income, or through the Statement of Profit and Loss), and
- Those measured at amortized cost.

Notes Forming Part of the Financial Statements

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets are expensed out in the Statement of Profit and Loss.

Impairment of Financial Assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.11 Revenue Recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, discounts, GST and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below:

Sale of Goods

Sales are recognized when substantial risk and rewards of ownership are transferred to customers. In case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to transporter. In case of export customers, generally sales take place when goods are shipped on board based on bill of lading.

Other Operating Revenue

Export Incentives under various schemes are accounted in the year in which right to receive is irrevocably established.

Other Revenue

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Revenue in respect of insurance / other claims etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

Dividend

Dividends are generally recognized in the Statement of Profit and Loss only when the right to receive payment is established.

2.12 Foreign Currency Transactions

The financial statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates

Notes Forming Part of the Financial Statements

prevailing on the date of the Balance Sheet. All exchange differences other than those relating to the acquisition of fixed assets from outside India are dealt with in the Statement of Profit and Loss. Exchange gain or loss relating to fixed assets acquired from outside India is adjusted in the cost of respective fixed assets. All non-monetary items are measured at historical cost basis.

In case of forward contracts, the gain / loss on contracts are treated as periodical expense or revenue. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expense for the year, except in case of a forward exchange contract relating to liabilities incurred for acquiring fixed assets from outside India, in which case, such profit or loss is adjusted in the cost of fixed assets.

Exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

2.13 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In that case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Notes Forming Part of the Financial Statements

2.14 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation. As a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

2.15 Employee Benefits

Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Post-Employment Obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

Gratuity Obligations

The liability or asset recognized in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Gratuity liability of employees is not funded.

Notes Forming Part of the Financial Statements

Defined Contribution Plans

Defined Contribution Plans such as Provident Fund, etc., are charged to the Statement of Profit and Loss as incurred.

2.16 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying property, plant and equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

2.17 Earnings Per Equity Share

Basic Earnings Per Equity Share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company by
- average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted Earnings Per Equity Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.18 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.19 Leases

As a Lessee

The Company's lease asset classes primarily consist of leases for buildings taken on lease for operating its branch offices, if any. The Company assesses whether a contract contains a lease, at inception of a contract. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. The lease liability is initially measured at amortized cost at the present value of the future lease payments, if any.

Notes Forming Part of the Financial Statements

During the year, Company has only short-term and low value leases, therefore the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature, if any.

During the year, Company has only short-term and low value lease receipts, therefore the Company recognizes the lease receipts as an operating income in the Statement of Profit & Loss Account.

2.20 Government Grants

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy / rebates are credited to the Statement of Profit and Loss under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise acquired through non-current assets are recognized as deferred income and disclosed under non-current liabilities and transferred to the Statement of Profit and Loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets are transferred to the Statement of Profit and Loss over the periods that bear the cost of meeting the obligations related to such grants.

2.21 Business Combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. A business combination between entities under common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

2.22 Cash and Cash Equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are really convertible to known amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

2.23 Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for effect of the transactions of a non-cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes Forming Part of the Financial Statements

2.24 Share Capital

Shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.25 Cash Dividend

The Company recognizes a liability to make cash or non-cash distributions to equity shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Notes Forming Part of the Financial Statements

3. PROPERTY, PLANT, EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ In Lakhs

Particulars	Factory Land	Factory Buildings	Plant & Equipment	Computer	Furniture & Fixtures	Vehicles	Office Equipment	Office Building Pelican House	Total	Capital Work-in-Progress
COST OF ASSETS										
As at April 01, 2018	549.83	883.26	1,568.34	17.30	48.19	149.40	33.36	300.00	3,549.68	970.04
Addition	0.89	222.83	606.06	3.00	2.83	147.73	7.75	5.25	996.35	1,080.15
Disposal / Adjustments	0.00	19.46	0.00	0.00	0.00	0.00	0.00	0.00	19.46	327.22
As at March 31, 2019	550.72	1,086.63	2,174.40	20.30	51.03	297.13	41.10	305.25	4,526.57	1,722.97
Addition	26.50	405.15	642.56	0.00	0.00	0.00	0.00	0.00	1,074.22	484.30
Disposal / Adjustments	2.23	0.00	26.87	0.00	0.00	15.23	0.00	0.00	44.33	942.61
As at March 31, 2020	574.99	1,491.79	2,790.10	20.30	51.03	281.90	41.10	305.25	5,556.46	1,264.66
DEPRECIATION										
As at April 01, 2018	0.00	101.90	289.44	11.71	23.47	36.65	22.54	16.53	502.24	0.00
Charge For The Year	0.00	29.15	123.42	2.84	4.34	34.61	4.65	4.85	203.86	0.00
Disposal / Adjustments	0.00	0.89	0.00	0.00	0.00	0.00	0.00	0.00	0.89	0.00
As at March 31, 2019	0.00	130.16	412.86	14.55	27.81	71.26	27.18	21.38	705.21	0.00
Charge For The Year	0.00	44.98	169.75	2.86	4.55	34.33	4.39	4.86	265.72	0.00
Disposal / Adjustments	0.00	0.00	3.39	0.00	0.00	10.59	0.00	0.00	13.98	0.00
As at March 31, 2020	0.00	175.14	579.23	17.41	32.36	95.00	31.57	26.24	956.95	0.00
NET BLOCK										
As at March 31, 2020	574.99	1,316.64	2,210.88	2.89	18.67	186.90	9.53	279.01	4,599.51	1,264.66
As at March 31, 2019	550.72	956.47	1,761.54	5.75	23.22	225.87	13.92	283.87	3,821.35	1,722.97

Notes Forming Part of the Financial Statements

4. NON - CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	TRADE INVESTMENT (AT COST)		
	Investment in Equity Instruments	0.00	0.00
		0.00	0.00
II	NON-TRADE INVESTMENT		
	Investment	0.00	0.00
	Total	0.00	0.00

5. NON - CURRENT FINANCIAL ASSETS - LOANS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED		
	(i) Security Deposits	62.75	74.22
	(ii) Others	0.00	0.00
II	Loans to Employees	0.00	0.00
	Total	62.75	74.22

6. NON - CURRENT FINANCIAL ASSETS - OTHERS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Bank Deposits with Original Maturity Greater than 12 Months	0.00	0.00
II	Balance with Statutory / Government Authority (Refer Note 6.1)	41.30	41.30
	Total	41.30	41.30

6.1 Payment of Custom Duty is under protest against which the appeal has been filed before Commissioner of Custom Appeals, Ahmedabad.

7. NON - CURRENT ASSETS - OTHERS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	CAPITAL ADVANCES		
	(i) Considered Good	0.00	0.00
	(ii) Considered Doubtful	0.00	0.00
II	Less: Provision for Doubtful Advances	0.00	0.00
		0.00	0.00
III	Preliminary / Unamortized Expense to the Extent Not Written Off	85.54	106.50
	Total	85.54	106.50

Notes Forming Part of the Financial Statements

8. INVENTORIES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	(Valued at Lower of Cost and Net Realizable Value)		
I	Raw Materials	4,566.88	6,924.37
II	Work-In-Progress	0.00	0.00
III	Stores and Spares	51.10	25.90
IV	Finished Goods	5,005.50	3,344.82
V	Stock-In-Trade	0.00	0.00
	Total	9,623.48	10,295.09

As per inventory taken and valued by the management.

8.1 Inventories are hypothecated to Consortium for Secured Working Capital Facilities from State Bank of India, Axis Bank, IDBI Bank and Bank of Baroda.

9. CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	TRADE INVESTMENT (AT COST)		
	Investment in Equity Instruments	0.00	0.00
		0.00	0.00
II	NON-TRADE INVESTMENT		
	Investment in SBI Corporate Bond Fund (Quoted) (At Fair Value through OCI)	501.83	472.52
	Total	501.83	472.52

9.1 SBI Corporate Bonds are hypothecated to Consortium for Secured Working Capital Facilities from State Bank of India, Axis Bank, IDBI Bank and Bank of Baroda.

10. TRADE RECEIVABLES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	UNSECURED		
	(i) Considered Good	3,091.99	4,987.00
	(ii) Considered Doubtful	2,536.32	0.00
		5,628.31	4,987.00
II	Less: Bad / Doubtful Debts Written Off (Refer Note 10.1)	2,523.97	0.00
	Total	3,104.35	4,987.00

Notes Forming Part of the Financial Statements

10.1 The Hon'ble Supreme Court of India, vide its order dated November 15, 2019 in the matter of Essar Steel India Limited "Corporate Debtor" under the Insolvency and Bankruptcy Code, 2016, set aside the NCLAT's judgment dated July 05, 2019 (i.e. operational creditors should be treated on par with financial creditors for distribution of funds from Arcelor Mittal's bid in the Essar Steel Insolvency case) by upholding the primacy of financial creditors in the distribution of funds received under the corporate Insolvency Scheme. The Company being an operational creditor has recovered part of the outstanding due through the Corporate Insolvency Scheme as approved by the Committee of Creditors on March 27, 2019 and the balance outstanding amount of ₹ 2,523.97 Lakhs as on the date of filing of application (i.e. August 02, 2017) of Essar Steel matter to NCLT under IBC Act, has been written off and netted under the head "Sundry Balances Written Off".

10.2 AGEING OF TRADE RECEIVABLES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Within the Credit Period	2,865.55	3,259.33
II	91-180 Days from Past Dues	182.00	656.05
III	More than 180 Days from Past Dues	56.80	1,071.61
	Total	3,104.35	4,987.00
I	Current Trade Receivables	3,091.99	4,987.00
II	Non-Current Trade Receivables	12.36	0.00
	Total	3,104.35	4,987.00

10.3 Trade Receivables are hypothecated to Consortium for Secured Working Capital Facilities from State Bank of India, Axis Bank, IDBI Bank and Bank of Baroda.

11. CASH AND CASH EQUIVALENTS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Balances with Scheduled Banks		
	(i) In Current Accounts	1.25	2.75
	(ii) In Deposit Accounts (Maturity Less than 3 Months)	0.00	0.00
II	Cash in Hand	17.88	13.27
III	Cheques in Hand	0.00	0.00
	Total	19.13	16.02

12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Other Balances	0.00	0.00
II	Earmarked Balances with Banks for:		
	(i) Unpaid Dividends (Refer Note No. 12.1 below)	6.24	4.69
	(ii) Bank Fixed Deposits*	289.05	298.16
	Total	295.29	302.86

Notes Forming Part of the Financial Statements

12.1 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at March 31, 2020.

*Includes ₹ 200 Lakhs (Previous Year ₹ 200 Lakhs) as Margin Money Deposit (Lien) against Secured Working Capital Borrowings from Consortium of State Bank of India, Axis Bank, IDBI Bank and Bank of Baroda.

*Includes FDR of ₹ 76.67 Lakhs against various Bank Guarantees issued as at March 31, 2020.

*Includes FDR of ₹ 81.66 Lakhs against various Bank Guarantees issued as at March 31, 2019.

13. CURRENT FINANCIAL ASSETS - LOANS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED		
I	Security Deposits	0.00	0.00
II	Others:		
	(i) Advances Recoverable in Cash or Kind	43.97	58.80
	(ii) Advances to Staff	1.82	1.87
	Total	45.79	60.67

14. CURRENT FINANCIAL ASSETS - OTHERS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Interest Accrued on Deposits	2.04	1.71
	Total	2.04	1.71

15. OTHER CURRENT ASSETS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED		
I	Capital Advances		
	(i) Considered Good	77.10	44.19
	(ii) Considered Doubtful	0.00	0.00
II	Others		
	(i) Prepaid Expenses	23.24	28.09
	(ii) Balance with Statutory Authorities	158.20	443.26
	Total	258.54	515.54

Notes Forming Part of the Financial Statements

16. EQUITY SHARE CAPITAL

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	AUTHORIZED 3,15,00,000 Equity Shares of ₹ 10/- Each (March 31, 2019 - 3,15,00,000 Equity Shares)	3,150.00	3,150.00
II	ISSUED, SUBSCRIBED AND PAID UP 1,58,92,405 Equity Shares of ₹ 10/- Each (As At March 31, 2019 - 1,58,92,405 Equity Shares of ₹ 10/- Each)	1,589.24	1,589.24

16.1 The Company has only One Class of Ordinary Equity Shares having Par Value of ₹ 10/- Each and the holders of these Ordinary Shares are entitled to receive Dividends as and when declared by the Company. Each holder of the Equity Shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution to all preferential amounts, in proportion to their shareholding.

16.2 The Reconciliation of the Number of Shares Outstanding as at March 31, 2020 and March 31, 2019 is set out below

Sr. No.	Particulars	As At March 31, 2020		As At March 31, 2019	
		No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
I	EQUITY SHARES				
	Shares Outstanding at the Beginning of the Year	1,58,92,405	1,589.24	1,32,43,671	1,324.37
	Add: Bonus Shares Issued During the Year: NIL (Previous Year: 1:5)	0	0.00	26,48,734	264.87
	Shares Outstanding at the End of the Year	1,58,92,405	1,589.24	1,58,92,405	1,589.24

16.3 During previous year 2018-19, the Company has, on November 15, 2018, issued and allotted 26,48,734 Bonus Equity Shares to the shareholders holding shares as on the record date fixed for this purpose, i.e. November 14, 2018 in the ratio of 1:5 i.e. in the proportion of 1 (One) new fully paid-up Equity Share of ₹ 10/- (Rupees Ten Only) each for every 5 (Five) existing fully paid-up equity shares of ₹ 10/- (Rupees Ten Only) each.

16.4 The Details of Shareholders Holding More Than 5% Shares is Set Out Below

Sr. No.	Name of the Shareholder	As At March 31, 2020		As At March 31, 2019	
		No. of Shares	% of Holding	No. of Shares	% of Holding
(i)	Mr. Mahendra R. Shah	25,65,825	16.14%	25,65,825	16.14%
(ii)	Mr. Jatin M. Shah	25,15,953	15.83%	25,15,953	15.83%
(iii)	Mrs. Pushpa M. Shah	21,60,110	13.59%	21,60,110	13.59%
(iv)	Mrs. Rani J. Shah	21,33,316	13.42%	21,33,316	13.42%
(v)	Ms. Pooja M. Shah	8,02,440	5.05%	8,02,440	5.05%

Notes Forming Part of the Financial Statements

17. OTHER EQUITY

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	CAPITAL RESERVE		
	Opening Balance	603.11	603.11
	Addition during the Financial Year	0.00	0.00
	Deductions during the Financial Year	0.00	0.00
	Closing Balance	603.11	603.11
II	SECURITIES PREMIUM RESERVE		
	Opening Balance	2,148.36	2,148.36
	Additions during the Financial Year	0.00	0.00
	Deductions during the Financial Year	0.00	0.00
	Closing Balance	2,148.36	2,148.36
III	GENERAL RESERVE		
	Opening Balance	365.00	315.00
	Additions during the Financial Year	0.00	50.00
	Closing Balance	365.00	365.00
IV	RETAINED EARNINGS		
	Opening Balance	3,875.49	3,853.00
	Profit / (Loss) during the Financial Year	(2,157.18)	656.16
	Add: Addition during the Year (Including Transferred From Reserves)	0.00	0.00
	Less: Appropriations		
	Dividend Paid	0.00	264.87
	Tax on Dividend Paid	0.00	53.92
	Residual Value of Fixed Assets Transferred	0.00	0.00
	Used for Issue of Bonus Shares	0.00	264.87
	Transferred to General Reserve	0.00	50.00
	Closing Balance	1,718.31	3,875.49
V	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME [FVTOCI] RESERVE		
	Opening Balance	41.33	19.57
	Fair Valuation of Debt Instrument	19.53	20.26
	Adjusted from Surplus in Statement of Profit and Loss		
	Re-measurement Gains / (Losses) on Employee Benefits	3.12	1.49
	Deductions during the Financial Year	0.00	0.00
	Closing Balance	63.98	41.33
	Total Other Equity	4,898.76	7,033.29

17.1 NATURE AND PURPOSE OF RESERVES

a) SECURITIES PREMIUM RESERVE

Securities Premium Reserve is created when shares are issued at premium. The reserves are utilized by the Company in accordance with provisions of the Act.

Notes Forming Part of the Financial Statements

b) CAPITAL RESERVE

The Company has created Capital Reserve of ₹ 26.38 Lakhs on account of forfeiture of shares and balance amount of ₹ 576.74 Lakhs has been created pursuant to scheme of amalgamation during the financial year 2017-18.

c) GENERAL RESERVE

Pursuant to the provisions of the Companies Act, 1956, the Company has transferred a portion of its net profit to the General Reserve before declaration of dividend. Mandatory transfer to the General Reserve is not required under the Companies Act.

d) RETAINED EARNINGS

Retained Earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distribution paid to shareholders.

e) FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME [FVTOCI] RESERVE

The Company transfers actuarial gain / (loss) arising at the time of valuation defined benefit obligation to "Actuarial Gain / Loss" component of Other Comprehensive Income (OCI).

The Company has elected to recognize changes in the fair value of certain investments in Other Comprehensive Income (OCI). These changes are accumulated within the FVTOCI.

18. NON - CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
A	SECURED TERM LOANS		
(1)	FROM BANKS		
	For Acquisition of Plant & Machinery		
	State Bank of India - (Term Loan)	41.28	161.28
	a) Tenure of Loan is 41 Months and Repayable in Monthly Installments commencing from the month of April 2018. Present Floating Rate of Interest is 11.00% per annum.		
	b) Nature of Primary Security: (a) Loan is Secured by Pledge of Plant & Machineries created out of Bank Finance.		
	c) Collateral Security: (i) Equitable Mortgage of Factory Land and Building at "Plot No. 118/1,2,3,4, Plot No. 117/P-3,6,7, Ravi Industrial Estate situated at Bileshwarpura Village, Chhatral, Gandhinagar - 382729, Gujarat, India".		
	(ii) Equitable Mortgage over Block No. 132/P, Near Mesco Weldmesh Industries, Ahmedabad - Mehasana Highway, Dhanot, Taluka, Kalol, Dist. - Gandhinagar - 382729, Gujarat, India.		
	(iii) Equitable Mortgage Over Office No. B-302, 3 rd Floor and Office No. A-601 & B-602, 6 th Floor located at Pelican House, Near Gujarat Chamber of Commerce Building, Ashram Road, Ahmedabad - 380009, Gujarat, India.		
	(iv) Fixed Deposit of ₹ 200 Lakhs with State Bank of India.		
	(v) Lien on SBI Mutual Funds: No. of Units: 15,82,795, Folio No.16903058, in the name of Arfin India Limited of ₹ 501.83 Lakhs.		

Notes Forming Part of the Financial Statements

18. NON - CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	d) Loan is Guaranteed by following Directors: (1) Mr. Mahendra R. Shah (2) Mr. Jatin M. Shah (3) Mrs. Pushpa M. Shah		
(2)	For Acquisition of Vehicles HDFC Bank Limited - (Vehicle Loan)	4.57	62.05
	a) Tenure of Loan is 36 Months and Repayable in Equal Monthly Installments. Present Fixed Rate of Interest is 9.35% per annum.		
	b) Nature of Security: Loan is Secured by Pledge of Vehicle.		
	c) Loan is Guaranteed by following Directors: (1) Mr. Mahendra R. Shah (2) Mr. Jatin M. Shah		
		45.86	223.33
	Less: Adjustment of Transaction Costs as per Ind AS 109	1.49	4.12
		44.37	219.21
B	FROM FINANCIAL INSTITUTIONS		
(1)	For Acquisition of Plant & Machinery Tata Capital Financial Services Limited - (Term Loan)	19.00	56.71
	a) Tenure of Loan is 36 Months and Repayable in Monthly Installments commencing from the month of February 2019. Present Rate of Interest is 11.75% per annum.		
	b) Nature of Security: Secured by Hypothecation of Plant and Machinery Purchased out of Tata Capital Finance.		
	c) Loan is Guaranteed by following Directors: (1) Mr. Mahendra R. Shah (2) Mr. Jatin M. Shah		
C	FROM OTHERS (UNSECURED)		
	Inter Corporate Deposits*	621.76	688.74
	Directors*	628.63	97.96
	Total	1,313.75	1,062.63

* As per the Management's explanation, the above loans are for long term and repayable over a period of three to five years from the date of Balance Sheet.

19. NON - CURRENT PROVISIONS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Provision for Employee Benefit (i) Gratuity Payable	37.95	27.42
	Total	37.95	27.42

Notes Forming Part of the Financial Statements

20. NON - CURRENT DEFERRED TAX LIABILITIES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Deferred Tax Liabilities	420.09	298.28
II	Deferred Tax Assets	12.45	8.94
III	Net Total (I - II)	407.63	289.34

20.1. COMPONENTS OF DEFERRED TAX ASSETS AS AT MARCH 31, 2020

₹ In Lakhs

Sr. No.	Particulars	As At April 01, 2019	Charge / (Credit) Recognized in Profit / Loss	Charge / (Credit) Recognized in Other Comprehensive Income	As At March 31, 2020
I	DEFERRED TAX ASSETS				
	Fair Valuation of (Gain) / Loss on Debt Instrument	0.00	0.00	0.00	0.00
	Provision for Post Retirement and Other Employee Benefits	9.63	5.08	0.00	14.71
	Remeasurement of Defined Benefit Obligations	(0.69)	0.00	(1.57)	(2.25)
	Total Deferred Tax Assets	8.94	5.08	(1.57)	12.45

COMPONENTS OF DEFERRED TAX LIABILITIES AS AT MARCH 31, 2020

₹ In Lakhs

Sr. No.	Particulars	As At April 01, 2019	Charge / (Credit) Recognized in Profit / Loss	Charge / (Credit) Recognized in Other Comprehensive Income	As At March 31, 2020
I	DEFERRED TAX LIABILITIES				
	Fair Valuation of (Gain) / Loss on Debt Instrument	20.57	0.00	9.79	30.36
	Timing Difference with respect to Property, Plant & Equipments	277.71	112.02	0.00	389.73
	Borrowings Designated at Amortized Cost	0.00	0.00	0.00	0.00
	Total Deferred Tax Liabilities	298.28	112.02	9.79	420.09

Notes Forming Part of the Financial Statements

20.2 COMPONENTS OF DEFERRED TAX ASSETS AS AT MARCH 31, 2019

₹ In Lakhs

Sr. No.	Particulars	As At April 01, 2018	Charge / (Credit) Recognized in Profit / Loss	Charge(Credit) Recognized in Other Comprehensive Income	As At March 31, 2019
I	DEFERRED TAX ASSETS				
	Fair Valuation of (Gain) / Loss on Debt Instrument	0.00	0.00	0.00	0.00
	Provision for Post Retirement and Other Employee Benefits	4.85	4.77	0.00	9.63
	Re-measurement of Defined Benefit Obligations	0.06	0.00	(0.75)	(0.69)
	Total Deferred Tax Assets	4.91	4.77	(0.75)	8.94

COMPONENTS OF DEFERRED TAX LIABILITIES AS AT MARCH 31, 2019

₹ In Lakhs

Sr. No.	Particulars	As At April 01, 2018	Charge / (Credit) Recognized in Profit / Loss	Charge(Credit) Recognized in Other Comprehensive Income	As At March 31, 2019
I	DEFERRED TAX LIABILITIES				
	Fair Valuation of (Gain) / Loss on Debt Instrument	10.42	0.00	10.15	20.57
	Timing Difference with respect to Property, Plant & Equipments	220.30	57.41	0.00	277.71
	Borrowings Designated at Amortized Cost	0.00	0.00	0.00	0.00
	Total Deferred Tax Liabilities	230.72	57.41	10.15	298.28

21. CURRENT FINANCIAL LIABILITIES – BORROWINGS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	SECURED		
	LOANS REPAYABLE ON DEMAND		
	(a) Secured		
	(i) From Banks		
	Axis Bank Limited - Cash Credit Limits	1,582.02	3,091.05
	IDBI Bank Limited - Cash Credit Limits	1,189.79	1,541.44
	State Bank of India - Cash Credit Limits	4,259.39	3,623.90
	Bank of Baroda - Cash Credit Limits	2,340.04	1,831.85

Notes Forming Part of the Financial Statements

21. CURRENT FINANCIAL LIABILITIES – BORROWINGS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	All Above Working Capital Loans under consortium arrangements are Secured by:		
	a) Nature of Primary Security: (i) Secured by Hypothecation of Entire Current Assets Including Book Debts and Stock at Present and in Future.		
	b) Collateral Security: (i) Equitable Mortgage of Factory Land and Building at "Plot No. 118/1,2,3,4, Plot No. 117/P-3,6,7, Ravi Industrial Estate situated at Bileshwarpura Village, Chhatral, Gandhinagar - 382729, Gujarat, India".		
	(ii) Equitable Mortgage over Block No. 132/P, Near Mesco Weldmesh Industries, Ahmedabad - Mehasana Highway, Dhanot, Taluka - Kalol, Dist. - Gandhinagar - 382729, Gujarat, India.		
	(iii) Equitable Mortgage Over Office No. B-302, 3 rd Floor and Office No. A-601 & B-602, 6 th Floor situated at Pelican House, Near Gujarat Chamber of Commerce Building, Ashram Road, Ahmedabad - 380009, Gujarat, India.		
	(iv) Fixed Deposit of ₹ 200 Lakhs with State Bank of India.		
	(v) Lien on SBI Mutual Funds: No. of Units: 15,82,795, Folio No. 16903058, in the name of Arfin India Limited of ₹ 501.83 Lakhs.		
	c) Rate of Interest on Cash Credit Loan is in the range of 10.50% to 11.60% per annum.		
	d) Cash Credit limits are renewable every year.		
	e) Loans are Guaranteed by following Directors:		
	(i) Mr. Mahendra R. Shah (ii) Mr. Jatin M. Shah		
	(iii) Mrs. Pushpa M. Shah		
	(ii) From Other Parties	0.00	0.00
		9,371.24	10,088.24
	(b) Unsecured		
	(i) From Banks	0.00	0.00
	(ii) From Other Parties	0.00	0.00
		0.00	0.00
II	LOANS AND ADVANCES FROM RELATED PARTIES		
	(a) Secured	0.00	0.00
	(b) Unsecured	0.00	0.00
		0.00	0.00
III	DEPOSITS		
	(a) Secured	0.00	0.00
	(b) Unsecured	0.00	0.00
		0.00	0.00
	Total	9,371.24	10,088.24

Notes Forming Part of the Financial Statements

22. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
(i)	Due to Micro and Small Enterprises (Refer Note No. 40)	176.20	188.08
(ii)	Due to other than Micro and Small Enterprises	1,667.24	1,676.12
	Total	1,843.44	1,864.20

23. CURRENT FINANCIAL LIABILITIES - OTHERS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
(i)	Current Maturities of Long Term Debt - Term Loans	254.26	220.94
(ii)	Payables for Capital Goods	40.12	47.73
(iii)	Unpaid / Unclaimed Dividend (Refer Note No. 23.1)	6.24	4.69
	Total	300.63	273.36

23.1 No Unpaid Dividend remains due for payment to the Investor Education and Protection Fund as at March 31, 2020.

24. OTHER CURRENT LIABILITIES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
(i)	Salary Payable	36.26	5.06
(ii)	Statutory Liabilities	32.45	14.72
	Total	68.71	19.78

25. SHORT TERM PROVISIONS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
(i)	Current Tax Provision (Net of Advance Tax and Tax Deducted at Source)	0.00	169.73
(ii)	Provision for Expenses	72.85*	0.51
	Total	72.85	170.24

* Interest payable on working capital loans for the month of March 2020 has been deferred by working capital lenders post RBI announcement to ease liquidity in the businesses on account of COVID-19 pandemic.

Notes Forming Part of the Financial Statements

26. REVENUE FROM OPERATIONS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	REVENUE FROM OPERATIONS		
	Sale of Products		
	Domestic Sales	30,956.70	44,277.68
	Export Sales (*)	7,435.08	4,000.34
	Sale of Services		
	Sale of Services (Refer Note No. 47)	2,706.55	0.00
		41,098.34	48,278.02
	(*) Earnings in Foreign Exchange		
II	OTHER OPERATING REVENUE		
	Export Incentives and Benefits	63.20	84.61
	Job Work Charges	2.90	1.23
	Revenue From Operations (Gross)	41,164.44	48,363.86
	Less: GST Recovered	5,307.17	7,075.81
	Revenue from Operations (Net)	35,857.27	41,288.05

27. OTHER INCOME

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Interest Income	20.83	20.90
II	Profit on Sale of Land	11.77	0.00
III	Other Non-Operating Income		
	Gain on Exchange Rate Fluctuation	126.44	34.04
	Rent Income	2.40	1.50
		128.84	35.54
	Total	161.44	56.44

Notes Forming Part of the Financial Statements

28. COST OF MATERIALS CONSUMED

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	RAW MATERIAL		
	Opening Stock	6,924.37	6,604.19
	Add: Purchases	28,417.93	35,174.35
		35,342.30	41,778.53
	Less: Closing Stock	4,566.88	6,924.37
		30,775.42	34,854.17
II	PACKING MATERIAL AND CONSUMABLE STORES		
	Opening Stock	25.90	61.10
	Add: Purchases	525.54	545.17
		551.45	606.27
	Less: Closing Stock	51.10	25.90
		500.35	580.37
	Total	31,275.77	35,434.53

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	FINISHED GOODS		
	Opening Stock	3,344.82	1,367.37
	Less: Closing Stock	5,005.50	3,344.82
		(1,660.68)	(1,977.45)
II	STOCK-IN-TRADE		
	Opening Stock	0.00	0.00
	Less: Closing Stock	0.00	0.00
		0.00	0.00
	Total	(1,660.68)	(1,977.45)

30. EMPLOYEE BENEFITS EXPENSE

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Salaries, Wages and Bonus	414.55	492.12
II	Directors' Salary Expense	56.40	246.40
III	Contribution to Provident Fund / ESIC / Gratuity	28.30	28.76
IV	Staff Welfare Expenses	0.52	3.87
	Total	499.77	771.15

Notes Forming Part of the Financial Statements

31. FINANCE COSTS

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	INTEREST EXPENSE		
	For Short Term Borrowings		
	To Bank	1,006.08	725.90
	To Others	167.43	288.35
	For Others (Term Loan)	41.89	17.04
		1,215.41	1,031.28
II	OTHER BORROWING COSTS		
	Bank Charges and Commission	89.73	101.43
	Bank Loan Processing and Documentation Charges	56.38	32.61
	Interest on Income Tax	0.00	13.20
		146.10	147.23
	Total	1,361.51	1,178.52

32. OTHER EXPENSES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	MANUFACTURING EXPENSES		
	Electricity Expenses	237.93	187.26
	Gas and Fuel Expenses	817.54	872.60
	Freight Inward, Detention, Cartages and Others	127.75	156.23
	Repairs and Maintenance		
	To Buildings	5.18	6.22
	To Plant and Machineries	69.18	69.36
	To Other Assets	7.22	11.02
	CHA Agency Charges - Import	62.19	68.53
	Clearing and Forwarding Expenses	871.69	1,771.04
	Consultancy Expenses - Plant	19.80	21.15
	Job Work Charges	87.82	60.92
	Security Expenses	15.31	15.57
	Bhatthi Consumable Items and Maintenance Expenses	368.96	339.49
	Water Expenses	1.52	7.48
	VAT Expense and VAT Credit not available	0.28	0.00
	Other Manufacturing Expenses	97.94	47.77
		2,790.32	3,634.64
II	SELLING AND DISTRIBUTION EXPENSES		
	Freight Outward, Detention, Cartages and Others	686.72	709.38
	CHA Agency Charges - Export	6.19	3.27
	Clearing and Forwarding Expenses - Export	24.88	15.13
	Commission and Other Expenses	98.23	84.77
	Travelling Expenses		
	For Directors	29.64	38.26

Notes Forming Part of the Financial Statements

32. OTHER EXPENSES

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	For Staff and Guests	19.45	25.58
	Business Promotion Expenses	14.75	21.53
	Advertisement Expenses	0.55	11.80
		880.43	909.72
III	ADMINISTRATIVE EXPENSES		
	Insurance Premium Expenses	17.59	9.39
	Rent Expenses	2.67	3.14
	Rates and Taxes	4.22	6.05
	Payments to Auditors		
	As Auditor		
	Statutory Audit Fees	1.50	1.50
	Tax Audit Fees	0.25	0.25
	For Other Services (Income Tax)	0.10	0.10
	Donation Expenses	0.32	0.50
	Electricity Expenses	2.00	2.91
	(Profit) / Loss on LME / Currency Hedging Account	12.10	15.83
	Income Tax Expenses	7.65	20.68
	CSR Expenses	20.00	0.00
	Directors' Sitting Fees	1.40	1.60
	Legal and Professional Fees	46.80	50.77
	License, Membership and Annual Subscription Fees	3.43	5.34
	Listing Fees Expenses	3.58	3.20
	Loss on Fixed Assets Due to Fire / Sale	4.31	10.21
	Office Expenses	0.41	2.59
	Penalty Expenses	0.31	9.35
	Petrol and Conveyance Expenses	8.67	9.42
	Postage and Courier Expenses	2.57	2.64
	Printing and Stationery Expenses	5.39	6.27
	ROC and Filling Fees	0.17	0.26
	Sundry Balances Written Off (Net Off) (Refer Note No. 32.4)	2,488.97	5.78
	Service Tax Expenses	0.00	3.64
	Telephone and Internet Expenses	3.88	3.75
	Other Expenses	17.84	19.84
		2,656.12	195.03
	Total	6,326.87	4,739.38

Notes Forming Part of the Financial Statements

32.1 C. I. F. VALUE OF IMPORTS

Sr. No.	Particulars	As At March 31, 2020		As At March 31, 2019	
		M.T.	₹ in Lakhs	M.T.	₹ in Lakhs
I	Raw Materials	15,996.17	16,433.11	15,680.69	20,805.98
II	Stores	0.00	1.63	0.00	0.00
III	Capital Goods	0.00	0.00	0.00	181.10

32.2 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Travelling Expenses	4.62	5.42
II	Consultancy Expenses	4.68	16.10
III	Membership and Subscription Fees	0.00	2.80
IV	Loss on LME Hedging	0.00	15.83
V	Commission	54.48	27.83
VI	Interest Expenses	0.41	1.58
VII	Business Promotion Expenses	5.06	0.00
VIII	Clearing and Forwarding Charges - Export	18.52	0.00
	Total	87.76	69.56

32.3 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Sale of Products (on FOB Basis)	7,204.90	3,659.06
	Total	7,204.90	3,659.06

32.4 The Hon'ble Supreme Court of India, vide its order dated November 15, 2019 in the matter of Essar Steel India Limited "Corporate Debtor" under the Insolvency and Bankruptcy Code, 2016, set aside the NCLAT's judgment dated July 05, 2019 (i.e. operational creditors should be treated on par with financial creditors for distribution of funds from Arcelor Mittal's bid in the Essar Steel insolvency case) by upholding the primacy of financial creditors in the distribution of funds received under the Corporate Insolvency Scheme. The Company being an operational creditor has recovered part of the outstanding due through the Corporate Insolvency Scheme as approved by the Committee of Creditors on March 27, 2019 and the balance outstanding amount of ₹ 2,523.97 Lakhs as on the date of filing of application (i.e. August 02, 2017) of Essar Steel matter to NCLT under IBC Act, has been written off and netted under the head "Sundry Balances Written Off".

33. CURRENT TAX

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Current Tax	0.00	285.69
	Total	0.00	285.69

Notes Forming Part of the Financial Statements

33.1 RECONCILIATION OF INCOME TAX EXPENSE

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
	Accounting Profit Before Tax	(2,050.24)	994.49
	Enacted Income Tax Rate in India applicable to the Company	33.384%	33.384%
	Tax using the Company's Domestic Tax Rate	0.00	332.00
	Tax Effects of:		
	Exempt Income	0.00	0.00
	Deduction Under Chapter VIA	0.00	0.00
	Income Tax Allowances	0.00	0.00
	Non Deductible Expenses	0.00	15.79
	Payment of Income Tax of Earlier Years	0.00	6.90
	Effect of Other Adjustments	0.00	0.00
	Less: Others	0.00	69.00
	Total	0.00	285.69

34. EARNINGS PER SHARE

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Profit Attributable to the Equity Shareholders (A) (₹ in Lakhs)	(2,157.18)	656.16
II	Basic Number of Equity Shares Outstanding During the Period	1,58,92,405	1,58,92,405
III	Weighted Average Number of Equity Shares Outstanding During The Period (B)	1,58,92,405	1,42,37,853
IV	Weighted Average Number of Equity Shares (Including Convertible Securities, if any) Outstanding During the Period (C)	1,58,92,405	1,42,37,853
V	Nominal Value of Equity Shares (₹)	10.00	10.00
VI	Basic Earnings Per Equity Share [D=A/B] (₹)	(13.57)	4.61
VII	Diluted Earnings Per Equity Share [E=A/C] (₹)	(13.57)	4.61

35. CONTINGENT LIABILITIES

₹ In Lakhs

Particulars	As At March 31, 2020	As At March 31, 2019
(a) Claims against the Company / Disputed Liabilities not acknowledged as debts*	41.30	41.30
(b) Guarantees issued by Bank to Custom Department*	116.17	116.17
(c) Claims against the Company / Disputed Liabilities not acknowledged as debt**	8.82	8.82
(d) Guarantees issued by Bank to Customers & Vendors	555.45	545.55
(e) Sales bills discounted with Financial Institution	759.96	1004.85

*Litigation pertaining to Custom Tariff / Rate Classification at Custom Department on interpretation of the respective Law and Rules thereunder. The Company has filed appeals before Commissioner of Custom Appeals, Ahmedabad, against the custom demand and according to lawyer's opinion, the Company has

Notes Forming Part of the Financial Statements

sufficient merit to succeed in due course of litigation. The Company has paid duty under protest for ₹ 41.30 Lakhs. The Company has not provided provision for the above since the company's management does not consider that there is any probable loss.

**Litigation pertaining to IGST paid to GST Department for non-issuance of E-way bill as per the respective Law and Rules thereunder. The Company has filed an appeal before Commissioner of GST, Ahmedabad. The Company has paid GST under protest for ₹ 8.82 Lakhs. The Company has not booked the same as an expense since the company's management does not consider that there is any probable loss.

36. SEGMENT REPORTING

In the opinion of the management, the Company is mainly engaged in a single segment of manufacturing and trading of non-ferrous metal products and all other activities revolve around the main activity, therefore there are no separate reportable segments as per IndAS 108 "Segment Reporting".

37. POST RETIREMENT EMPLOYEE BENEFITS

The disclosures required under Indian Accounting Standard 19 on "Employee Benefits" are given below:

a) Defined Contribution Plans

Contribution to Defined Contribution Plan, recognized for the year are as under: ₹ In Lakhs

Particulars	2019-20	2018-19
Employers' Contribution to Provident Fund	9.39	8.55

b) Defined Benefit Plans

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan based on the following assumptions.

Economic Assumptions

The discount rate and salary increases assumed are the key financial assumptions and should be considered together. It is the difference or gap between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefits / obligations works out to zero years. For the current valuation a discount rate of 7.00% p.a. (Previous Year 7.75% p.a.) compound has been used.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long-term view as to trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

Notes Forming Part of the Financial Statements

The assumptions used are summarized in the following table:

2.1 (a) Table Showing Changes in Present Value of Obligations

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Present Value of the Obligation at the Beginning of the Period	27.42	15.37
Interest Cost	1.92	1.19
Current Service Cost	13.30	13.10
Past Service Cost	0.00	0.00
Benefits Paid (if any)	0.00	0.00
Actuarial (Gain) / Loss	(4.69)	(2.24)
Present Value of the Obligation at the End of the Period	37.95	27.42

2.1 (b) Bifurcation of Total Actuarial (Gain) / Loss on Liabilities

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Actuarial Gain / Losses from Changes in Demographics Assumptions (Mortality)	Not Applicable	Not Applicable
Actuarial (Gain) / Losses from Changes in Financial Assumptions	1.88	0.43
Experience Adjustment (Gain) / Loss for Plan Liabilities	6.57	(2.67)
Total amount Recognized in Other Comprehensive Income	(4.69)	(2.24)

2.2 Key Results (The Amount to be Recognized in the Balance Sheet)

₹ In Lakhs

Period	As At March 31, 2020	As At March 31, 2019
Present Value of the Obligation at the End of the Period	37.95	27.42
Fair Value of Plan Assets at End of Period	0.00	0.00
Net Liability / (Asset) Recognized in Balance Sheet and Related Analysis	37.95	27.42
Funded Status - Surplus / (Deficit)	(37.95)	(27.42)

2.3 (a) Expense Recognized in the Statement of Profit and Loss

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Interest Cost	1.92	1.19
Current Service Cost	13.30	13.10
Past Service Cost	0.00	0.00
Expected Return on Plan Asset	0.00	0.00
Expenses to be Recognized in P&L	15.22	14.29

Notes Forming Part of the Financial Statements

2.3 (b) Other Comprehensive (Income) / Expenses (Re-Measurement)

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Cumulative Unrecognized Actuarial (Gain) / Loss Opening - B/F	(1.14)	1.10
Actuarial (Gain) / Loss - Obligation	(4.69)	(2.24)
Actuarial (Gain) / Loss - Plan Assets	0.00	0.00
Total Actuarial (Gain) / Loss	(4.69)	(2.24)
Cumulative Total Actuarial (Gain) / Loss - C/F	(5.83)	(1.14)

2.3 (c) Net Interest Cost

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Interest Cost on Defined Benefit Obligation	1.92	1.19
Interest Income on Plan Assets	0.00	0.00
Net Interest Cost (Income)	1.92	1.19

2.4 Experience Adjustment

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Experience Adjustment (Gain) / Loss for Plan Liabilities	(6.57)	(2.67)
Experience Adjustment Gain / (Loss) for Plan Assets	0.00	0.00

3.1 Summary of Membership Data at the Date of Valuation and Statistics based thereon

Period	As At March 31, 2020	As At March 31, 2019
Number of Employees	229	271
Total Monthly Salary (₹ in Lakhs)	31.73	37.91
Average Past Service (Years)	2.30	1.50
Average Future Service (Years)	24.10	25.30
Average Age (Years)	33.90	32.70
Weighted Average Duration (based on Discounted Cash Flows) (in Years)	19.00	20.00
Average Monthly Salary (₹ in Lakhs)	0.14	0.14

3.2 The Assumptions Employed for the Calculations are tabulated

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Discount Rate	7.00 % per annum	7.75% per annum
Salary Growth Rate	6.00 % per annum	6.00% per annum
Mortality	IALM 2012-14	IALM 2006-08 Ultimate
Expected Rate of Return (%)	0.00	0.00
Withdrawal Rate (Per Annum)	5.00% p.a.	5.00% p.a.

Notes Forming Part of the Financial Statements

3.3 Benefits Valued

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Normal Retirement Age	58 Years	58 Years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting Period	5 Years of Service	5 Years of Service
Benefits on Normal Retirement	15/26 * Salary * Past Service (Years)	15/26 * Salary * Past Service (Years)
Benefit on Early Exit due to Death and Disability	As above except that no vesting conditions apply	As above except that no vesting conditions apply
Limit (₹ in Lakhs)	20.00	20.00

3.4 Current Liability (*Expected Payout in Next Year as per Schedule III of the Companies Act, 2013)

₹ In Lakhs

Period	As At March 31, 2020	As At March 31, 2019
Current Liability (Short Term)*	5.30	0.26
Non-Current Liability (Long Term)	32.65	27.16
Total Liability	37.95	27.42

* Current Liability: It is probable outlay in next 12 months as required by the Companies Act, 2013.

3.5 Effect of plan on Entity's Future Cash Flows

3.5 (a) Funding Arrangements and Funding Policy

Not Applicable

3.5 (b) Expected Contribution During the Next Annual Reporting Period

₹ In Lakhs

The Company's best Estimate of Contribution During the Next Year	16.42	16.97
--	-------	-------

3.5 (c) Maturity Profile of Defined Benefit Obligation

Weighted Average Duration (based on Discounted Cash Flows) (in Years)	19	20
---	----	----

3.5 (d) Maturity Profile of Defined Benefit Obligation - Maturity Analysis of Benefit Obligation

₹ In Lakhs

April 01 2020 to March 31, 2021	5.13
April 01 2021 to March 31, 2022	0.80
April 01 2022 to March 31, 2023	0.48
April 01 2023 to March 31, 2024	0.55
April 01 2024 to March 31, 2025	1.73
April 01, 2025 Onwards	29.26

3.6 Projection for Next Period

₹ In Lakhs

Best estimate for contribution during next Period	16.42
---	-------

Notes Forming Part of the Financial Statements

3.7 Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As At March 31, 2020
Defined Benefit Obligation (Base)	37,95,398 @ Salary Increase Rate : 6%, and Discount Rate :7%
Liability with x% Increase in Discount Rate	34,45,760; x=1.00% [Change (9)%]
Liability with x% Decrease in Discount Rate	42,13,829; x=1.00% [Change 11%]
Liability with x% Increase in Salary Growth Rate	42,13,829; x=1.00% [Change 11%]
Liability with x% Decrease in Salary Growth Rate	34,39,712; x=1.00% [Change (9)%]
Liability with x% Increase in Withdrawal Rate	37,64,390; x=1.00% [Change (1)%]
Liability with x% Decrease in Withdrawal Rate	38,20,542; x=1.00% [Change 1%]

3.8 Reconciliation of Liability in Balance Sheet

₹ In Lakhs

Period	From April 01, 2019 to March 31, 2020	From April 01, 2018 to March 31, 2019
Opening Gross Defined Benefit Liability / (Asset)	27.42	15.37
Expenses to be Recognized in P&L	15.22	14.29
OCI - Actuarial (Gain) / Loss - Total Current Period	(4.69)	(2.24)
Benefits Paid (If Any)	0.00	0.00
Closing Gross Defined Benefit Liability / (Asset)	37.95	27.42

38. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135(5) of the Companies Act, 2013 (the Act), the Company has formed its Corporate Social Responsibility (CSR) Committee. As per the relevant provisions of the Act read with Rule 2(1)(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company is required to spend at least 2% of the average net profits (determined under Section 198 of the Companies Act, 2013) made during the immediately three preceding financial years. The Company has incurred the following expenditure on CSR activities during the financial year 2019-20:

₹ In Lakhs

Particulars	2019-20	2018-19
Prescribed CSR Expenditure (2% of Average Net Profit)	44.29	44.12
Add: CSR Expenses Pending up to March 31, 2019	44.12	0.00
Less: CSR Expenditure incurred during the Financial Year	20.00	0.00
Short / (Excess) Spent during the Year	68.41	44.12

The amount of ₹ 68.41 Lakhs for corporate social responsibility was not spent during the financial year ended on March 31, 2020. However, the Company has planned to make cumulative provision for such unspent amount in the financial year 2020-21. The Company has also identified long term projects for CSR expenditure in line with CSR Policy for spending unspent amount in future years. The Company is under process of formulating implementation plan.

Notes Forming Part of the Financial Statements

39. DERIVATIVE INSTRUMENTS

(a) The amount of foreign currency exposures that are hedged by a derivative instrument or otherwise as at March 31, 2020 and March 31, 2019 are as under:

Particulars	No. of Contracts	As At March 31, 2020		As At March 31, 2019	
		in Lakhs	₹ in Lakhs	in Lakhs	₹ in Lakhs
Forward Contract (USD Sold) Purpose - Hedge of Highly Probable Foreign Currency	1	5.00	378.26	0.00	0.00
Total	1	5.00	378.26	0.00	0.00

(b) The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2020 and March 31, 2019 are as under:

Particulars	As At March 31, 2020		As At March 31, 2019	
	in Lakhs	₹ in Lakhs	in Lakhs	₹ in Lakhs
RECEIVABLES				
Loans and Advances Given				
(in USD)	0.20	15.14	0.24	16.60
(in GBP)	0.00	0.00	0.02	1.58
Trade Receivables				
(in USD)	1.75	132.54	4.73	326.46
(in EURO)	1.44	119.62	0.00	0.00
PAYABLES				
Trade Payables				
(in USD)	5.89	445.72	0.88	61.06
(in EURO)	0.17	14.03	0.05	3.74
Payable for Capital Goods				
(in USD)	0.07	5.53	0.07	5.05
Total	9.52	732.58	5.99	414.49

40. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2020 is provided as under to the extent the Company has received information from the "Suppliers" regarding their status under the said Act.

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
I	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):		
	Principal amount due to Micro, and Small Enterprises	176.20	188.08
	Interest due there on	0.00	0.00
II	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the period.	0.00	0.00

Notes Forming Part of the Financial Statements

₹ In Lakhs

Sr. No.	Particulars	As At March 31, 2020	As At March 31, 2019
III	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	0.00	0.00
IV	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.00	0.00
V	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises.	0.00	0.00

Note: The Company had sought confirmation from its vendors on their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 02, 2006. Dues to the Micro and Small Enterprises have been determined to the extent confirmation received by the Company from its vendors. This has been relied upon by the Auditors.

41. RELATED PARTY DISCLOSURES AS PER INDIAN ACCOUNTING STANDARD-24

(A) RELATED PARTIES

(a) KEY MANAGEMENT PERSONNEL (KMP)

Mr. Mahendra R. Shah – Chairman & Whole Time Director

Mr. Jatin M. Shah – Managing Director

Mrs. Pushpa M. Shah – Director

(b) RELATIVES OF KEY MANAGEMENT PERSONNEL

Ms. Pooja M. Shah – Daughter of Chairman

(c) ENTITIES CONTROLLED BY DIRECTORS OR THEIR RELATIVES

(with whom transactions entered into during the financial year)

Krish Ferro Industries Private Limited – Sister Concern

Mahendra Corporation – Sister Concern

Arfin Alucop Private Limited – Sister Concern

₹ In Lakhs

(B) TRANSACTIONS WITH RELATED PARTIES	KMP & their Relatives		Entities Controlled by Directors or their Relatives		Total	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
EXPENSES						
Purchase & Job work Charges	0.00	0.00	510.30	732.01	510.30	732.01
Remuneration	56.40	266.40	0.00	0.00	56.40	266.40
INCOME						
Sales & Job Work Income	0.00	0.00	2.05	420.15	2.05	420.15
Rent Income	0.00	0.00	2.40	1.50	2.40	1.50

Notes Forming Part of the Financial Statements

₹ In Lakhs

BALANCES OUTSTANDING	Payable		Receivable	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
Key Management Personnel and their Relatives	628.63	97.96	0.00	0.00
Entities Controlled by Directors or their Relatives	86.36	238.60	0.00	1.77

Note:

- The above related party transactions have been reviewed periodically by the Board of Directors of the Company *vis-à-vis* the applicable provisions of the Companies Act, 2013, and justification of the rates being charged / terms thereof have also been approved.
- The details of guarantees and collaterals extended by the related parties in respect of borrowings of the Company have been given at the respective notes.

(C) DISCLOSURE IN RESPECT OF RELATED PARTY WISE TRANSACTIONS

₹ In Lakhs

Particulars	2019-20	2018-19
EXPENSES		
Purchase and Job Work Charges		
Arfin Alucop Private Limited	50.44	0.00
Krish Ferro Industries Private Limited	391.13	155.29
Mahendra Corporation	68.72	576.72
Total	510.30	732.01
Remuneration*		
Mr. Mahendra R. Shah	23.56	98.56
Mr. Jatin M. Shah	23.56	98.56
Mrs. Pushpa M. Shah	9.28	49.28
Ms. Pooja M. Shah	0.00	20.00
Total	56.40	266.40

*The remuneration to the key managerial personnel does not include the provisions made for gratuity, as it is determined on actuarial basis for the Company as a whole.

₹ In Lakhs

Particulars	2019-20	2018-19
INCOME		
Sales & Job Work Income		
Arfin Alucop Private Limited	2.05	1.52
Krish Ferro Industries Private Limited	0.00	418.63
Mahendra Corporation	0.00	0.00
Total	2.05	420.15
Rent Income		
Mahendra Corporation	0.60	0.15
Krish Ferro Industries Private Limited	1.80	1.35
Total	2.40	1.50

Notes Forming Part of the Financial Statements

₹ In Lakhs

PARTY WISE OUTSTANDING BALANCES	Payable		Receivable	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
KMPs & THEIR RELATIVES				
Mr. Mahendra R. Shah	261.00	27.89	0.00	0.00
Mr. Jatin M. Shah	212.47	37.07	0.00	0.00
Mrs. Pushpa M. Shah	155.16	33.00	0.00	0.00
Total	628.63	97.96	0.00	0.00
ENTITIES CONTROLLED BY DIRECTORS OR THEIR RELATIVES				
Arfin Alucop Private Limited	0.00	0.00	0.00	1.77
Krish Ferro Industries Private Limited	79.23	111.11	0.00	0.00
Mahendra Corporation	7.13	127.49	0.00	0.00
Total	86.36	238.60	0.00	1.77

42. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair values of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluation, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have significant effects on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effects on the recorded fair value that are not based on observable market data.

Notes Forming Part of the Financial Statements

₹ In Lakhs

I. FIGURES AS AT MARCH 31, 2019

Particulars	Carrying Amount	Fair value		
	As at March 31, 2019	Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Bank Deposits (Non-Current)	0.00	0.00	0.00	0.00
Other Non-Current Financial Assets	147.81	0.00	147.81	0.00
Trade Receivables	4,987.00	0.00	4,987.00	0.00
Cash and Cash Equivalents	16.02	0.00	16.02	0.00
Bank Balances Other than Cash and Cash Equivalents	302.86	0.00	302.86	0.00
Security Deposits (Current)	0.00	0.00	0.00	0.00
Other Current Financial Assets	517.24	0.00	517.24	0.00
Total	5,970.93	0.00	5,970.93	0.00
Financial Assets at Fair Value through Other Comprehensive Income				
Investments (Current)	472.52	472.52	0.00	0.00
Investments (Non-Current)	0.00	0.00	0.00	0.00
Total	472.52	472.52	0.00	0.00
Financial Liabilities at Amortised Cost				
Borrowings (Non-Current)	1,062.63	0.00	1,062.63	0.00
Borrowings (Current)	10,309.18	0.00	10,309.18	0.00
Trade Payables	1,864.20	0.00	1,864.20	0.00
Security Deposits (Current)	0.00	0.00	0.00	0.00
Other Financial Liabilities (Current)	242.44	0.00	242.44	0.00
Total	13,478.45	0.00	13,478.45	0.00

II. FIGURES AS AT MARCH 31, 2020

Particulars	Carrying Amount	Fair value		
	As at March 31, 2020	Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Bank Deposits (Non-Current)	0.00	0.00	0.00	0.00
Other Non-Current Financial Assets	126.84	0.00	126.84	0.00
Trade Receivables	3,104.35	0.00	3,104.35	0.00
Cash and Cash Equivalents	19.13	0.00	19.13	0.00
Bank Balances Other than Cash and Cash Equivalents	295.29	0.00	295.29	0.00
Security Deposits (Current)	0.00	0.00	0.00	0.00
Other Current Financial Assets	260.58	0.00	260.58	0.00
Total	3,806.19	0.00	3,806.19	0.00
Financial Assets at Fair Value through Other Comprehensive Income				
Investments (Current)	501.83	501.83	0.00	0.00
Investments (Non-Current)	0.00	0.00	0.00	0.00
Total	501.83	501.83	0.00	0.00
Financial Liabilities at Amortised Cost				
Borrowings (Non-Current)	1,313.75	0.00	1,313.75	0.00
Borrowings (Current)	9,625.50	0.00	9,625.50	0.00
Trade Payables	1,843.44	0.00	1,843.44	0.00
Security Deposits (Current)	0.00	0.00	0.00	0.00
Other Financial Liabilities (Current)	187.93	0.00	187.93	0.00
Total	12,970.62	0.00	12,970.62	0.00

Notes Forming Part of the Financial Statements

During the reporting periods ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

43. During the year, interest cost of ₹ 151.74 Lakhs (Previous Year ₹ 161.16 Lakhs) has been capitalized by way of addition to Capital Work in Progress of Property, Plant and Equipments.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to variety of financial risks. The key financial risks include market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors reviews and approves policies for managing risks. The risks are governed by appropriate policies and procedures and accordingly financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

MARKET RISK

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loan borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by the Senior Management. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regards to the interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Refer Note 18, 21 and 23 for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

Notes Forming Part of the Financial Statements

Exposure to Interest Rate Risk

₹ In Lakhs

Particulars	As At	As At
	March 31, 2020	March 31, 2019
Borrowings Bearing Fixed Rate of Interest	939.39	1,185.61
Borrowings Bearing Variable Rate of Interest (In Rupees)	9,371.24	10,088.24
Borrowings Bearing Variable Rate of Interest (In USD)	0.00	0.00

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit Before Tax

₹ In Lakhs

Particulars	2019-20	2018-19
50 bps Increase-Decrease in Profits	(46.61)	(33.18)
50 bps Decrease-Increase in Profits	46.61	33.18

Market Risk - Foreign Currency

The Company operates locally, however, the nature of its operations requires it to transact in several currencies and consequently the Company is exposed to foreign exchange risk in various foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies.

I. Foreign Currency Exposure

Particulars	As At March 31, 2020		As At March 31, 2019	
	in Lakhs	₹ in Lakhs	in Lakhs	₹ in Lakhs
RECEIVABLES				
Loans and Advances Given				
(in USD)	0.20	15.14	0.24	16.60
(in GBP)	0.00	0.00	0.02	1.58
Trade Receivables				
(in USD)	6.75	510.81	4.73	326.46
(in EURO)	1.44	119.62	0.00	0.00
Total Receivables	8.39	645.56	4.99	344.64
PAYABLES				
Trade Payables				
(in USD)	5.89	445.72	0.88	61.06
(in EURO)	0.17	14.03	0.05	3.74
Payable for Capital Goods				
(in USD)	0.07	5.53	0.07	5.05
Total Payables	6.13	465.28	1.01	69.85
Net Receivable / (Payable)	2.26	180.28	3.98	274.79

Notes Forming Part of the Financial Statements

II. Foreign Currency Sensitivity

5% increase or decrease in foreign exchange rates will have the following impact on the profit before tax:

Currency	2019-20		2018-19	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD	3.73	(3.73)	13.85	(13.85)
GBP	0.00	0.00	0.08	(0.08)
EURO	5.28	(5.28)	(0.19)	0.19
Total	9.01	(9.01)	13.74	(13.74)

Other Price Risk

The Company is also exposed to price risk arising from investments in bonds recognised at Fair Value through Other Comprehensive Income (FVTOCI). As at March 31, 2020, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 501.83 Lakhs (₹ 472.52 Lakhs as at March 31, 2019). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 9(II).

CREDIT RISK

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable (Refer note no. 10.2). Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default on the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty, and
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Statement of Profit or Loss.

LIQUIDITY RISK

Liquidity Risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's treasury department is responsible for liquidity, funding as well as

Notes Forming Part of the Financial Statements

settlement management. In addition, processes and policies related to such risks are overseen by the senior management. Management monitors the company's net liquidity position through rolling forecast on the basis of expected cash flows.

Maturity Profile of Financial Liabilities

The below table provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

₹ In Lakhs

Particulars	As At March 31, 2020			As At March 31, 2019		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
Non-Current Financial Liabilities - Borrowings	254.26	1,313.75	1,568.01	220.94	1,062.63	1,283.57
Non-Current Financial Liabilities - Others	46.36	0.00	46.36	52.42	0.00	52.42
Current Financial Liabilities - Borrowings	9,371.24	0.00	9,371.24	10,088.24	0.00	10,088.24
Current Financial Liabilities - Trade Payables	1,843.44	0.00	1,843.44	1,864.20	0.00	1,864.20
Current Financial Liabilities - Others	187.93	0.00	187.93	242.44	0.00	242.44
Total	11,703.24	1,313.75	13,016.99	12,468.24	1,062.63	13,530.87

Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders' value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirement of the financial covenants.

The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

₹ In Lakhs

Particulars	As At March 31, 2020	As At March 31, 2019
Total Debt	10,939.25	11,371.81
Less: Cash and Cash Equivalent	19.13	16.02
Less: Bank Balances Other than Cash and Cash Equivalents	295.29	302.86
Net Debt	10,624.83	11,052.93
Equity	6,488.00	8,622.53
Capital and Net Debt	17,112.83	19,675.46
Gearing Ratio (Net Debt / Capital and Net Debt)	0.62	0.56

45. In the opinion of the Board of Director, current assets, non-current loans and advances are realizable in the ordinary course of business, at the value at which they are stated. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

46. The Company has incurred premium expenses of ₹ 5.23 Lakhs (March, 31, 2019 ₹ NIL) on Key Man Insurance Policy of Managing Director, which is included in Insurance Expenses.

Notes Forming Part of the Financial Statements

47. Sale of Services contains total management service of steel production on behalf of JSW Steel Limited, Dolvi Plant. This service covers the feeding of raw materials viz; CaFeAl, Pure Calcium and Boron products and manpower required for the same during production of liquid steel.

48. Company's Response to COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the new coronavirus ("COVID-19") as a pandemic. India and other global markets experienced significant disruption in operations resulting from uncertainty caused by the worldwide coronavirus pandemic by way of interruption in production, supply chain disruption, unavailability of personnel, closure or lockdown of production facilities etc.

Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures, which had also impacted Arfin's supply chain, collections and cash flows during the quarter ended March 31, 2020.

In assessing the recoverability of trade receivables, inventories etc., the Company has considered various internal and external information up to the date of approval of these financial results and concluded that they are recoverable based on the estimate of values of the businesses and assets by independent external valuers which was based on cash flow projections / implied multiple approach. In making the said projections, reliance has been placed on estimates of future prices of aluminium, copper and other raw material, mineable resources, and assumptions relating to operational performance including significant improvement in capacity utilisation and margins based on forecasts of demand in local markets, and capacity expansion / availability of infrastructure facilities for materials.

The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments and inventory, based on the information available to date, both internal and external, while preparing the Company's financial statements as of and for the year ended March 31, 2020.

As Arfin India Limited, we have moved at speed to support our stakeholders and maintain our operations through the crisis and prepare for growth in a new normal.

The Company was proactive and implemented business continuity measure keeping in mind our resolve to serve our customers as well as ensure the safety of all employees.

49. Balance of Trade Receivables, Trade Payables, Loans and Advances are subject to confirmation from the respective parties.

50. Previous year's figures have been regrouped, reclassified and rearranged wherever considered necessary to confirm to current year presentation.

For Sanjay Bajoria & Associates,

Chartered Accountants
Firm Registration No.: 11744

Kalpesh R. Shah

(Partner)
(Membership No.: 103301)

Place: Ahmedabad
Date: July 31, 2020

For and on Behalf of Board of Directors

Mahendra R. Shah
(Chairman & Whole
Time Director)

Pushpa M. Shah
(Executive Director)

Hetal Koradia
(Company Secretary)

Jatin M. Shah
(Managing Director)

Vijay Lathi
(Chief Financial Officer)

The report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’, or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions / expectations are accurate or will be realized.

The Company’s actual results, performance or achievements could differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or event.





ARFIN INDIA LIMITED

REGISTERED OFFICE :

B-302, 3rd Floor, Pelican House,
Gujarat Chamber of Commerce Building,
Ashram Road, Ahmedabad - 380009,
Gujarat, India.

Ph.: +91 79 26583791 / 92

CIN: L65990GJ1992PLC017460

FACTORY :

118/1, 2, 3, 4 & 117/P-3, 6, 7,
Ravi Industrial Estate, Behind Hotel Prestige,
Billeshwarpura, Taluka - Kalol, District - Gandhinagar,
Chhatral - 382729, Gujarat, India.

Ph.: +91 2764 232620 / 21

✉ info@arfin.co.in 🌐 www.arfin.co.in