

ARC FINANCE LIMITED
DIRECTORS REPORT

To The Members,

The Directors of your company have pleasure in presenting their Annual Report and Audited Statements of accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

	for the year 31.03.11	for the year 31.03.10
Profit (Loss) before Taxation	(1132898)	102649
Less : Provision for taxation	--	2670
Profit (Loss) after taxation	(1132898)	99979
Add: Deferred Tax written back	--	122746
	(1132898)	222725
Less : Transferred to Reserve Fund	--	22810
	(1132898)	199915
Balance Bought forward from Previous Yr.	4376274	4176359
	3243376	4376274
	=====	=====

DIRECTOR

Smt. Deepika Maheswari retires by rotation and being eligible offers herself for re-appointment.

AUDITORS

M/s. Agarwal & Associates retire and being eligible offer themselves for re-appointment.

**REPORT ABOUT CONSERVATION OF ENERGY/TECHNOLOGY
ABSORPTION/FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Since the Company has no industrial activities and its business is limited to Financial and Trading activities only, the issue of conservation of energy and technology absorption are not significant for it. There had been no foreign exchange earnings / outgo during the year.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 the Board of Directors report that :

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- (b) The selected accounting policies have been applied consistently and made judgments and estimates, which 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 and loss account of the company for that period.
- (c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) The Annual Accounts have been prepared on a 'going concern' basis.

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.

Registered Office

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

Dated : 31st May 2011

Certified to be True Copy

For ARC FINANCE LIMITED

A.V Kothari

Director

By Order of the Board

A.V KOTHARI

JAGMOHAN KOTHARI

AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

ROOM # 216 & 307, 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 - 700 001

AUDITORS' REPORT

To the Members of ARC Finance Ltd.

We have audited the attached Balance Sheet of **ARC FINANCE LTD.** as at 31st March, 2011 and the related Profit & 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 conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) order 2004, issued by the Central Govt. of India in term of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
 4. We report that :-
 - a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss A/c referred to in this report are in agreement with the books in account.
 - d) In our opinion, the Profit & Loss A/c & Balance Sheet comply with the mandatory accounting standards referred to in Section 211(3c) of the Companies Act, 1956 to the extent applicable.
 - e) On the basis of information made available to us, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 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 said Balance Sheet, Profit & Loss A/c & Cash Flow Statement read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011.
 - ii. in so far as it relates to the Profit & Loss A/c, of the LOSS of the Company for the year ended on that date.
- A N D
- iii. in so far as it relates to Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Kolkata

Dated: 31/3/11



For Agarwal & Associates
Chartered Accountants


Raj Kumar Agarwal
Partner

Membership No. 52130
Firm Regn No 323210E

AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

ROOM # 216 & 307, 7A, BENTINCK STREET, KOLKATA - 700 001
Phone : (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile : 98300 21767
E-mail : rk_agarwal@rediffmail.com

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ARC Finance Ltd.

Annexure Referred to in paragraph 1 of our report of even date

1. In respect of its fixed assets –
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (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 substantial 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 three such parties and amount involved was Rs 2.30 lacs.
4. (b) The rate of interest and other terms & conditions were prima facie not prejudicial to the interest of the company.
5. The company had given unsecured loans to the party covered in the register maintained under section 301 of the Companies Act. There was one such party and amount involved was Rs 7.20 lacs. The repayment was regular and there is no overdue amount.
6. 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 explanation given to us we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
7. In respect of transactions 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.
8. In our opinion and according to the information and explanations given to us, the company has not accepted public deposits other than temporary loan during the year. The company is a non-banking financial company registered under RBI Act and directions issued by Reserve Bank of India under the said Act have largely been complied with.
9. The company has no internal Audit System.
10. 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.
11. 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.
12. The company does not have accumulated losses as at the end of the year. However, the company had incurred cash losses during the preceding year. There is no such loss in current year.
13. 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.
14. 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.

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AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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E-mail : rk_agarwal@rediffmail.com

Branch Office : 18, Netaji Subhas Road, Kolkata - 700 001

Contd.


15. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the Company.
16. (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 that 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.
17. According to the information and explanations given to us the company has not taken any term loan during the year.
18. 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.
19. 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.
20. The company has not issued any debenture during the year.
21. The company has not raised monies by public issues during the year.
22. 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 was noticed or reported during the year.

Place : Kolkata

Dated: 31/5/11



For Agarwal & Associates
Chartered Accountants


Raj Kumar Agarwal
Partner
Membership No. 52130

A R C FINANCE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2011

	<u>Schedules</u>	31.03.2011	31.03.2010
I. <u>SOURCES OF FUNDS</u>			
<u>SHARE HOLDERS FUND</u>			
Share Capital	A	₹ 4,950,000.00	4,950,000.00
Reserves & Surplus	B	4,700,208.13	5,833,105.55
<u>LOAN FUNDS</u>			
Unsecured Loan	C	₹ 20,000.00	-
TOTAL :-		<u>9,670,208.13</u>	<u>10,783,105.55</u>
II. <u>APPLICATION OF FUNDS</u>			
Fixed Assets	D	₹ 1,398,713.37	745,630.37
Investments	E	₹ 7,951,910.23	9,337,217.55
Current Assets, Loans & Advances	F	1,369,455.53	1,550,747.63
Current Liabilities & Provisions	G	1,049,871.00	850,490.00
NET CURRENT ASSETS (F-G)		319,584.53	700,257.63
TOTAL :-		<u>9,670,208.13</u>	<u>10,783,105.55</u>
NOTES ON ACCOUNTS	I		

As per our report of even date attached to Balance Sheet

PLACE : KOLKATA **For ARC FINANCE LIMITED**

DATED : 31/5/11

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For Director

For ARC FINANCE LIMITED

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For AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Raj Kumar Agarwal
RAJ KUMAR AGARWAL
PARTNER



A R C FINANCE LIMITED
PROFIT & LOSS A/c FOR THE YEAR ENDED ON 31st MARCH, 2011

	<u>Schedules</u>	31.03.2011	31.03.2010
<u>INCOME</u>			
Dividend		29,153.99	94,011.35
Profit on sale of Investments		651,438.26	1,223,857.68
Difference		-	152,020.72
Miscellaneous Income		15,065.00	5.49
		<u>695,657.25</u>	<u>1,469,895.24</u>
<u>EXPENDITURE</u>			
Administrative & General Expenses	H	1,429,015.66	1,205,730.54
Loss on sale of investment		10.01	-
Bad Debt		-	12,974.00
Loss on sale of Fixed Assets		26,347.00	-
Interest Paid		1,096.00	4,676.00
		<u>1,456,468.67</u>	<u>1,223,380.54</u>
Profit Before Non Cash Charges		(760,811.42)	246,514.70
Less Depreciation		(152,205.00)	(143,866.00)
Less Prov. For Sub-standard, Doubtful and Loss Assets		(219,881.00)	-
PROFIT BEFORE TAXATION		(1,132,897.42)	102,648.70
Less Provision for Taxation (Current Year)		-	(2,670.00)
PROFIT AFTER TAXATION		(1,132,897.42)	99,978.70
Add Deferred Tax written back		-	122,746.00
Less Transferred to Reserve Fund		-	(22,810.00)
Add Balance Brought Forward from Previous Year		4,376,273.55	4,176,358.85
BALANCE CARRIED TO BALANCE SHEET		<u>3,243,376.13</u>	<u>4,376,273.55</u>

NOTES ON ACCOUNTS

As per our report of even date attached to Profit & Loss A/c

PLACE KOLKATA **For ARC FINANCE LIMITED**

DATED 31/5/11

anuthy
For Director

For ARC FINANCE LIMITED

anuthy
For Director

For AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

RK

RAJ KUMAR AGARWAL
PARTNER



A R C FINANCE LIMITED

Schedules to Balance Sheet and Profit & Loss A/c for the year ended 31.03.11

	31.03.2011	31.03.2010
<u>SHARE CAPITAL</u>		
<u>Authorised</u>	10,000,000.00	10,000,000.00
100,000 Equity shares of Rs. 10/- each		
<u>Issued, Subscribed & Paid Up</u>	4,950,000.00	4,950,000.00
49,500 Equity shares of Rs. 10/- each		
<u>RESERVES & SURPLUS</u>		
General Reserve as per Last Account	1,456,832.00	1,434,022.00
Profit Transferred from Profit & Loss A/c	22,810.00	1,456,832.00
	3,243,376.13	4,376,273.55
Profit & Loss Account (As per accounts annexed)	4,700,208.13	5,833,105.55
<u>UNSECURED LOAN</u>		
From Directors	20,000.00	-
	20,000.00	-

FIXED ASSETS

AS PER SEPARATE SHEET ATTACHED

	As on 31.03.11			As on 31.03.10	
<u>INVESTMENT (LONG-TERM)</u>	<u>Face Value(P.Y)</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
<u>INVESTED SHARE</u>					
Adco Digital Systems Ltd	5	4,000	962,902.97	-	-
BCP Energy System Ltd	10	1,600	1,254,909.63	-	-
Assam Company Ltd.	1	1,000	36,541.30	1,000	36,541.30
Astra Micro Wave Products Ltd.	2	750	158,015.98	750	158,015.98
Archageo (India) Ltd.	10	1,600	156,157.03	1,600	156,157.03
Elcoment Ltd	10	500	331,880.00	0	-
Core Circuits Ltd.	10	2,400	597,565.60	1,020	199,148.72
Crissa Lamps Ltd.	10	1,000	10,000.00	1,000	10,000.00
W.D Electronics Ltd	2	600	64,703.00	600	64,703.00
Educomp Solutions Ltd.	2	4,500	285,003.38	4,500	285,003.38
Goldstone Technologies Ltd.	10	900	214,201.50	900	214,201.50
Surva Pharmaceuticals Ltd.	10	0	0.00	1,900	295,718.66
Waver Telecom Products Ltd.	10	0	-	500	43,462.09
Waver Bharat Engg. Co. Ltd.	10	0	-	2,000	543,046.55
Baranics India Ltd	10	2,500	176,021.20	2,500	176,021.20
Page Writers Ltd	2	550	191,989.75	550	191,989.75
C / F :-			4,439,891.34		2,374,009.16

For ARC FINANCE LIMITED

anotter
Director

For ARC FINANCE LIMITED

R. a. Thakur
Director



B / F :-

4,439,891.34

2,374,009.16

Indian Hume Pipe Co Ltd	2	1,500	275,200.75	-	-
Visesh Infotecnics Ltd.	10	5,000	206,146.00	5,000	206,146.00
ICSA (India) Ltd.	2	2,200	364,311.50	650	155,172.50
Radha Madhav Corporation Ltd.	10	1,700	237,424.23	1,700	237,424.23
Gemini Communication Ltd.	1	2,000	70,276.00	2,000	70,276.00
Gemini Communication Ltd (Bonus)	1	2,000	0	2,000	0
On Mobile Global Ltd	10	2,400	807,928.14	-	-
TTK Prestige Ltd	10	100	93,014.70	-	-
Sub-Total (a) :-			6,494,192.66		3,043,027.89

			<u>As on 31.03.11</u>	<u>As on 31.03.10</u>	
b) MUTUAL FUND	<u>Face Value</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
ICICI Prudential Flexi Income Plan - Gr	10	0.000		33,674.287	5,635,999.72
ICICI Prudential Flexi Growth Plan	10	6,949.150	1,257,717.57		
Templeton Short Term Income - Div	10	0	0.00	384.29	413,570.58
Birla Sunlife Equity Growth	10	0.000	0.00	168.388	44,619.36
Sub-Total (b) :-			1,257,717.57		6,094,189.66

			<u>As on 31.03.11</u>	<u>As on 31.03.10</u>	
c) UNQUOTED SHARE	<u>Face Value</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
S. K. Growth Fund Pvt. Ltd.	10	20,000	200,000.00	20,000	200,000.00
At Cost			200,000.00		200,000.00
Grand Total (a+b+c) :			7,951,910.23		9,337,217.55

Aggregate Market Value of Quoted Investments

QUOTED SHARE	5,692,510.00	5,488,152.00
MUTUAL FUND	1,270,410.94	6,222,696.14

For ARC FINANCIAL LIMITED

anottay

Asst. Director

For ARC FINANCIAL LIMITED

Anand Chandra

Asst. Director



ARC FINANCE LIMITED

(ACCOUNTING YEAR :: 2010 - 11)

SCHEDULE : D

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRICIATION			NET BLOCK	
	Balance as on 31.03.10	Addition	Deduction	Balance as on 31.03.10	Addition	Deduction	Balance as on 31.03.11	Balance as on 31.03.10
Office Equipments	50,118.00	-	-	50,118.00	1,958.00	-	52,076.00	34,989.45
Furniture & Fixtures	457,608.92	-	-	457,608.92	26,371.00	-	483,979.92	346,454.92
Computers	96,577.00	-	-	96,577.00	15,655.00	-	1,12,232.00	44,659.00
Vehicles	1,464,019.00	921,635.00	150,000.00	2,235,654.00	103,943.00	33,653.00	2,301,944.00	241,334.00
Airconditioner	90,066.00	-	-	90,066.00	4,278.00	-	94,344.00	78,193.00
TOTAL :-	2,158,388.92	921,635.00	150,000.00	2,930,023.92	152,205.00	33,653.00	1,398,713.37	745,630.37



For ARC FINANCE LIMITED
[Signature]
 Date: 20/11/10

For ARC FINANCE LIMITED
[Signature]
 Date: 20/11/10

CURRENT ASSETS, LOANS & ADVANCESCURRENT ASSETS

Stock on Hire Purchase Finance (Value at Hire Receivable)
(Secured against vehicle financed)

Considered Good	93,271.00	425,549.00
Considered Doubtful	874,968.00	621,279.00

Cash & Bank Balances

Balance with Banks in Current A/c	57,815.53	114,924.63
Cash in hand		20,000.00

LOANS & ADVANCES (Unsecured, considered good)

Advances (Recoverable in cash or in kind or for value to be received)	10,000.00	10,000.00
Advances to Staff	6,141.00	31,735.00
Income-tax Advances & T.D.S.	254,257.00	254,257.00
Income-tax Seizure	73,003.00	73,003.00
	<u>1,369,455.53</u>	<u>1,550,747.63</u>

CURRENT LIABILITIES & PROVISION

Sundry Creditors for expenses	12,177.00	8,427.00
Advance from Customers	116,000.00	134,000.00
FBT Payable	770.00	770.00
Income-tax Payable	6,389.00	6,389.00
Interest Payable	1,096.00	4,676.00
<u>Provision</u>		
Taxation		2,670.00
Sub-standard, Doubtful and Loss Assets	913,439.00	693,558.00
	<u>1,049,871.00</u>	<u>850,490.00</u>

For ARC FINANCE LIMITED

anithy

Act. Director

For ARC FINANCE LIMITED

J. M. M. M.

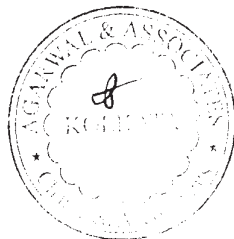
JMIC Director



ADMINISTRATIVE & GENERAL EXPENSES

Payment to/for employees

Salary (Including Leave Salary)	576,010.00	469,367.00	
Transport allowance	52,600.00	44,000.00	
Children Benefit	12,000.00	11,200.00	
House Rent Allowance	82,750.00	75,700.00	
Staff Welfare	26,078.00	42,853.00	
Bonus & Exgratia	32,195.00	34,830.00	677,950.00
Office Rent	84,000.00		84,000.00
Advertisement	6,002.00		4,124.00
Audit Fees	8,427.00		8,427.00
Bank Charges	603.00		695.00
Books & Periodicals	4,652.00		1,088.00
Business Promotion Expenses	5,502.00		3,490.00
Computer Expenses	-		14,105.00
Depository Charges	2,547.50		1,613.30
Electricity	29,150.00		20,513.00
Entertainment Expenses	17,379.00		10,459.00
Filing Fees	2,550.00		3,350.00
General Charges	8,506.00		-
Miscellaneous Expenses	-		17,185.00
Insurance	6,281.00		596.00
Law & Service Charges	50,740.00		50,500.00
Listing Fees	18,456.50		14,581.50
Membership & Subscription	17,923.00		19,299.00
Motor Car Expenses	219,780.80		139,071.80
Office Expenses	15,136.00		17,793.00
Office Maintenance	31,149.00		37,856.50
Travelling & Conveyance	53,923.00		15,961.00
Postage & Telegraph	950.00		1,980.00
Printing & Stationary	3,531.00		3,340.00
Professional Tax	-		2,500.00
Fates & Taxes	1,850.00		15,041.00
Repair & Maintenance	2,500.00		-
E T T	7,375.84		12,957.38
Service-tax & Other Charges	2,297.02		4,102.06
Telephone Charges	46,171.00		23,152.00
	1,429,015.66		1,205,730.54



For ARC FINANCE LIMITED

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Director

For ARC FINANCE LIMITED

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Finance Director

ARC FINANCE LIMITED

SCHEDULE - H

NOTES ON ACCOUNTS

ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2011.

1) Significant Accounting Policies

1) Basis of Accounting

- a) The concern prepares its financial statements on accrual basis in accordance with generally accepted accounting principles.
- b) (i) Preliminary expenses are amortised over a period of 10 years.

2) Investments

Investments are classified as long term investments and are carried at cost in terms of Accounting Standard 13 issued by ICAI. No permanent diminution in value is believed to have occurred in the opinion of the management. The profit or loss on the sale of investments is dealt with at the time of actual sale/redemption.

3) Fixed Assets

- a) Fixed Assets are stated at historical cost less Accumulated depreciation in the financial statements.
- b) Additions & Disposals 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.
- c) There has been no revaluation of fixed assets during the accounting year.

4) Depreciation :

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

5) Stock on Hire Purchase Finance :

Stock on Hire Purchase Finance is valued at instalments receivables inclusive of income accrued & due.

6) Congingent Liabilities

- a) Contingent Liabilities have been accounted for according to the guidelines prescribed by the ICAI. However, any gain of such nature has not been recognised.
- b) Cash Flow Statement is prepared under Indirect Method.

7) Taxes on Income

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

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

No deferred tax liability has been provided as deferred tax asset is more than deferred tax liability.

No deferred tax has been recognised as there is no certainty of income in future.

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For ARC FINANCE LIMITED
[Signature]



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IV) Assets classification as per NBFC Prudential Norms (Reserve Bank) directions 1998 -

	Standard	Sub-standard	Doubtful Assets	Loss Assets	Total
Stock on Hire purchase finance.	54,800.00	38,471.00	685,441.00	189,527.00	968239

V) Stock on Hire of Rs.913,439/- has become Non-Performing Assets and so no interest has been accrued on such SOH given.

VI) Previous year figures have been regrouped and rearranged wherever considered necessary.

anthy
Appl. Director
[Signature]
DIRECTOR

DIRECTORS



ARC FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	31.03.2011	31.03.10
A) CASH FLOW FROM OPERATION ACTIVITIES		
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS	(1,132,897)	102,649
ADJUSTMENT FOR DEPRECIATION	152,205	143,866
ADJUSTMENT FOR BAD DEBT	-	12,974
MISCELLANEOUS INCOME	-	-
ADJUSTMENT FOR DOUBTFUL & SUB-STANDARD DEBT	219,881	-
DIVIDEND INCOME	(29,154)	(94,011)
INTEREST ON BORROWINGS	1,096	4,676
PROFIT/LOSS ON SALE OF FIXED ASSETS (NET)	26,347	-
PROFIT/LOSS ON SALE OF INVESTMENTS (NET)	(651,428)	(281,053)
	(1,223,858)	(1,156,353)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,413,951)	(1,053,704)
ADJUSTMENT FOR :		
TRADE AND OTHER RECEIVABLE	104183	115,787
TRADE PAYABLE & OTHER LIABILITIES	(17830)	86353
	(80,001)	35,786
CASH GENERATED FROM OPERATIONS	(1,327,598)	(1,017,918)
INTEREST PAID	(1096.00)	(4,676)
INCOME-TAX PAID	(2670.00)	-
FBT Paid	0.00	(13,505)
NET CASH FROM OPERATING ACTIVITIES	(1,331,364)	(1,036,099)
B) CASH FLOW FROM INVESTING ACTIVITIES		
SALE OF INVESTMENTS	13,550,558	18,686,359
PURCHASE OF INVESTMENTS	(11,513,823)	(17,425,556)
PURCHASE OF FIXED ASSETS	-921635	-
SALE OF FIXED ASSETSS	90000	-
INTEREST INCOME	0	-
DIVIDEND INCOME	29,154	94,011
SECURITIES TRANSACTION TAX	-	-
NET CASH FROM INVESTING ACTIVITIES	1,234,254	1,354,814

contd.....



ARC FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

contd.....

C) <u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
BORROWING	930000	(225,000)
Loan Refund	-910000	-
	<u>20,000.00</u>	<u>(225,000)</u>
NET CASH FROM FINANCING ACTIVITIES		
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENT (A+B+C)	(77,110)	93,715
CASH & CASH EQUIVALENT OPENING BALANCE	207,928	114,213
	<u>130,818</u>	<u>207,928</u>
CASH & CASH EQUIVALENT CLOSING BALANCE		
(Including cash seized by Income Tax Department)		

AUDITORS CERTIFICATE

We have examined the above cash flow statement of ARC FINANCE LIMITED for the year ended 31st March, 2011 and found the same is to be drawn in accordance with the requirements of the Clause 32 of the listing agreement.

As per our report of even date attached

PLACE : KOLKATA

DATED : 31/3/11



For AGARWAL & ASSOCIATES
 CHARTERED ACCOUNTANTS

R. Kumar
 RAJ KUMAR AGARWAL
 PARTNER

A R C FINANCE LIMITED

ANNEXURE TO THE NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) Registration Numbers :-

Registration Numbers	35283	State Code	21
Balance Sheet Date	31.03.11		

ii) Capital Raised During the year (Amt. in Rs. Thousand) :-

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

iii) Position of Mobilisation and Deployment of Fund (Amt. in Rs. Thousand) :-

Total Liabilities	10720	Total Assets	10720
-------------------	-------	--------------	-------

Sources of Fund :-

Paid up Capital	4950	Reserves & Surplus	4700
Share Application Money	NIL	Unsecured Loan	20
Secured Loans	NIL	Deferred Tax Provision	0

Application of Fund :-

Net Fixed Assets	1399	Investments	7952
Net Current Assets	319	Misc. Expenditure	NIL
Accumulated Losses	NIL		

iv) Performance of the Company (Amt. in Rs. Thousand) :-

Turnover	696	Total Expenditure	1828
Profit/Loss before Tax	-1132	Profit/Loss after Tax	-1132
Earning Per Share	Negative	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



A R C FINANCE LIMITED

ANNEX

SCHEDULE

Balance Sheet of a non-deposit taking non-banking financial company

[as required in terms of Paragraph 13 of Non-Banking Financial(Non-Deposit Accepting or Holding)

Companies Prudential Norms (Reserve Bank) Directions, 2007]

(Rs in lakhs)

Particulars			
LIABILITIES SIDE :			
[1]	Loans and Advances availed by the NBFC's inclusive of interest accrued thereon but not paid	Amount outstanding	Amount overdue
	(a) Debentures : Secured	--	--
	: Unsecured (other than falling within the meaning of public deposits)	--	--
	* Please see Note 1 below		
	(b) Deferred Credits	--	--
	(c) Term Loans	--	--
	(d) Inter-corporate loans and borrowing	0	--
	(e) Commercial Papers	--	--
	(f) Other Loans (specify nature)	0.20	--
ASSETS SIDE :			
		Amount Outstanding	
	Break-up of Loans & Advances including bills receivables (other than those included in (4) below) :		
	(a) Secured	0	
	(b) Unsecured	0.16	
	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease	0	
	(b) Operating Lease	0	
	Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	9.68	
	(b) Repossessed Assets	0	
	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	0	
	(b) Loans other than (a) above	0	
	Break-up of Investments :		
	Investments :		
	Quoted :		
	Shares : (a) Equity	0	
	(b) Preference	0	



(ii) Debentures & Bonds	0
(iii) Units of Mutual Funds	0
(iv) Government Securities	0
(v) Others (please specify)	0

2> Unquoted :

(i) Shares :	(a) Equity	0
	(b) Preference	0
(ii) Debentures & Bonds		0
(iii) Units of Mutual Funds		0
(iv) Government Securities		0
(v) Others (please specify)		0

Long-term Investments :

1> Quoted :		
(i) Shares :	(a) Equity	64.94
	(b) Preference	0
(ii) Debentures & Bonds		0
(iii) Units of Mutual Funds		12.58
(iv) Government Securities		0
(v) Others (please specify)		0

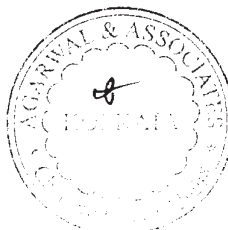
2> Unquoted :		
(i) Shares :	(a) Equity	2.00
	(b) Preference	0
(ii) Debentures & Bonds		0
(iii) Units of Mutual Funds		0
(iv) Government Securities		0
(v) Others (please specify)		0

3 Borrower group-wise classification of all leased assets financed as in (2) and (3) above : please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
Related Parties			
: Subsidiaries	--	--	--
: Companies in the same group	--	--	--
: Other related parties	--	--	--
Other than Related Parties	0.55	0.16	0.71
Total:	0.55	0.16	0.71

4 Borrower group-wise classification of all investments (current and long term) in shares and securities (quoted and unquoted)

	Market Value / Break-up or fair value or NAV	Book Value (Net of Provisions)
--	--	--------------------------------



1>	Related Parties		
	a) Subsidiaries	--	--
	b) Companies in the same group	6.94	2.00
	c) Other related parties	--	--
2>	Other than Related Parties	64.64	77.52
	Total:	71.58	79.52
[7]	Other Information :		
	Particulars	Amounts	
	(i) Gross Non-Performing Assets		
	a) Related Parties	--	
	b) Other than related parties	9.13	
	(ii) Net Non Performing Assets	--	
	a) Related Parties	--	
	b) Other than related parties	0	
	(iii) Assets acquired in satisfaction of debt	--	

Notes :-

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, marked value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



Name of the company : **ARC FINANCE LTD.**

RBI CERTIFICATE NO.- **0504642 dt.21-11-2001**

<u>Item Name</u>	<u>Item Code</u>	<u>As on 31-03-2011</u>	<u>As on 31-03-2010</u>
Capital Fund-Tier I			
(I) Paid up Equity Capital	001	4,950,000	4950000
(ii) Preference Shares to be compulsorily converted into equity	002	Nil	Nil
(iii) Free Reserves			
(a) General Reserve	003	1,456,832	1456832
(b) Share Premium	004	Nil	Nil
(c) Capital Reserve(Representing Surplus on sale of assets)	005	Nil	Nil
(d) Debenture Redemption Reserve	006	Nil	Nil
(e) Capital Redemption Reserve	007	Nil	Nil
(f) Credit Balance in P&L Account	008	3,243,376	4376274
(g) Other free Reserve	009	Nil	Nil
TOTAL * to 9)	010	9,650,208	10783106
(iv) Accumulated Loss	011	Nil	Nil
(v) Deferred Revenue Expenditure	012	Nil	Nil
(vi) Other intangible assets	013	Nil	Nil
(vii) Short provisioning against NPA/ diminution in value of investments	014	Nil	Nil
TOTAL * to 14)	015	Nil	Nil
(ix) Owned Fund * to 15)	016	9,650,208	10783106
(x) Investment in Shares of			
(a) Subsidiaries	017	Nil	Nil
(b) Companies in the same group	018	200000	200000
(c) Other NBFCs	019	Nil	Nil
(xi) The book value of debenture, bonds Outstanding loans and advances, bills Purchased and discounted (HP and Lease) made to and deposit with			
(a) Subsidiaries	020	Nil	Nil
(b) Companies in the same group	021	Nil	Nil
(xii) TOTAL * to 21)	022	200000	200000
(xiii) Amount of item 22 in excess of 10% of item 16 above	023	Nil	Nil
(xiv) Net Owned Fund * to 23)	024	9,650,208	10783106

Place : Kolkata

Dated :

Signature of the Director with seal

For ARC FINANCE LIMITED

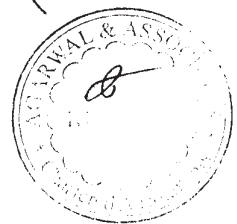
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Act. Director

For ARC FINANCE LIMITED

Dr. Sankar

Act. Director



A. R. C. FINANCE LTD.

LIST OF RELATED PARTIES DURING THE YEAR ENDED 31ST MARCH, 2011

<u>KEY MANAGEMENT</u>	MR. JAGMOHAN KOTHARI	DIRECTOR
<u>PERSONNEL</u>	MR. ASHOK VARDHAN KOTHARI	- DO -
	MR. SIDDHARTH KOTHARI	- DO -
	SMT. DEEPIKA MAHESWARI	- DO -
<u>ASSOCIATE</u>	S.K. INVESTMENT	A partnership Firm in which Director is partner
	S. K. GROWTH FUND PVT. LTD.	Company under the same group.
<u>Directors' Relative</u>	SMT. KASHI DEVI KOTHARI	Wife of Director, Jagmohan Kothari
	SMT. ALKA KOTHARI	Wife of Director, Ashok Vardhan Kothari

<u>Nature of Transaction</u>	<u>Nature of Relations</u>	<u>Cr. Year</u>	<u>Pr. Year</u>
Salary & Allowance	Directors Relative	158600	94600
Staff Advance	- do -	---	620000
Rent Paid	Directors	84000	84000
Loan Taken	- do -	230000	100000
Loan taken refunded	- do -	230000	140000
Interest paid on above loan	- do -	1096	1117
Loan Taken	Associates	---	300000
Loan taken refunded	- do -	---	435000
Interest paid on above loan	- do -	---	3559
Loan Given	Directors	720000	---
Loan given received back	- do -	720000	---
Interest received on above loan		---	---

PLACE : KOLKATA

DATED : 31/3/11

For AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS


RAJ KUMAR AGARWAL
PARTNER

Mem No. - 052130
Firm Registration No - 323210E