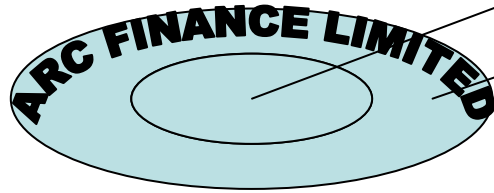


ARC FINANCE LIMITED

**36TH ANNUAL
REPORT
2017-2018**



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Pradip Kumar Agarwal	-Non-Independent Director & Executive (DIN: 01286415)
Mr. Asis Banerjee	-Independent Director & Non Executive (DIN: 05273668)
Mr. Gopal Kumar Singh	-Independent Director & Non Executive (DIN: 06739896)
Mrs. Aparna Sharma	-Independent Director & Non Executive (DIN: 07006877)

COMPLIANCE OFFICER - Mrs. Sapna Agarwal

COMPANY SECRETARY - Mr. Pawan Dalmia

REGISTERED OFFICE

18, Rabindra Sarani,
Poddar Court, Gate No.4,
4th Floor, Room No.3,
Kolkata-700001
Ph No (91-033) 32589854

AUDITORS

For SANJEEV NAVIN & ASSOCIATES

Chartered Accountants

FRN No. 326800E

Mem no.303977

1/58B, Ashok Nagar, Regent Park

Kolkata-700 040

Mob: 9820738404

Email: caaditya22@gmail.com

BANKERS

Indusind Bank Ltd.

CORPORATE IDENTITY NUMBER: L51909WB1982PLC035283

AUDIT COMMITTEE

Mr. Asis Banerjee	-	Chairman
Mr. Pradip Kumar Agarwal	-	Member
Mr. Gopal Kumar Singh	-	Member
Mrs. Aparna Sharma	-	Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Gopal Kumar Singh	-	Chairman
Mr. Asis Banerjee	-	Member
Mr. Pradip Kumar Agarwal	-	Member
Mrs. Aparna Sharma	-	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Asis Banerjee	-	Chairman
Mr. Gopal Kumar Singh	-	Member
Mr. Pradip Kumar Agarwal	-	Member
Mrs. Aparna Sharma	-	Member

REGISTRAR & SHARE TRANSFER AGENTS

M/s. ABS CONSULTANT PVT. LTD,
99 Stephen House, 6th Floor,
4, B.B.D Bagh (E),
Kolkata- 700001, W.B
Phone Nos. :(033) 2230-1043, 2243-0153,
Email Id: absconsultant@vsnl.net
Website:

LISTED AT: The CSE Limited, BSE Limited and UPSE Limited

DEMAT ISIN NUMBER IN NSDL & CDSL: INE202R01018

WEBSITE: www.arcfinance.in

INVESTOR E-MAIL ID: arcfinancelimited@gmail.com

ARC FINANCE LIMITED

18, RABINDRA SARANI, PODDAR COURT, GATE NO.4,
4TH FLOOR, ROOM NO.3, KOLKATA-700001

CIN: L51909WB1982PLC035283; Email.ID. arcfinancelimited@gmail.com;

www.arcfinance.in; Contact. No. 033-3258-9854

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Shareholders of **M/s ARC Finance Limited** will be held on Thursday, 27th day of September, 2018 at 9.30 A.M. at 18, Rabindra Sarani, Poddar Court, Gate No.4, 4th Floor, Room No.3, Kolkata-700001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2018, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To reappoint M/s. SANJEEV NAVIN & ASSOCIATES, Chartered Accountants, as Statutory Auditor of the Company for the F.Y 2018-19 to hold the office from the conclusion of this Annual General Meeting until the conclusion of the fifth Annual General Meeting (AGM) of the company .

“**RESOLVED THAT** pursuant to the provision of section 139 and other applicable provision, if any of the Companies Act, 2013 read with the underlying rules viz. Companies (Audit and auditors) Rules, 2014 as may be applicable M/s. SANJEEV NAVIN & ASSOCIATES, Chartered Accountants (ICAI Firm Registration no. 326800E), be appointed as statutory auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the fifth Annual General Meeting (AGM) of the company subject to ratification of the appointment at every AGM at a remuneration (including term of payment) to be fixed by the board of Direction of the company, plus service tax and such other tax(es), as may be applicable & reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the company”

“**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to fix their remuneration, considering the recommendations of the Audit Committee of the Board.”

SPECIAL BUSINESS:

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 (the “Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 27(2) of the Listing Agreement, Mr. Ramawtar Gupta (DIN: 06365578), who was appointed as Managing Director of the Company by the Board of Directors with effect from 4th September,

2018, in terms of Section 161(1) of the Act and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Ramawtar Gupta as a candidate for the office of a Director of the Company, and is hereby appointed as non Independent Director of the Company to hold office for five consecutive years.”

"RESOLVED FURTHER THAT any of the Directors and/or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things to give effect the aforesaid resolutions."

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution for Borrowing the money:

“**RESOLVED** that pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 75 Crores (Both funded and non-funded) at any one point of time”

RESOLVED FURTHER THAT the Board of Director be and is hereby authorized to negotiate limits with the Bankers for availing the funded and non-funded bank limits (including guarantees facilities), determine the terms and conditions including fixing the rate of interest, tenor etc. for each borrowing and for such purpose create and place fixed deposits as collateral execute loan agreement, Demand promissory Notes, Pledge/ Hypothecation agreement, and other documents and deeds, receipts, acknowledgements and discharge in connection with the borrowings of the Company within the funded and non-funded borrowing limits as prescribed above.

RESOLVED FURTHER THAT the authority be and is hereby granted to issue short term and long term debt instruments of the Company, including by way of issue of Debentures or such other instruments like commercial papers etc. in one or more tranches, such that the total outstanding borrowing by way of issue of such instruments outstanding at any one point of time shall not exceed aforesaid limit.

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorized to

do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any others person as it may deem fit subject to the provision of the Companies Act, 2013.”

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution for increasing the Loan and investment limits:

“RESOLVED THAT pursuant to provision of Section 186 and other applicable provision of the Companies Act, 2013, if any, and in supersession of the earlier resolution passed with regard to Loan and investment activity of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to

1. Make loans from time to time on such terms and conditions as it may deem expedient to any person or other bodies corporate;
2. give on behalf of any person, body corporate, any guarantee, or provide security in connection with a loan made by any other person to, or to any other person by anybody corporate; and
3. acquire by way of subscription, purchase or otherwise the securities of any other body corporate, in excess of the limits prescribed under Section 186 of the Act up to an aggregate sum of Rs. 80 Crores,

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorized to do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any others person as it may deem fit subject to the provision of the Companies Act, 2013.

Date: 04.09.2018
Place: Kolkata

For and on behalf of the Board
ARC Finance Limited

Sd/-
Asis Banerjee
Chairman

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. However a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 21th September, 2018 to 27th September, 2018 (Both days inclusive).
3. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
4. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
5. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.

Members holding shares in electronic form may note that bank particulars registered against their respective registered accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. ABS Consultant Pvt. Ltd.)

As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.

Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to **M/S. ABS CONSULTANT PVT. LTD.** Share Transfer Agents of the Company for their doing the needful.

7. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
8. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
9. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
10. Electronic copy of the Annual Report for 2017-2018 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017-2018 is being sent in the permitted mode.
11. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for 2017-2018 will also be available on the Company's website www.arcfinance.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: arcfinancelimited@gmail.com.

12. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 20.09.2018, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on Monday 24th day of September, 2018 and will end at 5.00 p.m. on Wednesday 26th day of September, 2018. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The Company has appointed Mr. Akhil Agarwal, Practising Company Secretary, (CP NO. 12313) to act as the Scrutinizer, to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

Procedure for remote e-voting

I. the Company has engaged the services of ABS Consultant Pvt Ltd for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

(Log on to the e-voting website: www.evotingindia.com during the voting period.

- a) Click on “Shareholders” tab
- b) Now, select Electronic Voting Sequence No. as mentioned in the Attendance Slip alongwith “ARC FINANCE LIMITED” from the drop down menu and click on “SUBMIT”.
- c) Now Enter your User ID (as mentioned in the Attendance Slip) :
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- d) Next enter the Image Verification as displayed and Click on Login.
- e) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- f) However, if you are a first time user, please use the e-Voting particular provided in the Attendance Slip and fill up the same in the appropriate boxes:
- g) After entering these details appropriately, click on “SUBMIT” tab.
- h) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field.
- i) Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j) For Members holding shares in physical form, the details in Attendance Slip can be used only for e-voting on the resolutions contained in this Notice.
- k) Click on the relevant EVSN “ARC FINANCE LIMITED” for which you choose to vote.
- l) On the voting page, you will see “Resolution Description” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- n) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- o) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- p) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- q) If Demat account holder has forgotten the changed password then enter the User ID and image verification code click on Forgot Password & enter the details as prompted by the system.
- r) For Non – Individual Shareholders and Custodians:

● Non Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.

● A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.

● After receiving the login details a Compliance user should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

● The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

● A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same

I. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or call at 18002005533.

II. If you are already registered with e-voting then you can use your existing User ID and Password for casting vote.

III. The voting rights shall be as per the number of equity share held by the Member(s) as on 20.09.2018. Members are eligible to cast vote electronically only if they are holding shares as on that date.

IV .The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Monday 24th day of September, 2018 and will end at 5.00 p.m. on Wednesday 26th day of September, 2018. The e-voting module shall be disabled at 5.00 p.m. on the same day.

V. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.

VI. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

VII. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report shall also be placed on the website of the Company. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at

the 36th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s ABS Consultant Private Limited

13. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 20.09.2018.
14. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
15. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

By Order of the Board
For ARC Finance Limited

Sd/-
Asis Banerjee
Chairman

Place: Kolkata
Date: 04.09.2018

EXPLANATORY STATEMENT (Pursuant to Section 102 of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3; 4 & 5 of the accompanying Notice:

ITEM No. 3:

Appointment of Non Independent Director:

Mr. Ramawtar Gupta (DIN: 06365578), was appointed by the Board of Directors of the Company on 4th September, 2018 as Managing Director and, as per the provision of the Section 161(1) of the Companies Act, 2013, She holds office as a Director up to the date of this Annual General Meeting. The Company has received a Notice from a Member his intention to propose the appointment of Mr. Ramawtar Gupta as a Director of the Company.

In the opinion of the Board, Mr. Ramawtar Gupta, fulfils the conditions as specified under Section 149(6) of the Companies Act, 2013.

Notice under Section 160 of the Act, has been received from Mr. Ramawtar Gupta proposing her appointment as Managing Director of the Company. Requisite consent, pursuant to Section 152 of the Act, has been filed by Mr. Ramawtar Gupta to act as a Director if appointed and also recommend that fix Remuneration of Rs. 325000/- P.A.

Mr. Ramawtar Gupta may be deemed to be concerned or interested in the resolution relating to her appointment. The Board recommends this Resolution for your approval.

For Item No. 4

Section 180 (1) (c) of the Companies Act, 2013 permits the Company to borrow money along with the money already borrowed by the Company, except the temporary loans obtained from the Companies banker in ordinary course of business, beyond the paid –up capital and free reserve of the Company, only if the same is approved by the Members of the Company.

Hence, members of the Company are requested to give their approval to borrow the money along with the money already borrowed by the Company in excess of its paid –up capital and free reserve i.e. Up to Rs. 75 Crores.

None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution except to the extent of their shareholding, if any, in the Company.

For Item No. 5

Section 186 of the Companies Act, 2013 permits the Company to invest the surplus funds of the Company in shares and securities of the any other body corporate in excess of the 60% of the aggregate of the paid-up share capital and free reserves and securities premium account of the Company or 100% of its free reserves and securities premium account of the Company, whichever is more, if the same is approved by the members of the Company.

Hence, members of the Company are requested to give their approval to invest the surplus funds of the Company in excess of the Hundred per cent of its free reserves and securities premium account of the Company.

None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution except to the extent of their shareholding, if any, in the Company.

ANNEXURE: NOTE NO. 3**PARTICULARS OF MANAGING DIRECTOR SEEKING APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING AS PER THE REQUIREMENT OF REGULATION 27(2) THE LISTING AGREEMENT***Appointment of Non Independent Director:***1. Ramawtar Gupta**

Name	Ramawtar Gupta
Date of Birth	05/07/1965
Nationality	Indian
Designation	Non Independent Director
Expertise	He is a M.Com graduate and have vast experience in the field of Finance & Account.
Date of Appointment	04/09/2018
Shares held in the Company	NIL
Names of the Companies in which Directorship held	NIL
Membership of Committees of the Board	NIL

BOARD'S REPORT

To
The Members,

The Directors have pleasure in presenting before you the 36th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

1. Financial Performance Of The Company

The performance during the period ended 31st March, 2018 has been as under:

Particular	2017-18	2016-17
Total Income	609.22	777.81
Total Expenditure	588.72	757.78
Profit Before Tax	20.50	20.03
Provision for Tax	5.57	6.32
Profit after Tax	14.94	13.71
Transfer to Statutory Reserves	-	-
Profit available for appropriation	14.94	13.71
Provision for Proposed Dividend	-	-
Provision for Dividend Tax	-	-
Balance Carried to Balance Sheet	14.94	13.71

2. Events subsequent to the date of financial statements:

There were no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report.

3. Change in the nature of business, if any:

During the year under review there was no change in the nature of business of the Company.

4. Dividend:

Your Directors did not recommend any dividend for the financial year 2017-18 and not proposed to carry any amount to reserves.

5. Change In Share Capital

The paid-up Equity Share Capital of the Company as at 31st March, 2018 stood at 5049.50 lacs. During the year under review, the Company has not issued any further shares.

6. Board Meetings:

The Board of Directors duly met 4 (Four) times on 29.05.2017, 12.08.2017, 14.11.2017 and 14.02.2018 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

7. Directors And Key Manangerial Personnel:

There has been no change in the constitution of Board during the year under review i.e. the structure of the Board remains the same. Subsection (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. Further, according to Sub-section (11) of Section 149, no independent director shall be eligible for appointment for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in Sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

Policy For Selection Of Directors And Determining Directors' Independence

Remuneration policy for Directors, key managerial personnel and other employees

1. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objective of the Committee would be:

- 1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial personnel and Senior Management
- 1.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board
- 1.3 To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management
- 1.4 To provide to key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations
- 1.5 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
- 1.6 To devise a policy on Board diversity
- 1.7 To develop a succession plan for the Board and to regularly review the plan;

2. Definitions

2.1 **Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time

2.2 **Board** means Board of Directors of the Company

2.3 **Directors** means Directors of the Company

2.4 **Key Managerial Personnel** means

2.4.1 Chief Executive Officer or the Managing Director or the Manager;

2.4.2 Whole-time Director;

2.4.3 Chief Financial Officer;

2.4.4 Company Secretary; and

2.4.5 Such other as may be prescribed

2.5 **Senior Management** means personnel of the company who are members of its core management team excluding the Board of Directors

3. Policy for appointment and removal of Director, KMP and Senior Management

3.1 Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- b) A person should possess adequate qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing special resolution based on the explanatory statement annexed to the notice for such motion indicating the jurisdiction for extension of appointment beyond seventy years.

3.2 Term/ Tenure

a) **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Directors shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly

However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed Companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.3 Evaluation

The Committee shall carry out evolution of performance of every Director, KMP and senior management personnel at regular interval (yearly)

3.4 Removal

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

3.5 Retirement

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

4. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management personnel

4.1 General

a) The remuneration/compensation/commission etc. to the Whole-time Director, KMP and Senior Management personnel will be determined by the Committee or as per policies framed by the committee. The remuneration/compensation/commission etc shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in case of Whole-time Director

- c) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid of such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

4.2 Remuneration to Whole-time/Executive/Managing Director, KMP and Senior Management Personnel:

a) **Fixed pay:**

The whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may approved by the Board on the recommendation of the committee. The breakup of the pay scale and quantum of perquisite including, employer's contribution to PF, pension scheme, medical expense, club fees etc shall be decided and approved by the Board/the Person authorized by the Board or the Committee

b) **Minimum remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its whole-time Director in accordance with the provisions of Schedule V of the Act, and if it is not able to comply with such provisions, with the previous approval of the Central Government

c) **Provisions for excess remuneration:**

If any whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the company and until such sum is refunded, hold it in trust of the company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

4.3 Remuneration to Non-Executive/Independent Director:

a) **Sitting Fees:**

The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee that provided the amount of such fees not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) **Stock Options:**

An Independent Directors shall not be entitled to any stock option of the Company.

4.4. Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

8. Declaration From Independent Directors On Annual Basis

The Company has received a declaration from Mr. Asis Banerjee (DIN: 05273668), Mr. Gopal Kumar Singh (DIN: 06739896) And Mrs. Aparna Sharma (DIN: 07006877), Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

9. Composition Of Audit Committee:

I. The Audit Committee of the Company is constituted in line with the provisions of Regulation 27(2) of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.

II. The terms of reference of the Audit Committee include a review of the following:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements and
 7. Any related party transactions
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

III. The previous Annual General Meeting of the Company was held on 15.09.2017 and Chairman of the Audit Committee, attended previous AGM.

IV. The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Regulation 27 of SEBI (LODR) Regulations 2015 relating to the composition of the Audit Committee. During the financial year 2017-2018, (4) four meetings of the Audit Committee were held on the 29.05.2017, 12.08.2017, 14.11.2017 and 14.02.2018.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings held	No. of Meetings attended
Asis Banerjee	Chairman	NED(1)	4	4
Gopal Kumar Singh	Member	NED(1)	4	4
Aparna Sharma	Member	NED(1)	4	4
Pradip Kumar Agarwal	Member	ED	4	4

NED (I) : Non Executive Independent Director

ED : Executive Director

V. Nomination & Remuneration Committee

The details of composition of the Committee are given below:

Name	Designation	Category	No of Meetings held	No of Meetings attended
Gopal Kumar Singh	Chairman	NED(1)	1	1
Asis Banerjee	Member	NED(1)	1	1
Aparna Sharma	Member	NED(1)	1	1
Pradip Kumar Agarwal	Member	ED	1	1

NED (I): Non Executive Independent Director

ED : Executive Director

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

During the financial year 2017-18, no remuneration has been paid to any of the Director of the Company.

Vi. Stakeholders Relationship Committee

A.) Composition:

The Details of composition of the Committee are given below:

Name	Designation	Category
Asis Banerjee	Chairperson	NED(1)
Gopal Kumar Singh	Member	NED(1)
Aparna Sharma	Member	NED(1)
Pradip Kumar Agarwal	Member	ED

NED (I) : Non Executive Independent Director

ED : Executive Director

B) Powers:

The Committee has been delegated with the following powers:

- To redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of Annual Reports, non-receipt of declared dividend and other allied complaints.
- To approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgement in the case of shares held in physical form.

The Company has designated an exclusive e-mail ID called arcfinancelimited@gmail.com for complaints/grievances.

Vii. Risk Management Policy

Your Company has taken necessary steps for risk management including identifying risk which may threaten the existence/ Operations of the Company

10. Compliance With Sebi (Listing Obligations And Disclosure Requirements) Regulations, 2015:

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has signed uniform listing agreement with CSE Limited and framed the following policies which are available on Company's website i.e. www.arcfinance.in

i. Board Diversity Policy

ii. Policy on preservation of Documents

iii. Risk Management Policy

11. Vigil Mechanism:

Your Company has adopted an Ombuds process as a channel for receiving and redressing complaints from employees and Directors, as per the provisions of Section 177(9) and (10) of the Companies Act, 2013 and regulation 22 of the Listing Regulations. Under this policy, your Company encourages its employees to report any fraudulent financial or other information to the stakeholders, and any conduct that results in violation of the Company's code of business conduct, to the management (on an anonymous basis, 36th Annual Report 2017-18 if employees so desire). Further, your Company has prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. Mechanism followed under Ombuds process is appropriately communicated within the Company across all levels and has been displayed on the Company's intranet and website at www.arcfinance.com.

12. Director's Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- a) In the preparation of the annual accounts for the financial year ended March 31st , 2018 , the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and make judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year March 31st, 2018 and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the 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 fraud and other irregularities
- d) The Directors had prepared the annual account on a going concern basis;
- e) The Directors in case of the listed company, had laid down the internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. Statutory Compliance:

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

14. Information About The Financial Performance / Financial Position Of The Subsidiaries / Associates/

Joint Ventures:

The Company does not have any subsidiaries, associates and joint ventures.

15. Secretarial Audit:

Pursuant to the provisions of Section 134(3)(f) & Section 204 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Akhil Agarwal, Practicing Company Secretary to undertake the Secretarial Audit of the Company. Report of the Secretarial Audit in Form MR-3 for the financial year ended March 31, 2018 is enclosed as **Annexure A** to the Report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

16. Extract Of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report **(FORMAT IN ANNEXURE B)**

17. Statutory Auditors:

“RESOLVED THAT pursuant to the provision of section 139 and other applicable provision, if any of the Companies Act, 2013 read with the underlying rules viz. Companies (Audit and auditors) Rules, 2014 as may be applicable M/s. SANJEEV NAVIN & ASSOCIATES, Chartered Accountants (ICAI Firm Registration no. 326800E), be appointed as statutory auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the fifth Annual General Meeting (AGM) of the company subject to ratification of the appointment at every AGM at a remuneration (including term of payment) to be fixed by the board of Direction of the company, plus service tax and such other tax(es), as may be applicable & reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the company”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to fix their remuneration, considering the recommendations of the Audit Committee of the Board.”

18. Qualifications In Audit Reports:

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

(a) Statutory Auditors Report:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2018 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the market expected in view of the robust capital market in the coming years.

(b) Secretarial Audit Report:

The Board has duly reviewed the Secretarial Audit Report on the Compliances according to the provisions of section 204 of the Companies Act 2013, and the same does not have any reservation, qualifications or adverse remarks.

19. Conservation Of Energy, Technology Absorption And Foreign Exchange Outgo:

The required information as per rule 8(3) of the companies (Accounts) Rules, 2014 is provided hereunder:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

1. Research and Development (R&D) : NIL
2. Technology absorption, adoption and innovation: NIL

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings: NIL

Foreign Exchange Outgo: NIL

20. Details Relating To Deposits, Covering The Following:

Your Company has not accepted any deposits from the public or shareholder during the year, nor has any unclaimed or unpaid deposits at the end of the financial year 2017-18.

21. Significant & Material Orders Passed By The Regulators:

During the period under review there were no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

22. Internal Financial Controls And Audit

Adequacy of Internal Financial Controls:

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures 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 disclosures.

23. Particulars Of Loans, Guarantees Or Investments:

The company has not given loans, Guarantees or made any investments during the year under review.

24. Credit & Guarantee Facilities:

The Company has been availing facilities of Credit and Guarantee as and when required, for the business of the Company, from Indusind Bank Ltd.

25. Corporate Social Responsibility Policy:

In accordance with the requirements of the provisions of section 135 of the Act, the Company has constituted a Corporate Social Responsibility (“CSR”) Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

Since your Company do not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

26. Related Party Transactions:

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm’s length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company’s website at www.arcfinance.in

27. Formal Annual Evaluation:

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent directors of the company had a meeting on 12.02.2018 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent directors. The company has 1 (One) non-independent directors namely:

- i.) Shri Pradip Kumar Agarwal – Non- Independent & Executive

The meeting was recognized for shaping up of the company and putting the company on accelerated growth path. They devoted more time and attention to bring up the company to the present level.

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company’s governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

Sri.Pradip Kumar Agarwal, chairman of the company has performed exceptionally well by attending board meetings regularly, by taking active participation in the discussion of the agenda and by providing required guidance from time to time to the company for its growth etc.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

28. Disclosure About Cost Audit:

Cost Audit is not applicable to your Company.

29. Listing Agreement:

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital Markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The company entered into Listing Agreement with CSE Ltd. and BSE Ltd.

30. Listing With Stock Exchanges:

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to The Bombay Stock Exchange Limited where the Company's Shares are listed but The CSE Limited are paid due to not received any invoice from that Stock Exchange.

31. Corporate Governance And Shareholders Information:

Corporate Governance refers to a set of systems, procedures and practices which ensure that the company is managed in the best interest of all corporate stakeholders i.e. shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance include transparency, accountability and independence. Your Company has been complying with all the requirements of the code of Corporate Governance, as specified by SEBI. A separate report on Corporate Governance is furnished as a part of the Directors' Report and the certificate from the Statutory Auditor regarding compliance of condition of Corporate Governance is annexed to the said Report.

32. Industry Based Disclosures As Mandated By The Respective Laws Governing The Company

The Company is an NBFC company therefore all the provisions of the RBI act is complied during the year under review.

33. Secretarial Standards

EVENT BASED DISCLOSURES

During the year under review, the Company has not taken up any of the following activities:

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option scheme: NA
4. Disclosure on purchase by company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment of Shares: NA

34. Non-Executive Directors' Compensation And Disclosures

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

35. CEO/ CFO Certification

The Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 27(2) of the listing agreement certifying that the Financial Statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs and the same forms a part of this report.

36. Particulars Of Employees And Related Disclosures:

The Disclosure pertaining to remuneration and other details as required under the provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014 forms part of the Directors Report and marked as **Annexure-“C”**.

During the period under review, No employee of the Company drew remuneration in excess of the limits specified under the provisions of section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence no disclosure is required to be made in the Annual Report.

37. Disclosure Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013.

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. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

38. Acknowledgements:

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company like SEBI, BSE, NSDL, CDSL, HDFC Bank and Indusind Bank etc. for their continued support for the growth of the Company.

**For and on behalf of the Board
ARC Finance Limited**

**Place: Kolkata
Date: 14.08.2018**

**Asis Banerjee
Chairman**

ANNEXURE "A" TO BOARD'S REPORT

FORM MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

To
The Members of
M/s. ARC Finance Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2017 to 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. ARC Finance Limited ("The Company") for the financial year ended on 31st March, 2018, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12th September, 2013 and sections and Rules notified and came in to effect from 1st April, 2014;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act')
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) is furnished hereunder for the financial year 2017-18.
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: Not Applicable.
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable.
 - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable.
 - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable.
 - v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; Not Applicable.
 - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. Not Applicable.

- vii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable.
- viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading Regulations; The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure, 2015 and displayed the same on the Company's website i.e. www.arcfinance.in and all the required disclosures from time to time as and when applicable were complied with.
- ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
- The Company has signed uniform listing agreement with CSE Limited;
 - The Company has framed the policies as mentioned below and displayed the same on the Company's website i.e. www.arcfinance.in
 - Board Diversity Policy
 - Policy on preservation of Documents
 - Risk Management Policy
3. During the year the Company has conducted 4 Board meetings including 4 Audit committee meetings and 1 meeting of Nomination & Remuneration Committee meeting. We have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of Company secretaries of India and
 - ii. The Listing Agreements entered into by the Company with CSE Limited;
4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

OBSERVATIONS:

(a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, **we report that**

(i) the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:

- External Commercial Borrowings were not attracted to the Company under the financial year under report;
- Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.

(ii) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

(b) **We further report that:**

(i) The Company has the Company Secretary namely Mr.Pawan Dalmia and CFO namely Mrs. Sapna Agarwal.

(ii) The Company has the internal auditors namely M/s. Prakash Patwari & Co. Chartered Accountants, Kolkata.

- (iii) The Company is regular in deducting and paying TDS under the Income Tax Act.
- (iv) The Company has not paid PF and ESI to the respective authorities.
- (v) The Company also has collected stamp duty and service tax on behalf of the client and paid to the respective authorities.
- (vi) The Company is a registered member of CSE, BSE and NSDL apart from having DP connectivity with CDSL. From time to time there were inspection of books, accounts, records of the company by the above said authorities and the observations given there on have also been complied with by the Company.

Place: Kolkata

Date: 14.08.2018

Akhil Agarwal
Practicing Company Secretaries
Membership No.:35073
C.P.No: 16313

Annexure A

To
The Members of
M/s. ARC Finance Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness 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 Account of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is 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 future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Kolkata
Date: 14.08.2018

Akhil Agarwal
Practicing Company Secretaries
Membership No.:35073
C.P.No: 16313

ANNEXURE "B" TO BOARD'S REPORT

<p style="text-align: center;">FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN As on the financial year ended on 31st March, 2018 <i>[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]</i></p>					
I. REGISTRATION & OTHER DETAILS:					
i	CIN	:	L51909WB1982PLC035283		
ii	Registration Date	:	23-Sep-1982		
iii	Name of the Company	:	ARC FINANCE LIMITED		
iv	Category of the Company	:	Public company		
v	(a) Address of the Registered office	:	18, RABINDRA SARANI, PODDAR COURT, GATE NO - 4, 4TH FLOOR, ROOM NO - 3 KOLKATA - 700001.		
	(b) Contact details	:	Email : arcfinancelimited@gmail.com		
vi	Whether listed company	:	YES		
vii	Name and Address and Contact detail of Registrar & Transfer Agents, if any	:	Not Applicable		
II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)					
Sl. No	Name and Description of main products / services	NIC Code of the Product / service		% to total turnover of the Company	
1	Financial Service	997155		61.90%	
2	Trade	996115		38.10%	
III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
Sl. No	Name and address of the company	CIN/GLN	Holding/ subsidiary /associate	% of shares held	Applicable section
1	Nil				
Note: Section 2(87) is for Subsidiary company, Section 2(6) is for Associate Company					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	60,71,875	-	60,71,875	12.02%	60,71,875	-	60,71,875	12.02%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total A1:-	60,71,875	-	60,71,875	12.02%	60,71,875	-	60,71,875	12.02%	-
(2) Foreign									
a) NRI Individual/	-	-	-	-	-	-	-	-	-
b) Other - Individual/	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub-total A2:-	-	-	-	-	-	-	-	-	-

Total shareholding of Promoter (A) = A1+A2	60,71,875	-	60,71,875	12.02%	60,71,875	-	60,71,875	12.02%	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total B1:-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.		-	-			-	-		
i) Indian	3,66,82,570	-	3,66,82,570	72.65%	3,66,82,570	-	3,66,82,570	72.65%	-
ii) Overseas	-	-	-	-	-	-	-	-	-

b) Individuals				-	-	-	-	-	-
i) Individual shareholder s holding [nominal share capital upto Rs. 1 lakh	2,27,985	93,950	3,21,935	0.64%	2,27,985.0 0	93,950.00	3,21,935.00	0.64%	-
ii) Individual shareholder s holding nominal share capital in excess of Rs 1 lakh	31,06,442	53,900	31,60,342	6.26%	31,06,442	53,900.00	31,60,342	6.26%	-
c) Others (specify)	42,28,278	30,000	42,58,278	8.43%	42,28,278	30,000	42,58,278	8.43%	-
Sub-total (B)(2):-	4,42,45,275	1,77,850	4,44,23,125	87.98%	4,42,45,27 5	1,77,850	4,44,23,125	87.98%	-
Total Public Shareholdi ng (B)	4,42,45,275	1,77,850	4,44,23,125	87.98%	4,42,45,27 5	1,77,850	4,44,23,125	87.98%	-
				-					
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Total of share held by Costodian (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	5,03,17,150	1,77,850	5,04,95,000	100.00%	5,03,17,15 0	1,77,850	5,04,95,000	100.00%	-

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1-April-2017]			No. of Shares held at the end of the year [As on 31-March-2018]			% change in shareholding during the 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	Alka Kothari	35000	0.07%		0	0		
2	Siddharth Kothari	45000	0.09%		0	0		
3	Deepika Maheshwari	45800	0.09%		0	0		
4	Ashok V. Kothari	47075	0.09%		0	0		
5	Jagmohan Kothari	53900	0.11%		0	0		
6	Kashi Devi Kothari	72400	0.14%		0	0		
7	S K Growth Fund Pvt. Ltd.	71875	0.14%		71875	0.14%		
8	Vaibhavlaxmi Vanijya Private Limited	600000	11.88%		600000	11.88%		
	Total	6371050	12.62%		6071875	12.02%		

iii Change in Promoters' Shareholding

Sr. No.	Shareholder's Name	Shareholding	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year
---------	--------------------	--------------	------	-------------------------------------	--------	---

		No. of Shares held at the beginning of the year [As on 1-April-2017]	% of total Shares of the company	No. of Shares held at the end of the year [As on 31-March-2018]	% of total Shares of the company		during the year		No. of Shares	% of total Shares of the company
1	Alka Kothari	35000	0.07%	-	-	08.06.2017	Decrease	Sale	35,000	0.07%
2	Siddharth Kothari	45000	0.09%	-	-	08.06.2017	Decrease	Sale	45,000	0.09%
3	Deepika Maheshwari	45800	0.09%	-	-	08.06.2017	Decrease	Sale	45,800	0.09%
4	Ashok V. Kothari	47075	0.09%	-	-	13.06.2017	Decrease	Sale	47,075	0.09%
5	Jagmohan Kothari	53900	0.11%	-	-	02.08.2017	Decrease	Sale	53,900	0.11%
6	Kashi Devi Kothari	72400	0.14%	-	-	08.06.2017	Decrease	Sale	72,400	0.14%
	Total	299175	0.59%						299175	0.59%

Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDR's and ADR's)

Sr. No.	Shareholder's Name	Shareholding				Date	Increase / Decrease in Shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares held at the beginning of the year [As on 1-April-2017]	% of total Shares of the company	No. of Shares held at the end of the year [As on 31-March-2018]	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	NATRAJ FINANCIAL MANAGEMENT PRIVATE LIMITED	2500000	4.95%	2500000	4.95%					
2	DEVESHWAR REALTY PRIVATE LIMITED	2500000	4.95%	2500000	4.95%					
3	DHANSAKTI SUPPLIERS PRIVATE LIMITED	2500000	4.95%	2500000	4.95%					
4	SUNFLOWER INVESTMENT MANAGEMENT PRIVATE LIMITED	2500000	4.95%	2500000	4.95%					
5	SUBHLABH TRADEVIN PRIVATE LIMITED	2500000	4.95%	2500000	4.95%					
6	NEPTUNE FINANCIAL ADVISORY PRIVATE LIMITED	2500000	4.95%	0	0.00%					
7	EXCELLENT FINANCIAL ADVISORY PRIVATE LIMITED	2500000	4.95%	0	0.00%					
8	VISTAAR INFRA PROPERTY PRIVATE LIMITED	2290000	4.54%	0	0.00%					
9	AASTHA VANIJYA PRIVATE LIMITED	0	0.00%	2000000	3.96%					
10	ARROWSPACE ADVISORS PRIVATE LIMITED	0	0.00%	2000000	3.96%					
11	SURABHI DEALMARK PRIVATE LIMITED	0	0.00%	2000000	4.71%					
12	MAADHAWA REALPRO PRIVATE LIMITED	2500000	4.95%	2380000	4.79%					

13	INDIVAR REALTORS PRIVATE LIMITED	25000 00	4.95%	242000 0	4.79%					
----	-------------------------------------	-------------	-------	-------------	-------	--	--	--	--	--

v Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholder's Name	Shareholding				Date	Increase / Decrease in Shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares held at the beginning of the year [As on 1-April-2017]	% of total Shares of the company	No. of Shares held at the end of the year [As on 31-March-2018]	% of total Shares of the company				No. of Shares	% of total Shares of the company
	NIL	-	-	-	-					

V. INDEBTEDNESS

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

Sl. No.	Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i	Principal Amount	-	-	-	-
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	-	-	-	-

Change in Indebtedness during the financial year

i.	Addition	-	-	-	-
ii.	Reduction	-	-	-	-
	Net Change	-	-	-	-

Indebtedness at the end of the financial year

i	Principal Amount	-	-	-	-
ii	Interest due but not paid	-	-	-	-

iii	Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		-	-	-	-
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL					
i. Remuneration to Managing Director, Whole-time Directors and/or Manager					
Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	Gross salary	CS			
	(a) Salary as per provisions contained in Sec 17(1) of the Income Tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
Total		-	-	-	-
Ceiling as per the Act (Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)					

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to other directors:

Particulars of Remuneration				Total Amount
Independent Directors				
Fee for attending board committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (1)				-
Other Non-Executive Directors				
Fee for attending board committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify	-	-	-	-

	Total (2)				-
Total					-
Total Managerial Remuneration					-
Overall Ceiling as per the Act (Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)					-
Remuneration To Key Managerial Personnel Other Than Md/Manager/Wtd					
Particulars of Remuneration	Key Managerial Personnel				
	CEO	Company Secretary	CFO	Total	
Gross salary	-	96,000.00	-	96,000.00	
(a) Salary as per provisions contained in Sec 17(1) of the Income Tax Act, 1961	-	-	-	-	
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	
Stock Option	-	-	-	-	
Sweat Equity	-	-	-	-	
Commission	-	-	-	-	
- as % of profit	-	-	-	-	
- others, specify...	-	-	-	-	
Others, please specify	-	-	-	-	
Total	-	96,000.00	-	96,000.00	
PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES					
Against the Company		None			
Against the Directors		None			
Against other Officers in Default under the Companies Act, 2013:		None			

Annexure- C to the Board's Report

[Details under Section 197(12) of the Companies Act, 2013 Pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the year 2017-18

(Explanation: (i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values)

S.NO	Name of Employee	Designation	Ratio of Remuneration of each Director to median employee	% increase in Remuneration
1	PAWAN DALMIA	COMPANY SECRETARY	N.A	12.5

1. No remuneration is paid to Non Executive Director.
2. The Company has 8 permanent employees including Executive Directors.
3. Relationship between average increase in remuneration and Company's performance: The remuneration/policy of the Company Employees is based on the philosophy to reward and drive performance culture. Every year the salary increases are decided to provide reward on the basis of market opportunity determined by benchmarking the rewards with similar profile organizations. Variable component is an important criterion which is dependent of individual performance rating, business performance and market competitiveness of the Company.
4. Comparison of the remuneration of the key managerial personnel against the performance of the Company: As per the policy increases are dependent on actual performance rating as well as the business performance and increase in scope of work entrusted.
5. The average percentage increased in remuneration of employees other than Directors during the year is 10.00%
6. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year – NA
7. The remuneration is paid as per the remuneration policy of the Company.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Transparency and accountability are the two basic tenets of Corporate Governance. At **ARC FINANCE 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. Company's philosophy on Corporate Governance is to achieve the highest levels of transparency, accountability in all its interactions with its stakeholders, employees, lenders and the government. We believe that Corporate Governance is a voluntary and self-discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs. Focus of the Company has always been to ensure continuing value creation for each of its stakeholders and above all to achieve business excellence with the goal of long –term sustainable development.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

2. BOARD OF DIRECTORS :

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties. The Management Committee of the Company is headed by the Managing Director and Chief Executive Officer and has business / functional heads as its members, which look after the management of the day-to-day affairs of the Company. The Board of Directors has an optimum combination of Executive and Non – Executive Directors. The Chairman being a non –Executive promoter Director, not less than one half of the Board comprises of Non-Executive independent Directors. The Non –Executive Independent Directors comply with the requirements of Listing Agreement/LODR Regulations for being independent and have also furnished declarations for compliance with the criteria of independence as per provisions of companies Act, 2013.

During the year 4 Meetings of the Board of Directors of the Company were held i.e 29.05.2017, 12.08.2017, 14.11.2017 and 14.02.2018 .The Maximum time gap between any two consecutive meetings was not more than one hundred and twenty days.

The composition and category of the Directors on Board, their relationship with other Directors, their attendance at the Board Meeting during the year and at the last Annual General Meeting, as also number of Directorships and Committee Memberships/Chairmanships in other Companies and number of shares held by them as on 31st March, 2018 are as follows:

Name of Director	Category	Attendance		No. of Shares held	No. of Directorship in other public Companies	Details of other Board Committee/Memberships #	
		Board Meeting	Last AGM			Member	Chairman

Mr. Pradip Kumar Agarwal	Executive	4	YES	NIL	0	2	NIL
Mr. Asis Banerjee	Independent, Non-Executive	4	YES	NIL	2	2	2
Mrs. Aparna Sharma	Independent, Non-Executive	4	YES	NIL	1	2	NIL
Mr. Gopal Kumar Singh	Independent, Non-Executive	4	YES	NIL	1	2	NIL

The Board of Directors has laid down a code of conduct for all Board members and all employees in management grade of the Company. All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

3. AUDIT COMMITTEE:

The Audit Committee of the Board is entrusted with the oversight of financial reporting with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting. The role & terms of reference of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Details of the terms of reference of the committee are as follows:

- ✓ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ✓ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the auditor and the fixation of audit fees.
- ✓ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ✓ Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
- ✓ Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- ✓ Approval or any subsequent modification of transactions of the company with related parties.
- ✓ Evaluation of internal financial controls and risk management systems.
- ✓ Reviewing, with the management, the quarterly financial statements before submission to the board for approval liabilities as at the end of the half-year and/or as at the end of the financial year.
- ✓ Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, private placement etc.).
- ✓ Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- ✓ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit

department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- ✓ Discussion with internal auditors of any significant findings and follow up there on.
- ✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- ✓ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ✓ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors.
- ✓ To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
- ✓ Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualification, experience & background, etc. of the candidate.
- ✓ To evaluate valuation of undertakings or assets of the Company, wherever necessary.
- ✓ To scrutinize inter-corporate loans and investments to be undertaken by the Company
- ✓ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Furthermore the Audit committee has been authorised to invite the statutory auditors, any outsiders with relevant expertise, if it thinks necessary, to attend the meetings.

During the year, 4 meetings of the Audit Committee of the Company were held i.e. on 29.05.2017, 12.08.2017, 14.11.2017 & 14.02.2018. The gap between any two meetings did not exceed 120 days complying with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The composition and the attendance of Directors at these meetings are as under:

Name	Position held	Category	No of meetings attended
Mr. Asis Banerjee	Chairman	Independent Director	4
Mr. Gopal Kumar Singh	Member	Independent Director	4
Mr. Aparna Sharma	Member	Independent Director	4
Mr. Pradip Kumar Agarwal	Member	Executive Director	4

4. NOMINATION & REMUNERATION COMMITTEE:

- ✓ Nomination & Remuneration Policy

In terms with the provisions of the Section 178 and all other sections, if applicable, of the Companies Act, 2013 read with relevant Rules framed there under and SEBI (LODR) Regulations, 2015 entered with the Stock Exchanges ARC Finance Ltd. ('The Company') on the recommendation of the Nomination & Remuneration Committee of the Board laid down a policy for:

- ❖ Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- ❖ The criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- ❖ Lay down criteria for evaluation of Directors (including both Executive and Non-executive Directors) and the Board.
- ❖ Devise a policy on Board diversity.

During the year, two meetings of the Nomination and Remuneration Committee of the Company were held i.e. 12.08.2017 & 14.02.2018.

The Composition and the attendance of Directors at these meetings are as under:

Name	Designation	Category	No of meetings attended
Mr. Gopal Kumar Singh	Chairman	Independent Director	2
Mr. Asis Banerjee	Member	Independent Director	2
Mr. Aparna Sharma	Member	Independent Director	2
Mr. Pradip Kumar Agarwal	Member	Executive Director	2

✓ **REMUNERATION POLICY:**

Pursuant to provisions of the Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated a Remuneration Policy for Directors and senior management. The Company has paid remuneration by way of salary perquisites and allowances to its Managing Directors in line with the Nomination & Remuneration policy of the Company, current industry practice, the statutory limits and is being approved by the Board and Shareholders of the Company.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board has constituted Stakeholders Relationship Committee in terms of the Companies Act, 2013, rules made there under and SEBI (LODR) Regulations, 2015.

The term of reference of the Committee is as follows:

- ❖ To approve transfer/transmission of shares
- ❖ To readdress the investors' and shareholders' grievance relating to non-receipt of annual report, declared dividends, transfer of shares, etc.
- ❖ To approve issue of duplicate share certificates as requested, if any.
- ❖ To review Dematerialization/ Rematerialization of shares.
- ❖ To review the work of Registrar and Transfer agent of the Company.
- ❖ Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

During the year, 1 meetings of the Stakeholders Relationship Committee of the Company were held i.e. 29.05.2017.

The Composition and the attendance of Directors at these meetings are as under:

Name	Designation	Category	No of meetings attended
Mr. Asis Banerjee	Chairman	Independent Director	1
Mr. Gopal Kumar Singh	Member	Independent Director	1
Mr. Aparna Sharma	Member	Independent Director	1
Mr. Pradip Kumar Agarwal	Member	Executive Director	1

6. GENERAL BODY MEETINGS:

The details of General Meetings in last 3 years are as under:

Date	AGM/EGM	Venue	No of Special Resolutions
29.09.2015	33 rd Annual General Meeting	18, Rabindra Sarani, Poddar Court, Gate No.4, 4 th Floor, Room no.3, Kolkata-700001	-
28.09.2016	34 th Annual General Meeting	18, Rabindra Sarani, Poddar Court, Gate No.4, 4 th Floor, Room no.3, Kolkata-700001	-
15.09.2017	35 th Annual General Meeting	18, Rabindra Sarani, Poddar Court, Gate No.4, 4 th Floor, Room no.3, Kolkata-700001	3

There is no immediate proposal for passing of any resolution through Postal Ballot.

7. MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual financial results are published in English & Vernacular newspaper and are also furnished to the Stock Exchange with whom the Company has listed. The Managing Discussion & Analysis, forms part of the Directors Report is covered in the Annual Report.

8. GENERAL SHAREHOLDERS INFORMATION:

- CIN : L51909WB1982PLC035283
- Annual General Meeting
Date and Time : 27th September, 2018, 9:30 A.M.
Venue : 18, Rabindra Sarani, Poddar Court, Gate No.4, 4th Floor, Room no.3, Kolkata-700001
- Financial Year : Year ended March 31, 2018.
- Dates of Book Closure : 21st Sept.2018 to 27th Sept. 2018 (Both Days Inclusive)

The Company has not declared any dividend for the Financial Year ended 31st March, 2018.

➤ Financial Calendar

	Financial Year 2017-18 (Tentative schedule subject to change)
First Quarter Results	} Within 45 days of the end of Quarter.
Second Quarter and Half-Year Results	
Third Quarter Results	
Fourth Quarter and Annual Results	Within 60 days of the end of Financial Year.

Listing of Shares on Stock Exchanges with Stock Code

- 1) The Calcutta Stock Exchange Limited (CSE)
7, Lyons Range, Dalhousie, Murgighata,
B B D Bagh, Kolkata-700001, West Bengal
- 2) Uttar Pradesh Stock Exchange Limited (UPSE)
“Padam Towers” 14/113, Empire Ln,
Civil Lines, Kanpur – 208001, Uttar Pradesh.
- 3) Bombay Stock Exchange Limited (BSE)

The Company has paid the listing fees to BSE Stock Exchanges for the year 2017-18.

➤ **Market Price Data:**

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2017	Not Traded	Not Traded	Not Traded
May, 2017	22.02	12.45	6563603
June, 2017	23.50	20.00	2183333
July, 2017	20.90	20.90	22000
August, 2017	19.90	14.65	259293
September, 2017	13.92	10.26	13675
October, 2017	9.75	5.78	129228
November, 2017	5.50	4.11	21709
December, 2017	4.11	4.11	92282
January, 2018	5.38	2.63	121559
February, 2018	5.40	4.59	27455
March, 2018	4.55	4.14	296899

➤ **Registrar & Share Transfer Agents:**

M/s. ABS Consultant Pvt. Ltd.
99, Stephen House, 6th Floor, 4, B.B.D. Bag (E), Kolkata-700 001, West Bengal
Phone Nos. (033) 2230-1043, 2243-0153,
Email: absconsultant@vsnl.net

➤ **Share transfer system:**

Share transfers in physical form are generally registered within 15 days from the date of receipt provided the documents are found to be in order. Stakeholders Relationship Committee considers and approves the transfer proposals.

All requests for dematerialisation of shares, which are found to be in order, are generally processed within 15 days and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

➤ **Shareholding Pattern:**

The shareholding of Distribution of shareholders as on 31st March, 2018 is given below:

Ordinary Shares held	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Upto 500	734	89.09	50446	0.07
501-1000	26	NIL	23885	NIL
1001-2000	12	NIL	17529	NIL
2001-3000	7	NIL	18578	NIL
3001 -4000	5	0.17	18401	0.01
4001-5000	1	NIL	5000	NIL
5001-10000	16	1.49	143890	0.17
10001 and above	84	9.26	50217271	99.75
Total	885	100.00	50495000	100.00

➤ **Categories of Shareholders as on March 31, 2018**

Sl. No.	Category	No. of shares held	% of shareholding
1	Promoters & Promoter Group	60,71,875	12.02
2	Public - Bodies Corporate	4,44,23,125	87.98
3	Public - Indian public	NIL	NIL
4	Public – Others	NIL	NIL
	TOTAL	5,04,95,000	100%

➤ **Dematerialisation of shares and liquidity**

Status of Dematerialisation	No. of Shares	% of total shares
Share held in Dematerialised form – NSDL	4,70,01,974	17.55%
Share held in Dematerialised form – CDSL	33,15,176	30.23%
Share held in Physical form	1,77,850	52.22%
Total	5,04,95,000	100.00%

Shares held in dematerialised and physical form as on 31st March, 2018.

The shareholders may address their communications/suggestions/grievances/queries to:

ARC FINANCE LIMITED

CIN-L51909WB1982PLC035283

18, Rabindra Sarani, Poddar Court, Gate No.4, 4th Floor, R/No. 3,

Kolkata-700001

Email Id- arcfinancelimited@gmail.com

MANAGEMENT DISCUSSION ANALYSIS REPORT

ECONOMIC SCENARIO:

The vision of our new Government is more pragmatic and of inclusive growth which is apparent from more devolution of tax collection to the states. Thrust to infrastructure, measures to revive the investment cycle, boost to savings, “make in India”, initiative, ease of doing business in India and boosting entrepreneurship are major focus forces of present Government. The overall market showed signs of recovery in the latter half of the year but faced a temporary slowdown in November due to demonetisation.

The year 2017-18 began with several changes on the macroeconomic front, including rising inflation, dwindling industrial output and a falling rupee. The enactment of the GST legislation has been a milestone reform that will create a win-win environment for all stakeholders and heralds an integrated and productive economy, and is expected to further boost economic growth. However, there could be temporary transition challenges during the cut-over.

While the global economies continued to witness slow growth during the current year as well, the Indian economy on a macro basis stayed fairly robust. The below par performance of global economy was reflected in a continued slowdown in growth in most emerging and developing economies, driven by weaker capital inflows and a subdued global trade. India, however, was one of the faster growing large economies in the world, with a currency that performed better than most other emerging market currencies.

The year 2017-18 marked several momentous economic policy decisions. The passage of the constitutional amendment for implementation of the Goods and Services Tax (GST), and the demonetisation of highest denomination notes were the two key measures taken during the year. GST is anticipated to have positive impact on almost all aspects of business operations in the country

GOODS AND SERVICE TAX

Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide significant growth stimulus to the business and contribute to the Prime Minister’s mission of ‘Make in India’. Your Company has been preparing for migrating to GST for the past year; changes across IT systems, Supply Chain and operations have been made keeping in mind the sweeping changes that GST would bring in. While there are a few areas that need to be addressed, the Government has announced an intention to go live on GST on 1st July, 2017 and your Company will be ready for this transformative reform. There were some big positives in India too that would lay the foundation for future growth.

The biggest among them being the growing consensus between all parties to roll out the combined Goods & Services Tax (GST). With the Constitution Amendment Bill for Goods and Services Tax being approved by the President of India post its passage in the Parliament; India moved a step closer to creating a unified taxation structure. GST is bound to usher in efficiencies in the system via ease of doing business (one tax rate subsuming all other taxes), thereby leading to an improved business environment. It will help curtail the cascading effect of multiple taxes and enable faster movement of goods across the country. Moreover, GST implementation is likely to have some temporary impact due to probable downstocking in the trade channels and likely conversion from unorganized to organized

INDUSTRY DEVELOPMENT:

The NBFCs show moderation growth in asset management, rising delinquency resulting in higher provisionary thereby impacting profitability. However, comfortable capitalization level and conservative liquidity management continues to provide comfort to the credit profile of well run of NBFCs inspite of the impact of the profitability. Goods & Services Tax (GST) will stand to benefit as entertainment tax will fall under the ambit of GST and input credits will be available to all segments across the board.

CUSTOMER DEVELOPMENT

The Customer Development eco-system of your Company encompasses capturing the demand, fulfillment of demand and generation of demand. As far as demand capturing is concerned, the focus of your Company has been on driving quality of coverage and increasing the assortment using data-centric and analytical approach.

Your Company has also set up an integrated front-end system for performance and presence management. With respect to demand fulfilment, process and technology interventions have been used for improving service and efficiencies. For demand-generation, the strategy of your Company encompasses winning in traditional trade in both open and closed formats, winning in 'route to market' as well as winning in emerging channels like Modern Trade and e-commerce.

Your Company has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. The Company uses intelligent analytics at the back end, to deliver better on-shelf availability in stores. Your Company continues to strengthen this capability to stay ahead of the competition. In FY 2016-17, a GST Awareness Campaign was driven through the social learning platform and was provided to 19000+ employees, to build knowledge around Goods and Services Tax and how it impacts citizens of India and the businesses at Reliance.

OPPORTUNITIES

ARC Finance Limited, being a financial Company, is exposed to specific risks that are particular to its business and environment within which it operates including its interest rate volatility, investment cycle, credit risk, market risk and operational risk. The measurement, monitoring management of risk remains key focus areas for the company. The company has laid down stringent credit norms through the Lending Policy Framework approved by the Board. It maintains a conservative approach and manages the credit risk through prudent selection of clients, delegation of appropriate lending powers and by stipulating various prudential limits. In retail loan businesses like ours, overall portfolio diversification and reviews also facilitate mitigation and management.

The enactment of the GST legislation has been a milestone reform that will create a win-win environment for all stakeholders and heralds an integrated and productive economy, and is expected to further boost economic growth. However, there could be temporary transition challenges during the cut-over

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external independent persons, who have done work in this area and have requisite experience in handling such matters, as Chairpersons of each of the Committees. During the year, one complaint with allegations of sexual harassment was received by the Company and the same was investigated and resolved as per the provisions of the Act. In order to build awareness in this area, the Company has been conducting programmes in the organisation on a continuous basis.

RISK AND INTERNAL ADEQUACY:

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company has set up a Risk Management Committee to monitor the risks and their mitigating actions and the key risks are also discussed at the Audit Committee. Some of the risks identified by the Risk Management Committee relate to competitive intensity and cost volatility. 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.

During the year, your Company started monitoring and reporting Controls through Livewire - a comprehensive analytics tool that tracks compliance with internal controls framework established by the management. The controls dash board allows the management to perform a thematic analysis of its control health across different processes and activities, time periods and responsibility centers. This will enable the management to pro-actively protect value through implementation of a robust control environment.

TECHNOLOGY ABSORPTION

Your Company maintains strong and healthy interactions with Unilever through a well-coordinated management exchange programme, which includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements; scientific research based on hypothesis testing and experimentation which leads to new /improved / alternative technologies; supporting the development of launch-ready product formulation based on research and implementation of the launch ready product formulations in markets. Your Company continuously imports technology from Unilever under the Technical Collaboration Agreement and the same is fully absorbed. The benefits derived by your Company through technology absorption and R&D have been detailed earlier in this report. Your Company also receives continuous support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which help your Company to build capabilities, remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

HUMAN RESOURCES

Your Company considers Great Brands and Great People as its biggest assets. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline. A series of programmes like maternity and paternity support, Career by Choice and location flexibility have helped in driving the Inclusion and Diversity agenda. Your Company continues to focus on driving inclusion through building leadership capability and recognising line managers who provide a simple, flexible and respectful work environment for their teams.

RESPONSIBILITY FOR THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Board of Directors have reviewed the Management Discussion and Analysis prepared by the Management, and the Independent Auditors have noted its contents. Statement in this report of the Company's objective, projections, estimates, exceptions, and predictions are forward looking statements subject to the applicable laws and regulations. The statements may be subjected to certain risks and uncertainties. Company's operations are affected by many external and internal factors which are beyond the control of the management. Thus the actual situation may differ from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

**INDEPENDENT AUDITOR’S CERTIFICATE ON
CORPORATE GOVERNANCE**

To the Members of
ARC FINANCE LTD

1. We, SANJEEV NAVIN & ASSOCIATES (Aditya Nath Mishra), Chartered Accountants, the Statutory Auditors of ARC Finance Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2018, as stipulated in Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

Managements’ Responsibility

2. 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 compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor’s Responsibility

3. 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.

4. 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.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the “ICAI”), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations during the year ended 31st March, 2018.

8. 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 SANJEEV NAVIN & ASSOCIATES

Chartered Accountants

FRN No. 326800E

Aditya Nath Mishra

Partner

M. No.: 303977

Place of Signature: Kolkata

Date: 28/05/2018

**To
The Board of Directors**

Dear Sirs,

As required under Regulation 17(8) read with Part B, Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2018 and to the best of our knowledge and belief;

a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and

b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or volatile of the company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and,

4. That we have informed the auditors and the audit committee of:

a. Significant changes in the internal control during the year;

b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

c. Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

**For and on behalf of the Board
ARC Finance Limited**

**Sd/-
Sapna Agarwal
CFO**



INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
ARC FINANCE LIMITED**

Report on the Financial Statements

We have audited the financial statements of **ARC Finance. Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give, subject to Note No 1 para x.1) and 2) of the Notes to the financial statements regarding non-provision of gratuity and leave encashment which are treated on cash basis, a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet , of the state of affairs of the Company as at March 31, 2018 and
- b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

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-A, 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 account 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, the Statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken

on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act; and

- (f) With respect of the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in ‘Annexure –B’ and
- (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company does not have any pending litigations which would impact on its financial positions in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For SANJEEV NAVIN & ASSOCIATES
Chartered Accountants
FRN No. 326800E

____Sd/-_____
Aditya Nath Mishra
Partner
M. No.: 303977
Place of Signature: Kolkata
Date: 28/05/2018

Annexure A to the Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of ARC Finance. Limited for the year ended 31st March 2018)

(i) In respect of its Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The company has regular programme of physical verification of its fixed assets by which fixed assets are verified in phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of its Inventory:

- a) The physical verification of inventory has been conducted at reasonable intervals by the management which in our opinion, having regard to the nature and location of stock, frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured to any companies, firms, Limited Liabilities partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of clause 3(iii)(a) to (C) of the Order is not applicable to the company in respect of repayment of the principal amount and overdue interest.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, Investments made.

(v) The company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, in respect of the activities carried on by the company.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amount deducted / accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income tax, sales tax/ value added tax, service tax, wealth tax, duty of customs, duty of excise, cess and other material statutory dues has been regularly deposited during the year by the company with appropriate authorities. As explained to us, the company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of custom, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us there are no material dues of Provident fund, sales tax, wealth tax, income tax, service tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued any debentures.

(ix) The company is did not raise money by way of initial public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company , the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to explanations and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 o the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The company has obtained registration under section 45-1A of the Reserve Bank of India Act, 1934.

For SANJEEV NAVIN & ASSOCIATES
Chartered Accountants
FRN No. 326800E

Sd/-
Aditya Nath Mishra
Partner
M. No.: 303977
Place of Signature: Kolkata
Date: 28/05/2018

Annexure B to the Auditors' Report:

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

We have audited the internal financial controls over financial reporting of **ARC Finance Limited** (the Company') as of 31 March 2018 in conjunction 'with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For SANJEEV NAVIN & ASSOCIATES
Chartered Accountants
FRN No. 326800E

Sd/-

Aditya Nath Mishra
Partner
M. No.: 303977
Place of Signature: Kolkata
Date: 28/05/2018

ARC FINANCE LTD**Balance sheet as at 31st March 2018**

		Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
I	ASSETS				
1	Non-current assets				
	(a) Property, Plant and Equipment	3	14,45,051	1,02,331	2,18,993
	(b) Other tax assets (net)	4	60,03,651	46,49,220	31,92,868
	Total non-current assets		74,48,702	47,51,551	34,11,861
2	Current assets				
	(a) Financial assets				
	(i) Investments	5	46,64,955	62,05,000	2,26,20,000
	(ii) Inventories	6	1,51,97,195	2,49,06,241	5,13,000
	(iii) Trade receivables	7	2,14,99,893	30,29,359	19,15,376
	(iv) Cash and cash equivalents	8	21,15,274	34,56,469	38,86,943
	(v) Other financial assets	9	51,12,95,504	50,72,18,029	47,98,62,694
	(b) Other tax assets (net)		14,00,540	14,00,540	-
	Total current assets		55,61,73,361	54,62,15,638	50,87,98,013
	Total assets		56,36,22,063	55,09,67,189	51,22,09,874
II	EQUITY AND LIABILITIES				
1	Equity				
	(a) Equity share capital	10	50,49,50,000	50,49,50,000	50,49,50,000
	(b) Other equity	11	61,46,169	45,87,177	33,01,559
	Total equity		51,10,96,169	50,95,37,177	50,82,51,559
2a	Non-current liabilities				
	(a) Deferred tax liabilities (Net)	12	1,83,817	1,55,876	1,70,445
	(b) Provisions	13	12,19,129	12,84,610	11,99,455
	Total non-current liabilities		14,02,946	14,40,486	13,69,900
2b	Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	14	1,00,42,164	-	-
	(ii) Trade payables	15	3,99,51,967	3,87,42,090	-
	(iii) Other financial liabilities	16	11,28,817	12,47,436	25,88,415
	Total current liabilities		5,11,22,948	3,99,89,526	25,88,415
	Total equity and liabilities		56,36,22,063	55,09,67,189	51,22,09,874

As per our report of even date attached

For **SANJEEV NAVIN & ASSOCIATES***(Chartered Accountants)*

For and on behalf of the Board of Directors

of ARC FINANCE LTD**PRADIP KUMAR AGARWAL**

Director

DIN-01286415

APARNA SHARMA

Director

DIN-07006877

Aditya Nath Mishra

Partner

Mem no.303977

Palce : Kolkata

Date : 28th May, 2018

PAWAN DALMIA

Company Secretary

PAN-AHJPD5970E

SAPNA AGARWAL

Chief Financial Officer

PAN-BIHPA2073D

ARC FINANCE LTD
Statement of profit and loss for the year ended 31st March 2018

		Note	Year ended 31st March 2018	Year ended 31st March 2017
	Revenue from operations	17	6,05,96,952	7,77,81,348
	Other income	18	3,25,276	-
I	Total income		6,09,22,228	7,77,81,348
	Expenses			
	(a) Purchases of stock-in-trade	19	4,54,28,373	8,55,86,283
	(b) Changes in inventories of stock-in-trade	20	97,09,046	(2,43,93,241)
	(c) Employee benefits expense	21	22,25,189	17,54,407
	(d) Finance costs	22	2,05,011	14,820
	(e) Depreciation expense	23	2,28,448	1,76,852
	(f) Other expenses	24	10,76,008	1,26,39,202
II	Total expenses		5,88,72,075	7,57,78,323
III	Profit before tax (I - II)		20,50,153	20,03,025
IV	Tax expense			
	Current tax	25	5,28,700	5,73,820
	Deferred tax		27,942	(14,571)
	Taxes relating to previous year		-	73,003
V	Profit for the year		14,93,511	13,70,773
VI	Other comprehensive income for the year		-	-
VII	Total comprehensive income for the year (V + VI)		14,93,511	13,70,773
VIII	Earnings per equity share of Rs. 10 each:			
	Basic / Diluted	28	0.03	0.03

As per our report of even date attached
For **SANJEEV NAVIN &
ASSOCIATES**

(Chartered Accountants)
Aditya Nath Mishra

For and on behalf of the Board of Directors
of **ARC FINANCE LTD**

Partner

PRADIP KUMAR AGARWAL

Director

DIN-01286415

APARNA SHARMA

Director

DIN-07006877

Mem no.303977

PAWAN DALMIA

Company Secretary

PAN:AHJPD5970E

SAPNA AGARWAL

Chief Financial Officer

PAN-BIHPA2073D

Date : 28th May, 2018

ARC FINANCE LTD

Statement of changes in equity for the year ended 31st March, 2018

a	Equity share capital	As at 31st March, 2018		As at 31st March, 2017	
		No. of shares	Amount	No. of shares	Amount
	Balance at the beginning and end of the reporting year	57,885,000	578,850,000	57,885,000	578,850,000

Particulars	Reserves and surplus		Items of OCI		Total other equity
	Statutory reserve	Retained earnings	Equity instrument through OCI	Effective portion of cash flow hedge	
b Other equity					
Balance as at 1st April 2016	2,413,490	888,069			3,301,559
Profit for the year		1,370,773			1,370,773
Transfer to statutory reserve fund	274,155	(274,155)			
Contingent provision against standard assets		(85,155)			
Other comprehensive income	-	-			-
Total comprehensive income for the year	274,155	1,011,463	-	-	1,285,618
Balance as at 31 March 2017	2,687,645	1,899,532	-	-	4,587,177
Profit for the year		1,493,511			1,493,511
Transfer to statutory reserve fund	298,702	(298,702)			
Contingent provision against standard assets		65,481			
Other comprehensive income		-			-
Total comprehensive income for the year	298,702	1,260,290	-	-	1,558,992
Balance as at 31 March 2018	2,986,347	3,159,822	-	-	6,146,169

As per our report of even date attached

For **SANJEEV NAVIN & ASSOCIATES**

For and on behalf of the Board of Directors
of **ARC FINANCE LTD**

Aditya Nath Mishra

PRADIP KUMAR AGARWAL

APARNA SHARMA

Partner

Director

Director

Mem no.303977

DIN-01286415

DIN-07006877

PAWAN DALMIA

SAPNA AGARWAL

Company Secretary

Chief Financial Officer

PAN:AHJPD5970E

PAN-BIHPA2073D

Place: Kolkata

Date: 28th May, 2018

ARC FINANCE LTD		
Statement of cash flows for the year ended 31st March 2018		
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flows from operating activities		
Profit for the year (before tax)	2,050,153	2,003,025
Adjustments for:		
Depreciation expense	228,448	176,852
Finance costs	205,011	14,820
Sundry balances written back	(325,276)	-
Loss on sale of shares	-	135,000
Futures and options trading	(603,585)	
Bad debts - unrecoverable loans and advances	-	3,874,040
	1,554,751	6,203,737
<i>Movements in working capital:</i>		
Decrease/(Increase) in inventories	9,709,046	(24,393,241)
Increase in trade receivables	(18,470,534)	(1,113,983)
Increase in other financial assets	(4,077,475)	(31,229,375)
Increase in trade payables	1,209,877	38,742,090
(Increase) in other liabilities	(118,619)	(1,340,979)
Cash generated from operations	(10,192,954)	(13,131,751)
Less: Income tax paid	(825,731)	(2,738,769)
Net cash generated from operating activities (A)	(11,018,685)	(15,870,520)
Cash flows from investing activities		
Purchase of investments	(10,000)	-
Sale of investments	1,421,505	15,515,056
Purchase of motor car	(1,571,168)	(60,190)
Net cash generated from investing activities (B)	(159,663)	15,454,866
Cash flows from financing activities		
Loans taken	10,042,164	-
Finance costs	(205,011)	(14,820)
Net cash used in financing activities (C)	9,837,153	(14,820)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(1,341,195)	(430,474)
Cash and cash equivalents at the beginning of the year (Note 8)	3,456,469	3,886,943
Cash and cash equivalents at the end of the year (Note 8)	2,115,274	3,456,469
Notes: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".		
See accompanying notes forming part of the financial statements		
As per our report of even date attached		
For SANJEEV NAVIN & ASSOCIATES	For and on behalf of the Board of Directors	
<i>(Chartered Accountants)</i>	of ARC FINANCE LTD	
Aditya Nath Mishra	PRADIP KUMAR AGARWAL	APARNA SHARMA
Partner	Director	Director
Mem no.303977	DIN-01286415	DIN-07006877
	PAWAN DALMIA	SAPNA AGARWAL
	Company Secretary	Chief Financial Officer
Place: Kolkata	PAN:AHJPD5970E	PAN-BIHPA2073D
Date: 28th May, 2018		

ARC FINANCE LIMITED

Notes forming part of the financial statements

1. Corporate Information

M/s ARC FINANCE LIMITED (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. Being a Public Limited Company its shares are listed on CSE & BSE stock exchanges. The company Principal Business in NBFC's, like Loans & Advance and Investments.

2. Significant Accounting Policies

2.1 Basis of Accounting and Preparation of Financial Statements

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate affairs pursuant to section 133 of the companies Act, 2013 ("the Act"), read with the companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements for all periods up to and including the year ended 31st March, 2017, were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in india, which includes the accounting standards prescribed under section 133 of the Act read with rule 7 of the Companies (accounts) Rules, 2014 and other provisions of the Act (collectively referred to as "Indian GAAP"). These financial statements for the year ended 31st March, 2018 are the first Ind AS Financial Statements with comparatives, prepared under Ind AS. The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at 1st April, 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First Time Adoption of Indian Accounting Standards". Certain of the Company's Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arising from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1st April, 2016 as required by Ind-AS 101. The financial statements of the Company for the year ended 31st March, 2018 has been approved by the Board of Directors in their meeting held on 24.05.2018.

2.2 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

2.3 Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the notes required to be disclosed under the notified Accounting Standards and the SEBi (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

2.4 Revenue recognition

Revenue is recognised based to the extent it is probable that the economic benefit will flow to the company and revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, and excludes taxes & duties collected on behalf of the Government and is reduced for estimated customer returns, rebates and other similar allowances.

2.5 Interest Income

Interest Income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discount the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

2.5 Sale of Products

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and significant risk and reward incidental to sale of products is transferred to the buyer, usually on delivery of the goods.

2.5 Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). At cost or Net Realizable value whichever is lower.

2.6 Cash Flow Statement

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, term deposits and other short term highly liquid investments, net of bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdrafts are shown within short term borrowing in balance sheet.

2.6 First Time Adoption to Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 01st April, 2017, with a transition of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS Standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

2.6 Earnings per share

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders adjusted for the effects of potential equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive equity shares into equity shares.

2.7 Taxes on income

The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in the statement of profit & loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current Tax

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted, at the end of the reporting period.

Deferred Tax

Deferred Tax assets and liabilities is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognized for carry forward of unused tax losses and unused tax credits.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8 Depreciation and Amortization

Depreciation on Car is provided under Written Down Method at rates determined based on the useful life of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or as reassessed by the Company based on the technical evolution. Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of). Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Depreciation on car is recognised so as to write off its cost over useful lives, using the written down value method. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis. The residual value in case of car has been considered as 5%. Estimated useful life of car has been determined as 6 Years.

2.9 Provisions and contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligation cannot be made. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

ARC FINANCE LTD

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

3 - Property, plant and equipment

Particulars	Furniture and fixtures	Air Conditioners	Computers	Vehicles	Office equipment	Total
Carrying amount						
Balance as at 1st April 2016	107,516	-	70,285	-	41,192	218,993
Balance as at 31st March 2017	35,543	-	-	-	66,788	102,331
Balance as at 31st March 2018	10,594	-	-	1,384,589	49,868	1,445,051
Cost or deemed cost (net block)						
Balance as at 1st April 2016	506,157	90,066	198,450	-	128,396	923,069
Additions	-	-	-	-	60,190	60,190
Disposals	-	-	-	-	-	-
Balance as at 31st March 2017	506,157	90,066	198,450	-	188,586	983,259
Additions	-	-	-	1,571,168	-	1,571,168
Disposals	-	-	-	-	-	-
Balance as at 31st March 2018	506,157	90,066	198,450	1,571,168	188,586	2,554,427
Depreciation						
Balance as at 1st April 2016	398,641	90,066	128,165	-	87,204	704,076
Depreciation expense	71,973	-	70,285	-	34,594	176,852
Disposals	-	-	-	-	-	-
Balance as at 31st March 2017	470,614	90,066	198,450	-	121,798	880,928
Depreciation expense	24,949	-	-	186,579	16,920	228,448
Disposals	-	-	-	-	-	-
Balance as at 31st March 2018	495,563	90,066	198,450	186,579	138,718	1,109,376
Carrying amount						
Balance as at 1st April 2016	107,516	-	70,285	-	41,192	218,993
Additions	-	-	-	-	60,190	60,190
Disposals	-	-	-	-	-	-
Depreciation expense	(71,973)	-	(70,285)	-	(34,594)	(176,852)
Balance as at 31st March 2017	35,543	-	-	-	66,788	102,331
Additions	-	-	-	1,571,168	-	1,571,168
Disposals	-	-	-	-	-	-
Depreciation expense	(24,949)	-	-	(186,579)	(16,920)	(228,448)
Balance as at 31st March 2018	10,594	-	-	1,384,589	49,868	1,445,051

4 - Tax Assets(Net)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Non-current			
Advance income tax (Net of provisions)	6,003,651	4,649,220	3,192,868
	6,003,651	4,649,220	3,192,868
Current			
Advance income tax (Net of provisions)	1,400,540	1,400,540	
	1,400,540	1,400,540	-
Total	7,404,191	6,049,760	3,192,868

5 - Current investments

Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
In equity shares of other companies						
Unquoted						
(Carried at fair value through profit or loss)						
Sungold Merchandise Private Limited	700	350,000	1,200	600,000	12,650	6,325,000
Pushmala Suppliers Private Limited	796	398,200	1,395	697,500	8,795	4,397,500
Starrose Dealer Private Limited	160	80,000	500	250,000	9,560	4,780,000
Orissa Lamps Limited	1,000	10,000	-	-	-	-
Dace Exim Private Limited	-	-	250	50,000	613	122,500
S K Growth Fund Private Limited	4,000	200,000	10,000	500,000	19,000	950,000
Deveshwar Realty Private Limited	7,254	3,626,755	8,215	4,107,500	12,090	6,045,000
Total		4,664,955		6,205,000		22,620,000

Aggregate amount of quoted investments

-

-

-

Market value of quoted investments

-

-

-

Aggregate amount of unquoted investments

4,664,955

6,205,000

22,620,000

Aggregate amount of impairment in value of investments

-

-

-

6 - Inventories

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Inventories (lower of cost and net realisable value)			
Shares	1,51,97,195	2,49,06,241	5,13,000
Total	1,51,97,195	2,49,06,241	5,13,000

7 - Trade receivables				
	Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Unsecured, considered good	2,14,99,893	30,29,359	19,15,376
		2,14,99,893	30,29,359	19,15,376

8 - Cash and cash equivalents				
	Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Cash on hand	1,862	1,10,936	-
	<u>Balances with banks:</u>			
	- current accounts	21,13,412	33,45,533	38,13,940
		21,15,274	34,56,469	38,13,940
	Margin money deposits*	-	-	73,003
		21,15,274	34,56,469	38,86,943

* Bank balance is under Lien against unpaid Income taxes due.

9 - Other Financial Assets				
		As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Current			
	Unsecured, considered good unless otherwise stated)			
	Loans given	51,12,95,504	50,72,18,029	47,98,62,694
	Total	51,12,95,504	50,72,18,029	47,98,62,694

10 - Equity share capital							
	Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
		Numbers	Amount	Numbers	Amount	Numbers	Amount
	Authorised:						
	Equity shares of Rs.10/- each	5,10,00,000	51,00,00,000	5,10,00,000	51,00,00,000	5,10,00,000	51,00,00,000
			51,00,00,000		51,00,00,000		51,00,00,000
	Issued, subscribed and fully paid up:						
	Equity shares of Rs.10/- each	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000

		50,49,50,000		50,49,50,000		50,49,50,000	
(a)	Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:						
	31 March 2018		31 March 2017		01 April 2016		
	No of shares	Amount	No of shares	Amount	No of shares	Amount	
Equity shares:							
At the beginning and end of the year	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000	
	0	00	0	00	0	00	
(b)	Rights and terms attached to equity shares						
	The Company has issued one class of equity shares with voting rights having a par value of Rs. 10/- per share. Each member is entitled to vote and present in person, by a constituted attorney, or by proxy shall have one vote and upon a poll every member entitled to vote and present in person, by a constituted attorney, or by proxy shall have one vote for every ordinary share held by him. On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the members in proportion to the paid-up capital.						
(c)	Shareholders holding more than 5% equity shares in the company						
	Particulars	31 March 2018		31 March 2017		01 April 2016	
		No.	%	No.	%	No.	%
	Jasmine Merchants Pvt. Ltd.	60,00,000	11.88%	60,00,000	11.88%	60,00,000	11.88%

11. Other equity excluding non-controlling interests			
Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Statutory Reserve (As per RBI Act for NBFC)			
Balance at the beginning of the year	26,87,645	24,13,490	18,58,481
Transfer from surplus	2,98,702	2,74,155	5,55,009
Balance at the beginning and end of the year	29,86,347	26,87,645	24,13,490
Retained earnings:			
Balance at the beginning of the year	18,99,532	8,88,069	(12,11,542)
Profit for the year	14,93,511	13,70,773	27,75,045
Transfer to statutory reserve fund	(2,98,702)	(2,74,155)	(5,55,009)
Contingent provision against standard assets	65,481	(85,155)	(1,20,425)
Balance as at the end of the year	31,59,822	18,99,532	8,88,069
Total	61,46,169	45,87,177	33,01,559

12 - Deferred tax asset (net)			
Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Deferred tax liabilities	1,83,817	1,55,876	1,70,445
	1,83,817	1,55,876	1,70,445

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	Balance as on 1st April, 2017	Recognised in statement of profit and loss	Recognised in other comprehensive Income	Balance as on 31st March, 2018
<u>Deferred tax liabilities:</u>				
Timing difference in case of depreciable assets	1,55,876	27,942	-	1,83,818
Net deferred tax liabilities	1,55,876	27,942	-	1,83,818

13 - Provisions

(Rs. in lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<u>Non-current</u>			
Contingent provision against standard assets	12,19,129	12,84,610	11,99,455
Total	12,19,129	12,84,610	11,99,455

Provision against standard assets

Particulars	As at 31st March 2018	As at 31st March 2017
Opening balance	12,84,610	11,99,455
Fresh provision done	-	85,155
Excess provision reversed	(65,481)	-
Closing balance	12,19,129	12,84,610

14 - Financial liabilities

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Current Borrowings			
Unsecured			
Working capital demand loan (WCDL)	1,00,42,164	-	-
Total	1,00,42,164	-	-

Note:

WCDL carries interest rate 9% p.a.

15 - Trade payables

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Outstanding due of Micro and Small Enterprises	-	-	-
Outstanding due of Creditors other than Micro and Small Enterprises	3,99,51,967	3,87,42,090	-
	3,99,51,967	3,87,42,090	-

16 - Other financial liabilities				
	Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	Due to statutory authorities	40,285	1,99,923	2,19,235
	Others payables	10,88,532	10,47,513	23,69,180
		11,28,817	12,47,436	25,88,415

17 - Revenue from operations			
		Year ended 31st March 2018	Year ended 31st March 2017
	Sale of shares	1,77,47,640	2,39,71,112
	Sale of textile goods	51,12,500	1,76,56,335
	Futures and options trading	6,03,585	-
	Interest on loans	3,71,33,227	3,61,53,901
		6,05,96,952	7,77,81,348

18 - Other income			
		Year ended 31st March 2018	Year ended 31st March 2017
	Sundry balances written back	3,25,276	
		3,25,276	-

19 - Purchases of stock-in-trade			
		Year ended 31st March 2018	Year ended 31st March 2017
	Textile goods	81,67,875	2,59,75,735
	Shares	3,72,60,498	5,96,10,548
		4,54,28,373	8,55,86,283

20 - Changes in inventories of stock-in-trade			
		Year ended 31st March 2018	Year ended 31st March 2017
	Closing stock:		
	Shares	1,51,97,195	2,49,06,241
	Opening stock:		
	Shares	2,49,06,241	5,13,000
		97,09,046	(2,43,93,241)

21 - Employee benefits expense		
Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Salaries paid	20,75,189	15,85,650
Bonus	1,50,000	1,20,000
Staff welfare expenses	-	48,757
	22,25,189	17,54,407

22 - Finance costs		
	Year ended 31st March 2018	Year ended 31st March 2017
Interest on car loan	46,849	13,500
Interest on income taxes	1,58,162	1,320
	2,05,011	14,820

23 - Depreciation expense		
	Year ended 31st March 2018	Year ended 31st March 2017
Depreciation of property, plant and equipment (Note 5)	2,28,448	1,76,852
	2,28,448	1,76,852

24 - Other expenses		
	Year ended 31st March 2018	Year ended 31st March 2017
Advertisement expenses	29,860	26,914
Bad debts - unrecoverable loans and advances	-	38,74,040
Electricity expenses		
<u>Payment to auditors:</u>		
Statutory audit fees	25,000	25,000
Tax audit fees	12,000	15,000
Travelling and conveyance expenses	30,187	1,68,670
Commission and brokerage expense	-	39,98,442
Filing charges	-	18,800
General expenses	98,459	65,728
Listing and depository fee	5,26,091	5,83,004
Rent	60,000	72,000
Loss on sale of shares	-	1,35,000
Futures and options trading	-	30,04,617
Software expenses	-	5,200
Website maintenance expenses	5,175	4,007
Printing and stationery	33,246	28,598
Postage and telegram expenses	7,512	24,410
Professional and legal fees	2,04,200	73,000
Telephone charges	10,468	34,461
Business promotion expense	33,279	4,79,179
Bank charges	531	3,132
	10,76,008	1,26,39,202

25 - Tax expense**(A) Components of income tax expenses**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax:		
In respect of the current period	5,28,700	5,73,820
In respect of prior years	-	73,003
	5,28,700	6,46,823
Tax expense for the year	5,28,700	6,46,823

(B) Reconciliation of effective tax rate

Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Profit before tax	20,50,153	20,03,025
	5,80,706	6,80,828
At India's statutory income tax rate of 28.33% (Previous year 28.33%)		
Current tax of prior years	-	73,003
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Others	(52,006)	(1,07,008)
Tax expense recognised	5,28,700	6,46,823

26 - Segment reporting

There are no reportable segments for the company.

27 - Leases

The Company has not entered into any non-cancellable agreements.

28 - Earnings per share

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Profit attributable to equity share holders (A)	14,93,511	13,70,773
Weighted average number of equity shares for the purpose of basic earnings per share (B)	5,04,95,000	5,04,95,000
Basic earnings per share (A/B)	0.03	0.03
Diluted earnings per share	0.03	0.03

29 - Contingent liabilities

There are no contingent liabilities pending against the company as at year ended 31st March, 2018 and 31st March, 2017.

30 - Related party transactions

There are no related party transactions undertaken during the year.

31. Financial instruments

31.1 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital management is to maximize shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment. The Company has no debts as on 31 March 2018 and 31 March 2017.

31.2 Categories of financial instruments

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair Value Hierarchy

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 : Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability.

As at 31 March 2018	Carrying value			Fair value		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Fair value through other comprehensive income (FVOCI)	Level 1	Level 2	Level 3
<u>Financial assets</u>						
Current						
Investments	46,64,955			46,64,955		
Inventories		1,51,97,195				
Trade receivables		2,14,99,893				
Cash and cash equivalents	-	21,15,274	-	-	-	-
Other financial assets	-	51,12,95,504	-	-	-	-
<u>Financial liabilities</u>						
Current						
Borrowings	-	1,00,42,164	-	-	-	-
Trade payables		3,99,51,967				
<u>Other financial liabilities</u>						
Due to statutory authorities	-	40,285	-	-	-	-
Others payables	-	10,88,532	-	-	-	-

As at 31 March 2017	Carrying value			Fair value		
Particulars	Fair value through Profit and Loss (FVTPL)	Amortised cost	Fair value through other comprehensive income (FVOCI)	Level 1	Level 2	Level 3
<u>Financial assets</u>						
Current						
Investments	62,05,000	-	-	62,05,000		
Inventories		2,49,06,241				
Trade receivables		30,29,359				
Cash and cash equivalents	-	34,56,469	-	-	-	-
Other financial assets	-	50,72,18,029	-	-	-	-
<u>Financial liabilities</u>						
Current						
Borrowings		-				
Trade payables		3,87,42,090				
<u>Other financial liabilities</u>						
Due to statutory authorities	-	1,99,923				
Others payables	-	10,47,513	-	-	-	-

The management considers that the carrying amount of financial assets and financial liabilities carried at amortised cost approximates their fair value.

31.3 Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

31.3.1 Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Trade and other receivables

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. The Company manages credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company's exposure to credit risk for trade receivables by type of counter party is as follows:

	As at 31 March 2018	As at 31 March 2017
Not Past due	-	-
Past due 1 - 180 days	53,27,95,397	51,02,47,388
Past due more than 180 days	-	-
Total	53,27,95,397	51,02,47,388

Reconciliation of loss allowance

Particulars	Amount
Loss allowance as on 1 April 2017	12,84,610
Changes in loss allowance	(65,481)
Loss allowance as on 31 March 2018	12,19,129

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

31.3.2 Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Particulars	Less than 1 year	1 - 3 year	More than 3 years	As at 31 March 2018
Borrowings	1,00,42,164	-	-	1,00,42,164
Trade payables	3,99,51,967	-	-	3,99,51,967
Due to statutory authorities	40,285	-	-	40,285
Others payables	10,88,532	-	-	10,88,532
Particulars	Less than 1 year	1 - 3 year	More than 3 years	As at 31 March 2017
Borrowings	-	-	-	-
Trade payables	3,87,42,090	-	-	3,87,42,090
Due to statutory authorities	1,99,923	-	-	1,99,923
Others payables	10,47,513	-	-	10,47,513

31.3.3 Market Risk Management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments and trade payables.

31.3.3.1 Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

The Company is exposed to interest rate risk because it had borrowed funds at fixed interest rate. However, at the end of the reporting period, the Company does not have borrowings.

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods for fixed rate borrowings. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows.

Particulars	31-Mar-18			
	Less than 1 year	1 - 3 year	More than 3 years	As at 31 March 2018
Fixed interest rate instruments	-	-	-	-
Particulars	31-Mar-17			
	Less than 1 year	1 - 3 year	More than 3 years	As at 31 March 2017
Fixed interest rate instruments	-	-	-	-

31.3.3.2 Currency risk

The Company has not undertaken any transactions denominated in foreign currencies; consequently, the Company does not have exposure to exchange rate fluctuations.

31.3.3.3 Other Price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Company does not have such exposure.

32 - Effect of Ind AS adoption on the balance sheet as at:

i. First- time adoption of Ind AS

The financial statements for the year ended March 31, 2018 have been prepared in accordance with Ind AS as issued and effective as at March 31, 2018. The Company's opening Ind AS balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. In preparing the opening balance sheet, the Company has applied the mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS in accordance with the guidance in Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements to Ind AS, in the opening balance sheet as at April 1, 2017 and in the financial statements as at and for the year ended 31 March 2018.

ii. Mandatory exemptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

- Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

- Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

iv. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- i. Reconciliation of equity as at 1st April 2016
- ii. Reconciliation of equity as at 31 March 2017
- iii. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2017
- iv. Adjustments to Statement of Cash Flows for the year ended 31 March 2017

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

27 A Effect of Ind AS adoption on the balance sheet as at 31st March 2017:

	Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS					
Non-current assets					
	(a) Property, Plant and Equipment		1,02,331		1,02,331
	(b) Other tax assets (net)		46,49,220	-	46,49,220
	Total non-current assets		47,51,551	-	47,51,551
Current assets					
	(a) Financial assets				
	(i) Investments		62,05,000	-	62,05,000
	(ii) Inventories		2,49,06,241	-	2,49,06,241
	(iii) Trade receivables		30,29,359	-	30,29,359
	(iv) Cash and cash equivalents		34,56,469	-	34,56,469
	(iii) Other financial assets		50,72,18,029	-	50,72,18,029
	(b) Other tax assets (net)		14,00,540	-	14,00,540
	Total current assets		54,62,15,638	-	54,62,15,638
	Total assets		55,09,67,189	-	55,09,67,189
EQUITY AND LIABILITIES					
Equity					
	(a) Equity share capital		50,49,50,000	-	50,49,50,000
	(b) Other equity		45,87,177	-	45,87,177
	Total equity		50,95,37,177	-	50,95,37,177
LIABILITIES					
Non-current liabilities					
	(a) Deferred tax liabilities (Net)		1,83,817		1,83,817
	(b) Provisions		12,19,129	-	12,19,129
Current liabilities					
	(a) Financial Liabilities				
	(i) Borrowings		-		-
	(ii) Trade payables		3,87,42,090	-	3,87,42,090
	(iii) Other financial liabilities		12,47,436	-	12,47,436
	Total current liabilities		4,13,92,472	-	4,13,92,472
	Total equity and liabilities		55,09,29,649	-	55,09,29,649

27 B There is no reconciliation required for total equity as at 31st March 2017.

27 **Effect of Ind AS adoption on the statement of profit and loss for the year ended 31st March**
C 2017:

Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Income				
Revenue from operations		7,77,81,348	-	7,77,81,348
Total income		7,77,81,348	-	7,77,81,348
Expenses				
(a) Purchases of stock-in-trade		8,55,86,283	-	8,55,86,283
(b) Changes in inventories of stock-in-trade		(2,43,93,241)	-	(2,43,93,241)
(c) Employee benefits expense		17,54,407	-	17,54,407
(d) Finance costs		14,820	-	14,820
(e) Depreciation expense		1,76,852	-	1,76,852
(f) Other expenses		1,26,39,202	-	1,26,39,202
Total expenses		7,57,78,323	-	7,57,78,323
Profit before tax		20,03,025	-	20,03,025
Tax expense				
Current tax		5,73,820	-	5,73,820
Deferred tax		(14,571)	-	(14,571)
Taxes relating to previous year		73,003	-	73,003
Profit for the year (A)		13,70,773	-	13,70,773
Other comprehensive income for the year (B)		-	-	-
Total comprehensive income for the year (A+B)		13,70,773	-	13,70,773

27 **Reconciliation of total comprehensive income for the year ended**
D 31st March 2017:

Particulars	Notes to first time adoption 31st March 2017	31st March 2017
Profit after tax as reported under previous GAAP	-	13,70,773
Total Ind AS Adjustments		-
Profit after tax as reported under Ind AS		13,70,773
Add : Other Comprehensive Income (net of tax)		-
Total comprehensive income as reported under Ind AS		13,70,773

27

E Adjustments to statement of cash flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

28

Previous year figures have been regrouped where necessary.

As per our report of even date attached

For **SANJEEV NAVIN & ASSOCIATES**

(Chartered Accountants)

Aditya Nath Mishra

Partner

Mem no.303977

Place : Kolkata

Date : 28th May, 2018

For and on behalf of the Board of Directors

of **ARC Finance Limited**

PRADIP KUMAR AGARWAL | **APARNA SHARMA**

Director

DIN-01286415

PAWAN DALMIA

Company Secretary

PAN:AHJPD5970E

Director

DIN-07006877

SAPNA AGARWAL

Chief Financial Officer

PAN-BIHPA2073D

**Form No. MGT-11
Proxy form**

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

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID

Name :	E-mail Id:
Address:	
Signature , or failing him	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the company, to be held on Thursday, the 27th day of September at 09:30 A.M. at 18, Rabindra Sarani, Poddar Court, Gate No. 4, 4th Floor, Room no. 3, Kolkata, 700001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution(s)	I /we assent to Resolution (FOR)	I /we dissent to Resolution (AGAINST)
1.	Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for financial year 31st March, 2018		
2.	To Rectify M/s. SANJEEV NAVIN & ASSOCIATES having Firm Registration No 326800E Statutory Auditor of the Company from this Annual General Meeting upto the conclusion of Next Annual General Meeting.		
3.	To Approve Special Resolution Mr. Ramawtar Gupta as a Managing Director and his remuneration.		
4.	To Approve Special Resolution for Make Borrowing Upto 50 Cr.		
5.	To Approve Special Resolution for Provide loans, advances and investment upto 80 cr.		

* Applicable for investors holding shares in Electronic form.

Signed this ___day of ___20___

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder
across Revenue Stamp

Affix Revenue Stamps

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company.

ELECTRONIC VOTING PARTICULARS

EVEN (Remote E -Voting Event Number)	USER ID	PASSWORD

Notes: 1) Each equity share of the Company carries one vote.

2) Please read carefully the instructions printed overleaf before exercising the vote.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

36th ANNUAL GENERAL MEETING – SEPTEMBER 27, 2018

Members' Name and Address details	
--	--

Reg. Folio No.	
DP & Client No.	
No. of Shares Held	

I certify that I am a registered Shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 36th Annual General Meeting of the Company at 18, Rabindra Sarani, Poddar Court, Gate No. 4, 4th Floor, Room no. 3, Kolkata, 700001 at 09.30 a.m. on Thursday, the 27th September, 2018.

Member's Name: _____ Proxy's Name: _____

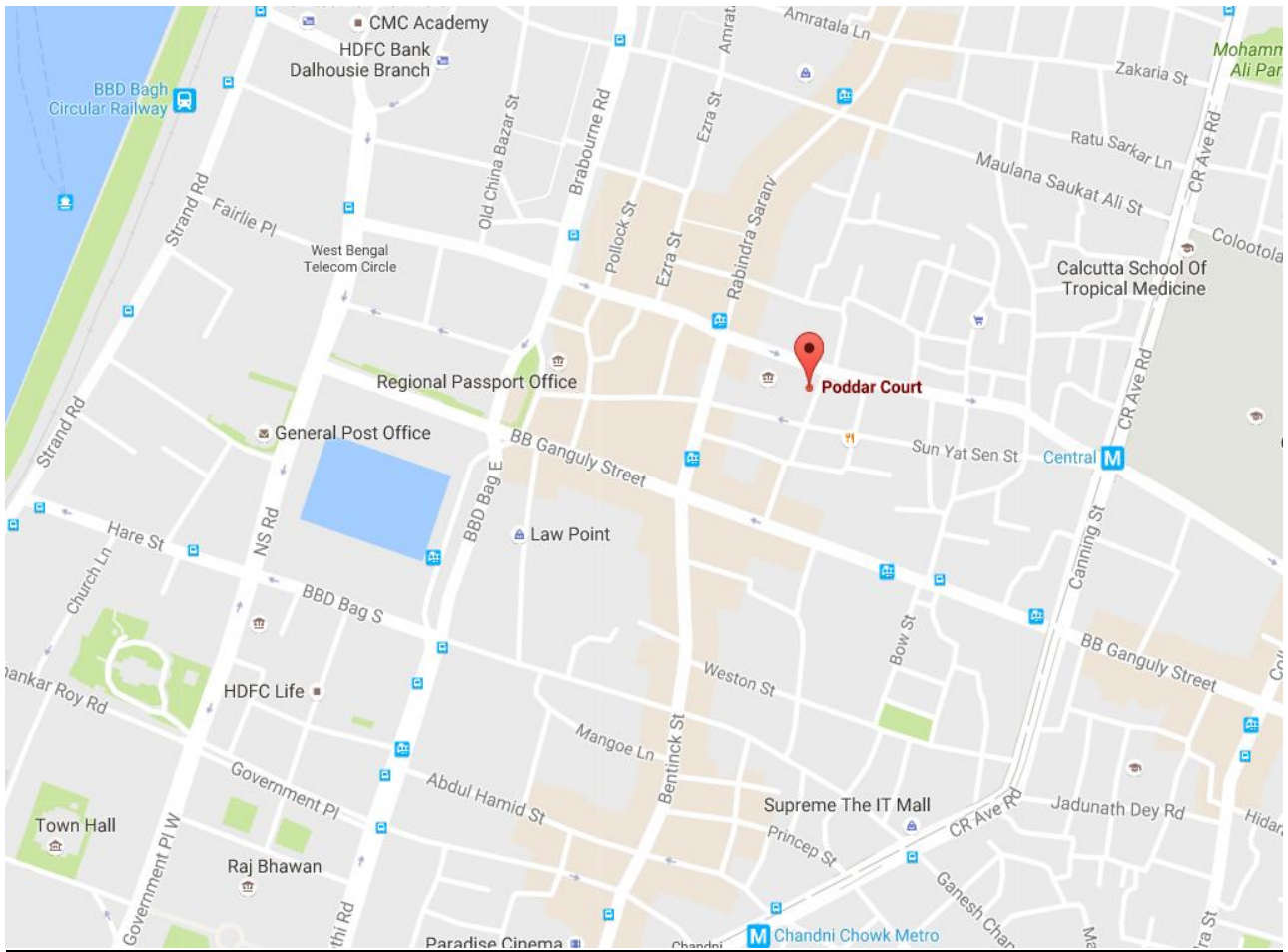
Member's/Proxy's Signature: _____

ELECTRONIC VOTING PARTICULARS

Electronic Voting Sequence Number (EVSN)	User id	Password
	Please use existing user id and password	

Note: Please refer to the instruction printed under the note to the Notice of the 36th Annual General Meeting. The E-voting period starts **Monday, 24-09-2018 at 9:00 am** IST and ends on Wednesday **26-09-2018 at 5:00 pm** IST. The E-Voting portal shall be disabled by CDSL immediately after 5:00 pm IST on 21-09-2018.

ROAD MAP TO AGM VENUE



Poddar Court

18, Rabindra Sarani, Poddar Court, Gate No.4, 4th Floor, Room No.3
Kolkata-700001

IF UNDELIVERED PLEASE RETURN TO:-

ARC FINANCE LIMITED

CIN- L51909WB1982PLC035283

REGD. OFFICE-18, Rabindra Sarani, Poddar Court,
Gate No.4, 4th Floor, Room No.3, Kolkata-700001

EMAIL ID- arcfinancelimited@gmail.com.