

**28th**

**ANNUAL REPORT**

**&**

**ACCOUNTS**

**2009-10**

**ARC FINANCE LIMITED**

**ARC FINANCE LIMITED**

**28th ANNUAL REPORT  
&  
ACCOUNTS 2009-10**

**Board of Directors:**

<i>Mr. Ashok Vardhan Kothari</i>	-	<i>Director</i>
<i>Mr. Jagmohan Kothari</i>	-	<i>Director</i>
<i>Mr. Siddharth Kothari</i>	-	<i>Director</i>
<i>Ms. Deepika Maheshwari</i>	-	<i>Director</i>
<i>Ms. Kashi Devi Kothari</i>	-	<i>Director</i>

**Registered Office:**

3UG, Mani Towers,  
31/41, Binoda Bhawe Road,  
Kolkata - 700 038

**Bankers:**

State Bank of India

**Auditors:**

**AGARWAL & ASSOCIATES**

Chartered Accountants

Room No. 216 & 303, 7A, Bentick Street,

KOLKATA- 700 001

Phone: (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile: 98300 21767

Email: rk\_agarwal@rediffmail.com

**ARC FINANCE LIMITED**  
**3UG, Mani Towers, 31/41, Binoda Bhava Road, Kolkata- 700 038**

**NOTICE**

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at its Registered office of the company at 3UG, Mani Towers, 31/41, Binoda Bhava Road, Kolkata- 700 038 on the Monday, the 20th day of September, 2010 at 10:30 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010, and the Balance Sheet as that date and the Reports of the Board of Directors and Auditors thereon.
2. To elect Directors in place of Retiring Directors.
3. To appoint auditors of the company for the year ended 31<sup>st</sup> March, 2010.

By Order of the Board

Sd/-  
**(ASHOK VARDHAN KOTHARI)**  
**DIRECTOR**

Place: Kolkata

Dated: 31st May, 2010

**NOTE:**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and such proxy need not be a member of the Company. The proxies in order to be valid and effective should be deposited at the registered office of the company not later than forty eight hours before the commencement of the meeting.

Contd....

No. of the Company : 21- 035283  
 Authorized Capital : Rs. 10,000,000.00

## DIRECTORS' REPORT

TO  
 THE MEMBERS OF  
 M/s. ARC FINANCE LIMITED

Ladies & Gentlemen,  
 Your Directors have pleasure in presenting their 28th Annual Report and Audited Statement of Accounts together with Auditors' Report thereon for the year ended 31st March, 2010.

### FINANCIAL RESULTS:

-----	<u>2009-10</u>	<u>2009-08</u>
	(Rs.)	(Rs.)
Profit/(Loss) before Taxation	1,02,649	(46,38,829)
Provision for Taxation	2,670	14,275
	-----	-----
Profit/(Loss) after Taxation	99,979	(46,53,104)
Add: Deferred Tax written back	1,22,746	---
	-----	-----
	2,22,725	(46,53,104)
Less: Transferred to Reserve Fund	22810	---
	-----	-----
	1,99,915	(46,53,104)
Balance brought forward from Previous year	41,76,359	88,29,463
	-----	-----
Balance carried to balance sheet	43,76,274	41,76,359
	=====	=====

### DIRECTORS :

-----  
 Sri. Sidharth Kothari retires by rotation and being eligible offers herself for re-appointment.

### AUDITORS:

-----  
 M/s. Agarwal & Associates, Chartered Accountants, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and has provided a written certificate regarding their eligibility for re-appointment as Auditors in terms of section 224(1B) of the Companies Act, 1956.

### DIRECTORS RESPONSIBILITY STATEMENT:

-----  
 According to section 217(2AA) Board's report confirm:-

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements 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 and of the profit of the Company for the period ;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

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STATUTORY INFORMATION :

1) Conservation of Energy and Technology Absorption

Being a Trading Company, there was no particulars as required to be given in terms of section 217(1) (e) of the Companies Act, 1956 regarding Conservation of Energy and Technology Absorption.

2) Foreign Exchange Earning/Outgo

There was no foreign exchange earning/outgo during the year under review.

3) Public Deposit

The Company has neither accepted any deposit from Public during the year under review, nor has it held any public deposit at the year end.

4) Particulars of Employees

No employee is covered by section 217(2A) of the Companies Act, 1956.

5) Cash Flow Statement:

The Cash flow Statement for the year ended 31st March, 2010, pursuant to clause 32 (as amended) of the Listing Agreement with Stock Exchange is annexed herewith.

COMPLIANCE CERTIFICATE

The compliance certificate under section 383A of the Company's Act 2000 has been obtained from the practicing Company Secretary M/s.A.K.Gulgulia & Co. , which is annexed herewith as part of this report.

ACKNOWLEDGEMENTS:

The Board wishes to place on record its deep appreciation for the whole hearted Co-operation and assistance received from the Bankers, Clients, Govt/Semi-Govt. Agencies and all others associated with the Company, for support and trust reposed on it by the shareholders and for the valuable services and contributions made by the employees of the Company.

Yours faithfully,  
For and on behalf of the Board

Place: Kolkata

Date : 31st May, 2010

Sd/-  
**(ASHOK VARDHAN KOTHARI)**  
CHAIRMAN

# AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

ROOM # 216 & 303, 7A, BENTINCK STREET, KOLKATA – 700 001  
Phone : (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile : 98300 21767

E-mail : rk\_agarwal@rediffmail.com

**Branch Office : 18, Netaji Subhas Road, Kolkata- 00001**

## **Independent Auditor's Report To the Members of M/s. ARC FINANCE LIMITED**

### **Report on the Financial Statements**

We have audited the attached balance sheet of M/s. **ARC FINANCE LIMITED** as at 31<sup>st</sup> March'2010 and the related profit and loss Account & Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report.

1. These financial Statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the statements to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management as well as evaluating the overall financial statement presentation, we believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) order 2004, issued by the Central Govt. of India in terms of section 227(4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We report that:-
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by the Companies Act'1956 (as amended) have been kept by the company so far as it appears from our examination of those books.
  - c) The Balance Sheet and Profit & Loss A/c. referred to in this report are in agreement with the books in accounts.
  - d) In our opinion, the profit & loss A/c. & Balance sheet comply with the mandatory accounting standards referred to in Section 211 3(c) of the Companies Act,1956 to the extent applicable.
  - e) Based on the information and representation receiving, Directors of the company do not prima facie have any disqualification as referred to in section 274 (1) (g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the annexed account given to us, the annexure accounts, subject to notes appearing thereon and attached there to, give the information required by the Companies Act'1956 in the manner so required and given a true and fair view:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2010**,
    - ii) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR AGARWAL & ASSOCIATES**

Chartered Accountants

**FRN.No. 323210E**

Sd/-

Raj Kumar Agarwal

Partner

M. No. 052130

Place: Kolkata

Date: 31/05/2010

Contd...

# AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

ROOM # 216 & 303, 7A, BENTINCK STREET, KOLKATA – 700 001

Phone : (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile : 98300 21767

E-mail : rk\_agarwal@rediffmail.com

**Branch Office : 18, Netaji Subhas Road, Kolkata- 00001**

## ANNEXURE REFERRED TO IN THE AUDITORS' REPORT

1. In respect of its fixed assets
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All the assets have been physically, verified by the management during the year and there is regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No discrepancies were noticed on such verification.
  - (c) During the year, the company has not disposed off any part of its fixed assets.
2. Being a finance company, the matters relating to inventory are not applicable.
3. (a) The company had taken unsecured loans from the parties covered in the register maintained under section 301 of the Companies Act. There were two such parties and amount involved was Rs. 2.25 lacs.
  - (b) The rate of interests and other terms & conditions were prima facie not prejudicial to the interest of the company.
4. The company had not granted loan to a director or other parties covered under registered maintained u/s. 301.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and purchase and sale of securities. Further on the basis of our examination of the books and records of the company and according to the information and explanations given to us we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
6. In respect of transaction entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register, have been so entered.
7. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year under section 58A & 58AA of the Companies Act, 1956. And rules framed thereunder.
8. The company has no internal audit system.
9. In our opinion as the company is a finance company the maintenance of cost records under section 209(1)(d) of the companies Act is not applicable to the company.
10. According to the information and explanations given to us in respect of statutory and other dues, it appears that the company is regular in payment of statutory and other dues and there were not any disputed statutory dues during the year.
11. The company does not have accumulated losses as at the end of the year. However, the company has incurred cash loss during the year as well as in preceding year. There is no such loss in current year.
12. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institutions, banks, etc.

13. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.
15. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper records of the transactions and contracts of dealing in shares and securities and those timely entries have been made in these records.  
(b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the company in its own name.
16. According to the information and explanations given to us the company has not taken any term loan during the year.
17. According to the records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have prima facie not been used during the year for long term investments and vice versa.
18. The company has not made any preferential allotment of shares to parties and companies covered in the registered maintained under section 301 of the Companies Act, 1956 during the year.
19. The company has not issued any debenture during the year.
20. The company has not raised monies by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us. No fraud on or by the company noticed or reported during the year.

**FOR AGARWAL & ASSOCIATES**

Chartered Accountants  
**FRN. No.323210E**

Sd/-

Raj Kumar Agarwal

Partner

M. No. 052130

Place: Kolkata

Date: 31/05/2010



**ARC FINANCE LIMITED**

BALANCE SHEET AS ON 31ST MARCH, 2010

	<u>Schedules</u>	31st March 2010	31st March 2009
<b>I. SOURCES OF FUND</b>			
<b>Shareholders' fund</b>			
(a)Share Capital	<b>A</b>	4,950,000.00	4,950,000.00
(b)Reserves and Surplus	<b>B</b>	5,833,105.55	5,624,655.86
<b>Loan Funds</b>			
(a)Unsecured Loan	<b>C</b>	-	225,000.00
<b>DEFERRED TAX LIABILITY</b>			
<b>Total</b>		<b>10,783,105.55</b>	<b>10,799,655.86</b>
<b>II. APPLICATION OF FUNDS</b>			
Fixed Assets	<b>D</b>	745,630.37	889,496.37
Investments	<b>E</b>	9,337,217.55	9,374,162.43
Current Assets,Loans & Advances	<b>F</b>	1,550,747.63	1,585,794.05
Current Liabilities &Provisions	<b>G</b>	850,490.00	941,326.00
Net Current Assets (F-G)		700,257.63	644,468.05
<b>Total</b>		<b>10,783,105.55</b>	<b>10,908,126.85</b>
Notes on Accounts	<b>O</b>	-	<b>(108,470.99)</b>

As per our report of even date attached to Balance Sheet

**For AGARWAL & ASSOCIATES**  
**Chartered Accountants**

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

Sd/-

**RAJ KUMAR AGARWAL**  
**Partner**

**M. No. 052130**

**Place :Kolkata**

**Date : 31.05.2010**

Sd/-

**ASHOK VARDHAN**  
**KOTHARI**  
**DIRECTOR**

Sd/-

**JAGMOHAN**  
**KOTHARI**  
**DIRECTOR**

**ARC FINANCE LIMITED**

**PROFIT & LOSS A/C FOR THE YAER ENEDE ON 31st MARCH,2010**

Particulars	Schedules	31.03.2010	31.03.2009
<b>INCOME</b>			
Interest (TDS Rs. NIL, P.Y. NIL)		-	59,274.00
Dividend		94,011.35	266,097.50
Profit on sale of investments		1,223,857.68	306,833.05
Difference		152,020.72	-
Miscellaneous Income		5.49	8,009.00
		<u>1,469,895.24</u>	<u>640,213.55</u>
<b>EXPENDITURE</b>			
Administrative & General Expenses	H	1,205,730.54	1,290,248.15
Bad Debt		12,974.00	3,844,166.00
Interest Paid		4,676.00	4,040.00
Total Expenses		<u>1,223,380.54</u>	<u>5,138,454.15</u>
Profit/(Loss) before Non Cash Charges		246,514.70	(4,498,240.60)
Less: Depreciation		(143,866.00)	(140,588.00)
Profit before taxation		<b>102,648.70</b>	<b>(4,638,828.60)</b>
Less: Provision for taxation(Current Year)		(2,670.00)	-
Less: Provision for F.B.T.			(14,275.00)
Profir After Taxation		<b>99,978.70</b>	<b>(4,638,828.60)</b>
Add: Deferred tax written back		122,746.00	-
Less: Trasferred to Reserve Fund		(22,810.00)	-
Add: Balance Brought Forward from Prvious Year		4,176,358.85	8,829,462.46
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u><b>4,376,273.55</b></u>	<u><b>4,190,633.86</b></u>

NOTES ON AACOUNTS

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As per our report of even date attached to Balance Sheet

**For AGARWAL & ASSOCIATES**  
Chartered Accountants

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

Sd/-

**RAJ KUMAR AGARWAL**

Partner

M. No. 052130

Place : Kolkata

Date : 31.05.2010

Sd/-

**ASHOK VARDHAN**  
**KOTHARI**

**DIRECTOR**

Sd/-

**JAGMOHAN**  
**KOTHARI**

**DIRECTOR**

**ARC FINANCE LIMITED**

NOTES TO BALANCE SHEET AS ON 31.03.2010

A) Share capital	As on 31.03.2010		As on 31.03.2011	
<b>Authorised</b>				
10,00,000 Equity Shares of Rs.10/- each		10,000,000.00		10,000,000.00
<b>Issued, subscribed and paid- up</b>				
4,95,000 Equity Shares of Rs.10/- each		4,950,000.00		4,950,000.00
<b>Total issued, subscribed and fully paid- up share capital</b>		<b>4,950,000.00</b>		<b>4,950,000.00</b>
<b>B) Reserves and surplus</b>				
General reserve as per Last Account	1,434,022.00		1,434,022.00	
Add: Transferred from Profit & Loss A/c	22,810	1,456,832.00	-	1,434,022.00
Profit/(Loss) for the year		4,376,273.55		4,190,633.86
		<b>5,833,105.55</b>		<b>5,624,655.86</b>
<b>C) Unsecured Loan</b>				
From Directors		-		90,000.00
From Company		-		135,000.00
		<b>-</b>		<b>225,000.00</b>
<b>D) Fixed Assets</b>		As per Separate Sheet Attached		
<b>E) Investment (Long Term)</b>				
(a) Quated Share		3,043,027.89		3,356,370.64
(b) Mutual Fund		6,094,189.66		5,767,791.79
(c) Unquoted Shares		200,000.00		250,000.00
		<b>9,337,217.55</b>		<b>9,374,162.43</b>
Aggregate Market Value of Quated Investment				
Quated Share		5,488,152.00		3,725,801.00
Mutual Fund		6,222,696.14		5,276,231.00
<b>F) Current Assets, Loans &amp; Advances</b>				
<b>Current Assets</b>				
Stock on Hire Purchase Finance (Value at Hire Receivable) (Unsecured, considered good)		1,046,828.00		1,197,689.00
<b>Cash and cash equivalents</b>				
Balance with Banks in Current A/c.		114,924.63		36,210.05
Cash in hand		20,000.00		5,000.00
<b>Loans &amp; Advances (Unsecured, considered good)</b>				
Advances (Recoverable in cash or in kind or for value to be recovered)		10,000.00		-
Advance to staff		31,735.00		19,635.00
Income tax Advances & TDS		254,257.00		254,257.00
Income tax Sezure		73,003.00		73,003.00
		<b>1,550,747.63</b>		<b>1,585,794.05</b>

For AGARWAL & ASSOCIATES  
Chartered Accountants

Sd/-

RAJ KUMAR AGARWAL

Partner

M. No. 052130

Place : Kolkata

Date : 31.05.2010

For and on behalf of the Board of Directors of  
ARC FINANCE LIMITED

Sd/-

ASHOK VARDHAN  
KOTHARI  
DIRECTOR

Sd/-

JAGMOHAN  
KOTHARI  
DIRECTOR

<b>G) Current Liabilities &amp; Provisions</b>	<b>As on 31.03.2011</b>		<b>As on 31.03.2010</b>	
Sundry creditors for expenses		8,427.00		18,427.00
Advance from customers		134,000.00		207,000.00
FBT Payable		770.00		-
Income- tax payable		6,389.00		6,389.00
Interest payable		4,676.00		1,677.00
<b>Provisions</b>				
Taxation		2,670.00		-
F.B.T.		-		14,275.00
Sub- standard, Doubtful and Loss Assets		693,558.00		693,558.00
		<u><b>850,490.00</b></u>		<u><b>941,326.00</b></u>
<b>H) Administrative &amp; General Expenses</b>				
Payment to/for employees				
Salary(including Leave Salary)	469,367.00		324,800.00	
Transport Allowance	44,000.00		33,600.00	
Children Benefit	11,200.00		9,600.00	
House Rent Allowance	75,700.00		72,300.00	
Staff Welfare	42,853.00		1,720.00	
Bonus & Exgratia	34,830.00	677,950.00	28,965.00	470,985.00
Office Rent		84,000.00		84,000.00
Advertisement		4,124.00		2,000.00
Audit Fees		8,427.00		8,427.00
Bank Charges		695.00		725.00
Books & Periodicals		1,088.00		152.00
Business promotion Expenses		3,490.00		15,872.00
Computer Expenses		14,105.00		14,014.00
Depository Charges		1,613.30		1,271.00
Electricity		20,513.00		-
Entertainment Expenses		10,459.00		9,775.00
Filling Fees		3,350.00		2,600.00
Miscellaneous Expenses		17,185.00		28,324.00
Insurance		596.00		14,153.00
Law & Service Charges		50,500.00		57,290.00
Listing Fees		14,581.50		34,500.00
Membership & Subscription		19,299.00		22,831.60
Motor Car Expenses		139,071.80		94,273.00
Office Expenses		17,793.00		17,978.25
Office Maintenance		37,856.50		51,477.00
Travelling & Conveyance		15,961.00		208,241.00
Postage & Telegram		1,980.00		4,178.00
Printing & Stationary		3,340.00		3,526.75
Professional Tax		2,500.00		21,700.00
Rate & Taxes		15,041.00		55,170.00
Repair & Maintenance		-		29,051.43
STT		12,957.38		6,126.29
Service tax & other Charges		4,102.06		518.83
Telephone Charges		23,152.00		31,088.00
		<u><b>1,205,730.54</b></u>		<u><b>1,290,248.15</b></u>
<b>For AGARWAL &amp; ASSOCIATES</b>	<b>For and on behalf of the Board of Directors of</b>			
<b>Chartered Accountants</b>	<b>ARC FINANCE LIMITED</b>			
Sd/-	Sd/-	Sd/-		
RAJ KUMAR AGARWAL	ASHOK VARDHAN	JAGMOHAN		
Partner	KOTHARI	KOTHARI		
M. No. 052130	DIRECTOR	DIRECTOR		
Place : Kolkata				
Date : 31.05.2010				

**ARC FINANCE LIMITED**  
(ACCOUNTING YEAR : 2009-10)

**SCHEDULE: D**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Balance as on 31.03.2009	Addition	Deduction	Balance as on 31.03.2010	Balance as on 31.03.2009	Addition	Deduction	Balance as on 31.03.2010	Balance as on 31.03.2010	Balance as on 31.03.2009
Office Equipment	50,118.00	-	-	50,118.00	13,170.55	1,958.00	-	15,128.55	34,989.45	36,947.45
Furniture & Fixture	457,608.92	-	-	457,608.92	84,392.00	26,762.00	-	111,154.00	346,454.92	373,216.92
Computers	96,577.00	-	-	96,577.00	36,263.00	15,655.00	-	51,918.00	44,659.00	60,314.00
Vehicles	1,464,019.00	-	-	1,464,019.00	1,127,472.00	95,213.00	-	1,222,685.00	241,334.00	336,547.00
Airconditioner	90,066.00	-	-	90,066.00	7,595.00	4,278.00	-	11,873.00	78,193.00	82,471.00
<b>TOTAL</b>	<b>2,158,388.92</b>	<b>-</b>	<b>-</b>	<b>2,158,388.92</b>	<b>1,268,892.55</b>	<b>143,866.00</b>	<b>-</b>	<b>1,412,758.55</b>	<b>745,630.37</b>	<b>889,496.37</b>

For AGARWAL & ASSOCIATES  
Chartered Accountants

Sd/-

RAJ KUMAR AGARWAL

Partner

M. No. 052130

Place : Kolkata

Date : 31.05.2010

For and on behalf of the Board of Directors of  
ARC FINANCE LIMITED

Sd/-

ASHOK VARDHAN  
KOTHARI  
DIRECTOR

Sd/-

JAGMOHAN  
KOTHARI  
DIRECTOR

# ARC FINANCE LIMITED

(Annexed to and forming part of the Balance Sheet as at 31st March, 2010 and the annexed Statement of Profit & Loss for the year ended on that date.)

## NOTE NO. I: Significant Accounting Policies and Other Notes on Financial Statements

### I. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of accounting:

- 1) The concern prepares its Financial Statements on accrual basis in accordance with generally accepted accounting principles.
- 2) Preliminary expenses are amortized over a period of 10 years.

b) Investment:

Investments are classified as long term investments and are carried at cost in terms of "Non Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. No permanent diminution in value is believed to have occurred in the opinion of the management. The profit or loss on sale of the investments is dealt with at the actual sale/ redemption.

c) Fixed Assets:

- i) Fixed assets are stated at historical cost less Accumulated depreciation in the financial statements.
- ii) Additions & disposal during the accounting period have been disclosed. Gross book values at the beginning and end of the accounting period have been disclosed in the financial statements.
- iii) There has been no revaluation of fixed assets during the accounting year.

d) Depreciation:

Depreciation is provided on straight line method at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956.

e) Stock on Hire Purchase Finance:

Stock on hire purchase finance is valued at installments receivables inclusive of income accrued & due.

f) Contingent Liabilities:

- (i) Contingent Liabilities have been accounted for according to the guidelines prescribed by the ICAI. However any gain of such nature has not been recognized.
- (ii) Cash Flow statement has been prepared under Indirect Method.

g) Taxes on Income:

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income under Income Tax Act and Accounting Income that originate in one period and are capable of reversal in subsequent period.

II. Cash in hand is as certified by the management.

III. Other particulars as per Part II of schedule VI are not furnished, since the same are not applicable.

IV. Brought forward deferred tax liability has been reversed as deferred tax asset is more than deferred tax liability.

V. Assets classification as per NBFC(Non Banking accepting or holding) Prudential Norms (Reserve Bank) directions 2007-

	Standard	Sub- standard	Doubtful Assets	Loss Assets	Total
Stock on hire Purchase Finance	1,45,217.00	2,80,278.00	4,33,432.00	1,87,847.00	10,46,828.00

## ARC FINANCE LIMITED

(Annexed to and forming part of the Balance Sheet as at 31st March, 2010 and the annexed Statement of Profit & Loss for the year ended on that date.)

### NOTE NO. O: Significant Accounting Policies and Other Notes on Financial Statements (....Contd)

**VI.** Stock on Hire of Rs. 9,01,557/- has become Non- performing Assets and so no interest has been accrued on such SOH given.

**VII.** Previous Year figures have been regrouped and rearranged wherever considered necessary.

**VIII.** Related Parties with Transactions with them:

KEY MANAGEMENT

Mr.Jagmohan Kothari Director

PERSONNEL

Mr.Ashok Vardhan Kothari ----Do--

Mr. Siddarth Kothari ----Do—

Smt. Deepika Maheswari ----Do—

ASSOCIATE

S K Investment A partnership Firm in which Director is partner  
S K Growth Fund Company under the same group  
Pvt Ltd

Zenith Fiscal Services -----Do-----

Pvt. Ltd.

DIRECTOR'S RELATIVE

Smt. Kashi Devi Kothari Wife of Director, Jagmohan Kothari

Smt. Alka Kothari Wife of Director, Ashok Vardhan Kothari

Nature of Transaction	Nature of Relations	Current Year
Salary & Allowance	Directors Relative	94600
Staff Advances	---Do---	620000
Staff Advances received back	---Do---	620000
Rent Paid	Directors	84000
Loan Taken	----Do---	50000
Loan taken Refunded	----Do---	140000
Interest paid on above loan	----Do---	1117
Loan Taken	Associates	200000
Loan taken Refunded	----Do---	335000
Interest paid on above loan	----Do---	3559

For and on behalf of the Board

Sd/-

**(ASHOK VARDHAN KOTHARI)**  
CHAIRMAN

Place: Kolkata

Date : 31st May, 2010

**ARC FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2010**

	<u>31.03.2010</u>	<u>31.03.2009</u>
<b>A) <u>CASH FLOW FROM OPERATION ACTIVITIES</u></b>		
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS	102,649	(4,638,829)
ADJUSTMENT FOR DEPRECIATION	143,866	140,588
ADJUSTMENT FOR BAD DEBTS	12,974	3,844,166
MISCELLANEOUS INCOME	-	(8,009)
INTEREST INCOME	-	(59,274)
DIVIDEND INCOME	(94,011)	(266,098)
INTEREST ON BORROWINGS	4676	4040
PROFIT/LOSS ON SALE OF FIXED ASSETS (NET)	-	-
PROFIT/LOSS ON SALE OF INVESTMENT (NET)	(1,223,858)	(306,833)
	(1,156,353)	3,348,580
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>(1,053,704)</u>	<u>(1,290,249)</u>
<b><u>ADJUSTMENT FOR:</u></b>		
TRADE AND OTHER RECEIVABLE	115,787	(277,168)
TRADE PAYABLE & OTHER LIABILITIES	(80,001)	35,786
CASH GENERATED FROM OPERATIONS	<u>(1,017,918)</u>	<u>(1,584,940)</u>
INTEREST PAID	(4,676)	(4,040)
FBT PAID	(13,505)	(12,218)
NET CASH FROM OPERATING ACTIVITIES	<u><u>(1,036,099)</u></u>	<u><u>(1,601,198)</u></u>
<b>B) <u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
SALE OF INVESTMENTS	18,686,359	4,485,810
PURCHASE OF INVESTMENTS	(17,425,556)	(4,985,418)
PURCHASE OF FIXED ASSETS	-	(152,990)
SALE OF FIXED ASSETS	-	-
INTEREST INCOME	-	59,274
DIVIDEND INCOME	94,011	266,098
NET CASH FROM INVESTING ACTIVITIES	<u><u>1,354,814</u></u>	<u><u>(327,226)</u></u>
<b>C) <u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
BORROWINGS	(225,000)	225,000
LOAN REFUND	-	1,550,000
NET CASH FROM FINANCING ACTIVITIES	<u><u>(225,000)</u></u>	<u><u>1,775,000</u></u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A+B+C)	93,715	(153,424)
CASH & CASH EQUIVALENT OPENING BALANCE	<u>114,213</u>	<u>267,637</u>
CASH & CASH EQUIVALENT CLOSING BALANCE	<u><u>207,928</u></u>	<u><u>114,213</u></u>
(Including cash seized by Income Tax Department)		

For AGARWAL & ASSOCIATES  
Chartered Accountants

Sd/-  
RAJ KUMAR AGARWAL  
Partner  
M. No. 052130  
Place :Kolkata  
Date : 31.05.2010

For and on behalf of the Board of Directors of  
ARC FINANCE LIMITED

Sd/-  
ASHOK VARDHAN  
KOTHARI  
DIRECTOR

Sd/-  
JAGMOHAN  
KOTHARI  
DIRECTOR



**AUDITORS' CERTIFICATE**

The Board of Directors  
**ARC FINANCE LIMITED**  
3UG, Mani Towers,  
31/41, Binoda Bhave Road,  
Kolkata – 700 038

We have examined the attached Cash Flow Statement of **ARC FINANCE LIMITED** for the year ended 31st March, 2010 and found the same is to be drawn in accordance with the requirements of clause 32 of listing agreement.

**FOR AGARWAL & ASSOCIATES**

Chartered Accountants  
**FRN. No.323210E**

Sd/-  
Raj Kumar Agarwal  
Partner  
M. No. 052130

Place: Kolkata  
Date: 31/05/2010

# ARC FINANCE LIMITED

ANNEXURE TO THE NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) Registration Numbers:-

Registration Number	35283	Sate Code	21
Balance Sheet Date	31.03.2010		

II) Capital Raised During the year (Amount in Rs. Thousand):-

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III) Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousand):-

Total Liabilities	11633	Total Assets	11633
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Sources of Fund:-

Paid up capital	4950	Reserves & Surplus	5833
Share Application Money	NIL	Unsecured Loan	0
Secured Loans	NIL	Deferred Tax Provision	0

Application of Fund:-

Net Fixed Assets	746	Investments	9337
Net Current Assets	700	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV) Performance of the Company (Amount in Rs. Thousand):-

Turnover	1470	Total Expenditure	1367
Profit/ Loss before Tax	103	Profit/Loss after Tax	100
Earning Per share	Rs. 0.20/share	Dividend Rate (%)	NIL

V) Generic Names of Three Principal Products/Services of the Company:-  
(As per monetary term)

Item Code No.	NIL
Product Description	FINANCE/LEASING/HIRE PURCHASE

For and on behalf of the Board

Sd/-

(ASHOK VARDHAN KOTHARI)  
CHAIRMAN

Place: Kolkata

Date : 31st May, 2010