

A decorative graphic on the right side of the page features three overlapping circles of varying sizes, each composed of concentric rings in shades of blue. Two thin, light blue lines intersect at a point, forming a V-shape that frames the circles.

35TH ANNUAL REPORT

2016-2017

ARC FINANCE LIMITED

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: 6739896)
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

M/s. Shah Ravi & Co.
Chartered Accountants
33/1, N.S. Road, Marshall House
9th floor, room No.907D,
Kolkata-700 001.

BANKERS

HDFC 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

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

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Shareholders of **M/s ARC Finance Limited** will be held on Friday, 15th day of September, 2017 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, 2017, 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 appoint a director in place of Mr. Pradip Kumar Agarwal [DIN: 01286415] who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. SANJEEV NAVIN & ASSOCIATES, Chartered Accountants in place of M/s. SHAH RAVI & CO, Chartered Accountants, as Statutory Auditor of the Company for the F.Y 2017-18 to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next fifth Annual General Meeting:

“RESOLVED THAT pursuant to Section 139 and all other applicable provisions, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee of the Board, M/s. SANJEEV NAVIN & ASSOCIATES Chartered Accountants (ICAI

Firm Registration no. 326800E) be and is hereby appointed as the Statutory Auditor of the Company for the financial year 2017-18 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next fifth Annual General Meeting 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.”

Date: 12.08.2017
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 9th September, 2017 to 15th September, 2017 (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 2016-2017 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 2016-2017 is being sent in the permitted mode.

11. Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report for 2016-2017 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 08.09.2017, 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 Tuesday 12th of 2017 and will end at 5.00 p.m. on Thursday 14th of September, 2017. 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, 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) :

i. For CDSL: 16 digits beneficiary ID,

ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

iii. 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:

s. ● 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 Corporates.

● 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 08.09.2017. 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 Tuesday 12th of, 2017 and will end at 5.00 p.m. on Thursday 14th of September, 2017. 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 35th 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 08.09.2017.

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

Place: Kolkata
Date: 12.08.2017

Sd/-
Asis Banerjee
Chairman

BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the 35th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2017 has been as under:

Particular	(Rs. In Lakhs)	
	2016-2017	2015-2016
Total Income	777.81	349.51
Total Expenditure	758.51	307.45
Profit Before Tax	19.30	42.06
Provision for Tax & Deferred Tax	5.59	14.31
Profit after Tax	13.70	27.75

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 period under review and the date of Board's Report there was no change in the nature of Business.

4. DIVIDEND:

Pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), No Dividend was declared for the current financial year due to insufficient profit.

5. CHANGE IN SHARE CAPITAL

The paid-up Equity Share Capital of the Company as at 31st March, 2017 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 7 (Seven) times on 30.05.2016, 21.07.2016, 09.08.2016, 11.11.2016, 22.12.2016, 13.02.2017 and 28.03.2017 and 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 MANAGERIAL 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

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

2.1 **“Director”** means a director appointed to the Board of a Company.

2.2 **“Nomination and Remuneration Committee** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the Equity Listing Agreement.

2.3 **“Independent Director”** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

3. Policy:

Qualifications and criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfill the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

3.2 Criteria Of Independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

3.2.3 The Independent Director shall abide by the "Code for Independent Directors "as specified in Schedule IV to the companies Act, 2013.

3.3 Other Directorships/ Committee Memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as Director of the company. The HRNR Committee shall take into account the nature of, and the time involved in a Director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve an indecent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

3.3.4 A Director shall not be a member in more than 10 committee or act chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

2.1 **“Director”** means a Director appointed to the Board of the company.

2.2 **“key managerial personnel”** means

- (i) The Chief Executive Office or the managing director or the manager;
- (ii) The company secretary;
- (iii) The whole-time director;
- (iv) The chief finance Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

2.3 **“Nomination and Remuneration Committee”** means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and clause 49 of the Equity Listing Agreement.

3. Policy:

3.1 Remuneration to Executive Director and Key Managerial Personnel

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall approved by the shareholders.

3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The Remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non – Executive Directors

3.2.1 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per provisions of the companies act.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3.3. Remuneration to other employees

3.3.1. 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, Mr. Gopal Kumar Singh And Mrs. Aparna Sharma, 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 28.09.2016 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 2016-2017, (4) four meetings of the Audit Committee were held on the 30.05.2016, 09.08.2016, 11.11.2016 and 13.02.2017.

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 2016-17, 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 complaints/grievances.

VII. RISK MANAGEMENT POLICY

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

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, 35th Annual Report 2016-17 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:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, and secretarial auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) In the preparation of the annual accounts, 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 made 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 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 this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had laid down 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 Personel) 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, 2017 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, 2017 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 falling within the meaning of Sec. 73, 74 & 76 of the Companies Act, 2013 read with the Rule 8(v) of Companies (Accounts) Rules 2014, during the financial year under review and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

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 HDFC 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 12.02.2017 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 September2, 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 December1, 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 Limited & BSE.

30. LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2016-2017 to The Calcutta Stock Exchange Limited & Bombay Stock Exchange Limited where the Company's Shares are listed.

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 includes 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, NSE, MCX, NSDL, CDSL, HDFC Bank etc. for their continued support for the growth of the Company.

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

**Place: Kolkata
Date: 29.05.2017**

**Sd/-
Asis Banerjee
Chairman**

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, 2017

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, 2016 to 31st March, 2017, 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, 2017, 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 2016-17.
 - 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 7 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 NSE, BSE and MCX SX 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: 20.05.2017

Sd/-
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 if 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: 20.05.2017

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

Bodies Corp.	6000000	71875	6071875	12.02	6071875	0	6071875	12.02	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1) :-	6000000	371050	6371050	12.61	6317150	53900	6371050	12.62	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	6000000	371050	6371050	12.61	6317150	53900	6371050	12.62	0
B. Public Shareholding									
1.Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
2. Non Institutions									
a) Bodies Corp.									0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to Rs. 2 lakhs	20000	93950	113950	0.23	20900	93950	114850	0.23	0
ii) Individual shareholders holding nominal	2590000	0	2590000	5.13	2372500	0	2372500	4.70	0

share capital in excess of Rs 2 lakhs									
c) Others (specify) 1. Body Corporate 2. NRI 3. Clearing Members	41390000	30000	41420000	82.03	41606600	30000	41636600	82.46	0
Sub-total (B)(2):-	44000000	123950	44123950	87.38	44000000	123950	44123950	87.38	62.35
Total Public Shareholding (B)=(B)(1)+(B)(2)	44000000	123950	44123950	87.38	44000000	123950	44123950	87.38	62.35
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	50000000	495000	50495000	100	50317150	177850	50495000	100	0

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Alka Kothari	0	35000	35000	0.07	35000	0	35000	0.07	Nil
2.	Siddharth Kothari	0	45000	45000	0.09	45000	0	45000	0.09	Nil
3.	Deepika Maheshwari	0	45800	45800	0.09	45800	0	45800	0.09	Nil
4.	Ashok V. Kothari	0	47075	47075	0.09	47075	0	47075	0.09	Nil
5.	Jagmohan Kothari	0	53900	53900	0.11	53900	0	53900	0.11	Nil
6.	Kashi Devi Kothari	0	72400	72400	0.14	72400	0	72400	0.14	Nil
7.	M/s S K Growth Fund Pvt. Ltd.	0	71875	71875	0.14	71875	0	71875	0.14	Nil
8.	Vaibhavla xmi Vanijya Private Limited	6000000	0	6000000	11.88	6000000	0	6000000	11.88	Nil

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year	
1.	-	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-

	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/sweat equity etc):	-			
	At the End of the year			-	-
2.	-	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4-	-	-	-
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/sweat equity etc):	-			
	At the End of the year	-	-	-	-
3.	-	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/sweat equity etc):				
	At the End of the year	-	-	-	-
4.	-	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/sweat equity etc):	-			

	At the End of the year					-	-
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):							
				Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Sl. No.	Shareholder Name	Date	Reason	No. of shares	% of total shares of The company	No. of shares	% of total shares of the company
1	SUBHLABH TRADEVIN PRIVATE LIMITED						
	At the beginning of the year	01.04.2016	Opening balance	2500000	4.95		
	Changes during the year	-					
	At the End of the Year	31.03.2017	Closing Balance	-	-	2500000	4.95
2	SUNFLOWER INVESTMENT MANAGEMENT PRIVATE LIMITED						
	At the beginning of the year	01.04.2016	Opening Balance	2500000	4.95		
	Changes during the year	-	-	-	-		
	At the End of the Year	31/03/2017	Closing Balance	-	-	2500000	4.95
3	MAADHAWA REALPRO PRIVATE LIMITED						
	At the beginning of the year	01.04.2016	Opening Balance	2500000	4.95	0	0.00
	Changes during the year	-	-	-	-	-	-
	At the End of the Year	31/03/2017	Closing Balance	-	-	2500000	4.95
4	DHANSAKTI SUPPLIERS PRIVATE LIMITED						
	At the beginning of the year	01.04.2016	Opening Balance	2500000	4.95	-	-
	Changes during the year	-	-	-	-	-	-
	At the End of the Year	31/03/2017	Closing Balance	-	-	2500000	4.95
5	DEVESHWAR REALTY PRIVATE LIMITED						
	At the beginning of the year	01.04.2016	Opening Balance	2500000	4.95	-	-
	Changes during the year	-	-	-	-	-	-
	At the End of the Year	31/03/2017	Closing Balance			2500000	4.95
6	NEPTUNE FINANCIAL ADVISORY PRIVATE LIMITED.						
	At the beginning of the year	01.04.2016	Opening Balance	2500000	4.95	-	-

	Changes during the year	-	-	-	-	-	-
	At the end of the year	31/03/2017	Closing Balance	-	-	2500000	4.95
7	NATRAJ FINANCIAL MANAGEMENT PRIVATE LIMITED At the Beginning of the year	01.04.2016	Opening Balance	2500000	4.95	-	-
	Changes during the year	-	-	-	-	-	-
	At the end of the Year	31/03/2017	Closing balance			2500000	4.95
8	INDIVAR REALTORS PRIVATE LIMITED At the beginning of the year	01.04.2016	Opening balance	2500000	4.95	0	0.00
	Changes during the year	-	-	-	-	-	-
	At the End of the year	31/03/2017	Closing Balance			2500000	4.95
9	EXCELLENT FINANCIAL ADVISORY PRIVATE LIMITED At the beginning of the year	01.04.2016	Opening Balance	2500000	4.95	-	-
	Changes during the year	-	-	-	-	-	-
	At the end of the year	31/03/2017	Closing Balance			2500000	4.95
10	VISTAAR INFRA PROPERTY PRIVATE LIMITED At the beginning of the year	01.04.2016	Opening Balance	2290000	4.54	-	-
	At the end of the year	31/03/2017	Closing Balance			2290000	4.54

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	-	-	-	-	-
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-			
	At the End of the year			-	-
Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2	-	No. of shares	% of total	No. of	% of total

			shares of the company	shares	shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	-			
	At the End of the year			-	-

V. INDEBTEDNESS

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

Indebtedness at the beginning of the financial year	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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 Addition 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

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager:		Total Amount
		- MD	WTD/CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-
5.	Others, please specify	-	-	-
6.	Total (A)	--	-	0
7.	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Director	Total Amount
------------	-----------------------------	------------------	-----------------

	3. Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	-	-	-	-
	Total (1)	-	-	-	-
	4. Other Non-Executive Directors · Fee for attending board / committee meetings · commission · Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary (Pawan Dalmia)	CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	96,000/-	-	96,000/-
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
6.	Total		96000/-		96000/-

VII Penalties/punishment/compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
Penalty	-	-	-	-	
Punishment	-	-	-	-	
Compounding	-	-	-	-	
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	--	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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 2016-17

(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 87.37%
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

“I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood.”

– William Hesketh Lever

1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE :

Transparency and accountability are the two basic tenets of Corporate Governance. At ARC FINANCE , 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 7 Meetings of the Board of Directors of the Company were held i.e 30.05.2016, 21.07.2016, 09.08.2016, 11.11.2016, 22.12.2016, 13.02.2017 and 28.03.2017. 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, 2017 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	7	YES	NIL	0	2	NIL
Mr. Asis Banerjee	Independent, Non-Executive	7	YES	NIL	2	2	2
Mrs. Aparna Sharma	Independent, Non-Executive	7	YES	NIL	1	2	NIL
Mr. Gopal Kumar Singh	Independent, Non-Executive	7	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 30.05.2016, 09.08.2016, 11.11.2016 & 13.02.2017. 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 Howrah Gases 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. 09.08.2016 & 11.11.2016.

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. 30.05.2016.

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
19.06.2014	Extra Ordinary General Meeting	18, Rabindra sarani, Poddar Court, Gate No.4, 1 st Floor, Kolkata-700001	1
30.09.2014	32 nd Annual General Meeting	18, Rabindra sarani, Poddar Court, Gate No.4, 1 st Floor, Kolkata-700001	2
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	-

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 : 15th September, 2017, 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, 2017.
- Dates of Book Closure : 9th Sept.2017 to 15th Sept. 2017
(Both Days Inclusive)

The Company has not declared any dividend for the Financial Year ended 31st March, 2017.

- Financial Calendar

Financial Year 201-18
(Tentative schedule subject to change)

First Quarter Results

Second Quarter and Half-Year Results

Third Quarter Results

} Within 45 days of the end of Quarter.

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 these Stock Exchanges for the year 2016-17.

➤ **Market Price Data on BSE:**

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2016	Not Traded	Not Traded	Not Traded
May, 2016	Not Traded	Not Traded	Not Traded
June, 2016	Not Traded	Not Traded	Not Traded
July, 2016	Not Traded	Not Traded	Not Traded
August, 2016	Not Traded	Not Traded	Not Traded
September, 2016	Not Traded	Not Traded	Not Traded
October, 2016	12.50	12.40	400
November, 2016	13.12	13.10	500
December, 2016	Not Traded	Not Traded	Not Traded
January, 2017	Not Traded	Not Traded	Not Traded
February, 2017	Not Traded	Not Traded	Not Traded
March, 2017	Not Traded	Not Traded	Not Traded

➤ **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, 2017 is given below:

Ordinary Shares held	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Upto 500	547	89.67	34850	0.07
501-1000	NIL	NIL	NIL	NIL
1001-2000	NIL	NIL	NIL	NIL
2001-3000	NIL	NIL	NIL	NIL

3001 -4000	1	0.16	4000	0.01
4001-5000	NIL	NIL	NIL	NIL
5001-10000	9	1.48	86000	0.17
10001 -50000	22	3.61	812875	1.61
50001-100000	6	0.98	498175	0.99
100001 and above	25	4.10	49059100	97.16
Total	610	100.00	50495000	100.00

➤ **Categories of Shareholders as on March 31, 2017**

Sl. No.	Category	No. of shares held	% of shareholding
1	Promoters & Promoter Group	63,71,050	12.62
2	Public - Bodies Corporate	4,16,36,600	82.45
3	Public - Indian public	24,87,350	4.93
4	Public – Others	NIL	NIL
	TOTAL	5,04,95,000	100%

➤ **Dematerialisation of shares and liquidity**

Shares held in dematerialised and physical form as on 31st March, 2017.

Status of Dematerialisation	No. of Shares	% of total shares
Share held in Dematerialised form - NSDL	27,65,504	5.39
Share held in Dematerialised form - CDSL	4,75,51,646	93.63
Share held in Physical form	1,77,850	0.98
Total	50495000	100%

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 2016-17 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 2016-17 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 fulfillment, 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.

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.

CFO CERTIFICATION

**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 2017 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, 2017, 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, 2017; 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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.

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For Shah Ravi & Co.
Chartered Accountants
ICAI Firm Registration: 328384E

Sd/-
Ravi Kumar Shah
Partner
Membership Number: 302019
Place of Signature: Kolkata
Date: 29/05/2017

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 2017)

- (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, 2017 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 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 given 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 Shah Ravi & Co.
Chartered Accountants
ICAI Firm Registration: 328384E

Sd/-

Ravi Kumar Shah
Partner
Membership Number: 302019
Place of Signature: Kolkata
Date: 29/05/2017

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 2017 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 2017, 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 Shah Ravi & Co.
Chartered Accountants
ICAI Firm Registration: 328384E

Sd/-
Ravi Kumar Shah
Partner
Membership Number: 302019
Place of Signature: Kolkata
Date: 29/05/2017

ARC FINANCE LIMITED

(CIN- L51909WB1982PLC035283)

Provisional Balance sheet as at 31st March, 2017

Particulars		Note No.	As at 31st March, 2017	As at 31st March, 2016
			Rs.	Rs.
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	50,49,50,000	50,49,50,000
	(b) Reserves and surplus	4	49,05,892	33,01,559
			50,98,55,892	50,82,51,559
2	Non Current Liabilities			
	(a)Deferred Tax Liabilities	-	1,55,874	1,70,445
	(b)Long term provisions	5	9,65,896	11,99,455
			11,21,770	13,69,900
3	Current liabilities			
	(b) Trade Payables	6	3,91,39,609	17,00,000
	(c) Other Current Liabilities	7	8,49,917	8,88,415
	(d) Short-term provisions	8	5,73,820	13,11,160
			4,05,63,346	38,99,575
	TOTAL		55,15,41,009	51,35,21,034
B	ASSETS			
1	Non Current Assets			
	(a)Fixed Assets	9	1,02,332	2,18,993
			1,02,332	2,18,993
2	Current assets			
	(a)Current Investments	10	62,05,000	2,26,20,000
	(a)Inventories	11	2,49,06,241	5,13,000
	(b)Trade Receivables	12	30,29,358	19,15,376
	(c) Cash and cash equivalents	13	34,56,470	38,86,944
	(d) Short Term Loans & Advances	14	51,38,41,608	48,43,66,722
			55,14,38,677	51,33,02,042
	TOTAL		55,15,41,009	51,35,21,035
	See accompanying notes forming part of the financial statements	1-30		

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In terms of our report attached.

For SHAH RAVI & CO

Firm Registration No: 328384E

Chartered Accountants

Sd/-

[RAVI SHAH]

Partner

ICAI Membership No. 302019

Place : Kolkata

Date : 29.05.2017

For and on behalf of the Board of Directors

Sd/-

Aparna Sharma

Director

[DIN-07006877]

Sd/-

Pradip Kumar Agarwal

Director

[DIN-01286415]

Sd/-

Pawan Dalmia
Company Secretary

Sd/-

Sapna Agarwal
Chief Financial Officer

ARC FINANCE LIMITED

Provisional Statement of Profit and Loss for the year ended 31st March 2017

Particulars		Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
			Rs.	Rs.
1	Revenue			
1.a	Revenue from operations	15	7,77,81,348	3,49,50,887
1.b	Other Income	16	-	-
2	Total revenue		7,77,81,348	3,49,50,887
3	Expenses			
	(a) Purchase of Stock in Trade	17	8,85,90,900	2,45,47,119
	(b) Changes in Inventories	18	(2,43,93,241)	6,21,000
	(c) Employee Benefit Expense	19	17,54,407	14,93,139
	(d) Payment To Auditors	20	40,000	-
	(e) Finance Cost	21	14,820	-
	(f) Depreciation and amortisations	22	1,76,852	2,26,340
	(g) Other expenses	23	96,67,588	38,56,999
	Total expenses		7,58,51,325	3,07,44,596
4	Profit / (Loss) before tax (2 - 3)		19,30,023	42,06,290
5	Tax expense:			
	(a) Current tax expense for current year		5,73,820	13,11,160
	(b) Deferred tax expense for current year		(14,571)	1,20,085
	(c) Income tax expense for prior year		-	-
			5,59,249	14,31,245
6	Profit / (Loss) for the year (4 - 5)		13,70,774	27,75,045
7	Earnings per share (of Rs. 10/- each):	29		
	(a) Basic		0.03	0.21
	(b) Diluted		0.03	0.21
	See accompanying notes forming part of the financial statements	1-30		

In terms of our report attached.

For SHAH RAVI & CO

Firm Registration No: 328384E

Chartered Accountants

Sd/-

[RAVI SHAH]

Partner

ICAI Membership No. 302019

Place : Kolkata

Date : 29.05.2017

For and on behalf of the Board of Directors

Sd/-

Aparna Sharma

Director

[DIN-07006877]

Sd/-

Pradip Kumar Agarwal

Director

[DIN-01286415]

Sd/-

Pawan Dalmia

Company Secretary

Sd/-

Sapna Agarwal

Chief Financial Officer

ARC FINANCE LIMITED
CIN NO. L51909WB1982PLC035283

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2017

	For the year ended 31st March 2017 (Rupees)	For the year ended 31st March 2016 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and after extra- ordinary items (As per profit & loss account)	19,30,023	42,06,290
Adjustments for non Cash Items (Fixed Assets W	-	-
Adjustments for non Cash Items (Depreciation)	1,76,852	2,26,340
Operating Profit before working capital changes	21,06,875	44,32,630
Working capital adjustments: -		
(Increase)/ decrease in current loans and advances	(2,94,74,886)	(4,95,21,337)
(Increase)/ decrease in current assets	-	4,50,000
(Increase)/ decrease in Trade receivables	(11,13,982)	(19,15,376)
(Increase)/ decrease in inventories	(2,43,93,241)	6,21,000
Increase/ (decrease) in Trade Paya `	-	-
Increase/ (decrease) in current liabilities	3,74,01,111	21,31,173
Cash generated from operations	(1,54,74,123)	(4,38,01,909)
Direct Taxes Paid	(13,11,160)	(12,17,131)
Net cash flow from operating activities (A)	(1,67,85,283)	(4,50,19,040)
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/ decrease in investments	1,64,15,000	4,72,15,000
Expenses for capital expenses	-	-
Purchase of fixed assets	(60,190)	-
Net cash flow from investing activities (B)	1,63,54,810	4,72,15,000
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	-	-
Securities Premium	-	-
Capital Reserve (Merger)	-	-
Increase/ (decrease) in share application money	-	-
Net cash flow from financing activities (C)	-	-
Net cash flow during the year (A + B + C)	(4,30,473)	21,95,960
Add: Opening cash and cash equivalents	38,86,943	16,90,983
Closing cash and cash equivalents	34,56,470	38,86,943
Components of cash and cash equivalents		
Cash in hand	1,10,937	18,12,136
Deposit with banks in current accounts	33,45,533	20,74,807
Toal cash and cash equivalents (note 8)	34,56,470	38,86,943
	(0)	(0)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SHAH RAVI & CO.

CHARTERED ACCOUNTANTS

Firm's Regn. No. 328384E

Sd/-

(CA RAVI KUMAR SHAH)

PARTNER

M. NO. 302019

Place : Kolkata

Date:29.05.2017

For and on behalf of the Board of Directors of

sd/-

APARNA SHARMA

Director

DIN No. 07006877

sd/-

PAWAN DALMIA

Company Secretary

sd/-

PRADIP KUMAR AGARWAL

Director

DIN No. 01286415

sd/-

SAPNA AGARWAL

Chief Financial Officer

ARC FINANCE LIMITED

Notes forming part of the financial statements

Note 3: Share capital

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares		Number of shares	
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights	10,00,000	1,00,00,000	10,00,000	1,00,00,000
	10,00,000	1,00,00,000	10,00,000	1,00,00,000
(b) Issued				
Equity shares of Rs. 10/- each with voting rights	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000
	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000
Total	5,04,95,000	50,49,50,000	5,04,95,000	50,49,50,000

Refer Notes (i) to (ii) below

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
Issued, Subscribed and Fully Paid-up				
<i>Equity shares with voting rights</i>				
year ended 31st March, 2017				
- Number of shares	5,04,95,000	-	-	5,04,95,000
- Amount (Rs.)	50,49,50,000	-	-	50,49,50,000
year ended 31st March, 2016				
- Number of shares	1,30,00,100	-	-	1,30,00,100
- Amount (Rs.)	13,00,01,000	-	-	13,00,01,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Vaibhavlaxmi Vanija Private Limited	60,00,000	11.88	60,00,000	11.88
Total	60,00,000	11.88	60,00,000	11.88

ARC FINANCE LIMITED

Notes forming part of the financial statements

Note 4: Reserves & Surplus

Particulars	As at 31-Mar-17	As at 31-Mar-16
(a) Securities premium account		
Opening balance	-	-
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year for:	-	-
Closing balance	-	-
(b) Statutory Reserve (As Per R.B.I. ACT For NBFC)		
At The Beginning Of The Year	24,13,490	18,58,481
Addition During The Year (Transfer From Surplus)	2,74,155	5,55,009
At The End Of The Year	26,87,645	24,13,490
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	8,88,069	(12,11,542)
Add: Profit / (Loss) for the year	13,70,774	27,75,045
Less : Transfer to Statutory Reserve @20%	2,74,155	5,55,009
Less: Contingent Provision Against Standard Assets	(2,33,559)	1,20,425
Closing balance	49,05,892	8,88,069
Total	49,05,892	33,01,559

Note 5: Long Term Provisions

Particulars	As at 31-Mar-17	As at 31-Mar-16
Contingent Provision against Standard Assets	9,65,896	11,99,455
Total	9,65,896	11,99,455

Note 6: Trade Payables

Particulars	As at 31-Mar-17	As at 31-Mar-16
Sundry Creditors	3,91,39,609	17,00,000
Total	3,91,39,609	17,00,000

Note 7: Other Current Liabilities

Particulars	As at 31-Mar-17	As at 31-Mar-16
T.D.S. Payable	1,99,923	2,19,235
Liabilities for Expenses	3,27,500	3,35,139
Expenses Payable	3,22,494	3,34,041
Total	8,49,917	8,88,415

Note 8: Short Term Provisions

Particulars	As at 31-Mar-17	As at 31-Mar-16
Provision for Income Tax	5,73,820	13,11,160
Less: paid/adjusted	-	-
Total	5,73,820	13,11,160

Note 10: Current Investments

Particulars	As at	As at
	31-Mar-17	31-Mar-16
Trade Investments In Unquoted equity shares (fully paid-up) (valued at cost) (As per list attached)	62,05,000	2,26,20,000
Total	62,05,000	2,26,20,000

Note 11: Inventories

Particulars	As at	As at
	31-Mar-17	31-Mar-16
Closing Stock	2,49,06,241	5,13,000
Total	2,49,06,241	5,13,000

Note 12: Trade Receivables

Particulars	As at	As at
	31-Mar-17	31-Mar-16
Sundry Debtors	30,29,358	19,15,376
Total	30,29,358	19,15,376

Note 13: Cash and Cash Equivalents

Particulars	As at	As at
	31-Mar-17	31-Mar-16
Balances with banks In current accounts	33,45,533	20,74,807
Cash in hand	1,10,937	18,12,137
Total	34,56,470	38,86,944

Note 14: Short Term Loans & Advances

Particulars	As at	As at
	31-Mar-17	31-Mar-16
Loans (including interest)	50,72,18,029	47,98,62,694
Advances (Advance recoverable in cash)	-	-
Tax Deducted at Sources	66,23,579	45,04,028
Total	51,38,41,608	48,43,66,722

ARC FINANCE LIMITED - STANDALONE

CIN: L51909WB1982PLC035283

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2017
AND STATEMENT OF PROFIT & LOSS FOR THE YEARENDED ON THAT DATE.
DEPRECIATION ON FIXED ASSETS AS PER COMPANIES ACT'2013****Note:9 Fixed Assets (Tangible Assets)**

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		Balance as on 31.03.2016	Addition/ Deletion	Balance as on 31.03.2017	Balance as on 31.03.2016	During the year	Balance as on 31.03.2017	WDV balance as on 31.03.2016	WDV balance as on 31.03.2017
1	AIR CONDITIONER	90,066.00		90,066	90,066	-	90,066	-	-
2	COMPUTER & ASSESORIES	1,98,450.00	-	1,98,450	1,28,165	70,285	1,98,450	70,285	-
3	FURNITURE & FIXTURE	5,06,156.92	-	5,06,156.92	3,98,640.55	71,972	4,70,612.55	1,07,516.37	35,544.37
4	MOBILE	-	60,190	60,190.00	-	794	794.00	-	59,396.00
5	OFFICE EQUIPMENT	1,28,396.00	-	1,28,396	87,204	33,800	1,21,004	41,192	7,392
	TOTAL	9,23,068.92	60,190.00	9,83,258.92	7,04,075.55	1,76,851.00	8,80,926.55	2,18,993.37	1,02,332.37

NOTES

(i) There is no asset which is jointly owned by the Company.

(ii) All above assets are freehold assets.

(iii) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II.
Depreciation on Computer has not been provided as residual value is more than WDV shown in the books.**For SHAH RAVI & CO.**

Chartered Accountants

Firm's Regn. No. 328483E

Sd/-

(CA RAVI KUMAR SHAH)**PARTNER****M. NO. 302019**

Place : Kolkata

Date: 29.05.2017

Sd/-

APARNA SHARMA**Director****DIN: 07006877**

Sd/-

SAPNA AGARWAL

Chief Financial Officer

Sd/-

PRADIP KUMAR AGARWAL**Director****DIN: 01286415**

Sd/-

PAWAN DALMIA

Company Secretary

ARC FINANCE LIMITED
Notes forming part of the financial statements

Note 15 : Revenue from operations

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Sale of Textile Goods	1,76,56,335	-
Sale of Shares	2,39,71,112	28,14,500
Interest Income	3,61,53,901	3,21,36,387
Total	7,77,81,348	3,49,50,887

Note 16 : Other Income

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Other Income	-	-
Total	-	-

Note 17: Purchase of Stock in Trade

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Purchase of textile goods	2,59,75,735	-
Purchase of shares	6,26,15,165	2,45,47,119
Total	8,85,90,900	2,45,47,119

Note 18: Changes in Inventories

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Opening Stock	5,13,000	11,34,000
Less: Closing Stock	2,49,06,241	5,13,000
Total	(2,43,93,241)	6,21,000

Note 19: Employee Benefit Expenses

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Salaries & Wages	15,91,555	13,66,414
Bonus	1,20,000	90,000
Staff Welfare Expenses	42,852	36,725
Total	17,54,407	14,93,139

Note 20: Payment To Auditors

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
As Statutory Audit Fees	25,000	-
As Tax Audit Fees	15,000	-
Total	40,000	-

Note 21: Finance Cost

Particulars	For the	For the
	year ended	year ended
	31-Mar-17	31-Mar-16
Interest on loan	13,500	-
Demat charges	1,320	-
Total	14,820	-

Note 22: Depreciation and amortisations

Particulars	For the	For the
	year ended	year ended
	31-Mar-17	31-Mar-16
Depreciation Expenses	1,76,852	2,26,340
Total	1,76,852	2,26,340

Note 23 : Other expenses

Particulars	For the	For the
	year ended	year ended
	31-Mar-17	31-Mar-16
Bank Charges	3,132	2,115
Commission Payable	39,98,442	-
General Expenses	65,728	60,337
Printing & Stationary Expenses	28,598	32,657
Travelling and Conveyance Expenses	1,68,670	69,247
Listing & Depository Fee	5,83,004	26,19,881
Loss on sale of Investment	1,35,000	-
Legal & Professional Fees	73,000	27,500
Penalty & Fine	400	-
Postage, Telegram & Courier Charges	24,410	12,211
Filing Fees	16,800	2,028
Consultancy Fees Paid	-	1,50,000
Income Tax of Earlier Years	73,003	-
Registration fees	-	17,100
Telephone Expenses	34,461	-
Advertisement Expenses	26,914	79,652
Office Rent	72,000	72,000
Software & IT Services	5,200	-
Interest Expenses on Income Tax	-	1,136
Bad Debt	38,74,040	1,65,142
Business Promotion Expensees	4,79,179	5,45,993
Website Expenses	4,007	-
Late filling lavy fees	1,600	-
	96,67,588	38,56,999

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, 1956. Being a Public Limited Company its shares are not listed on any stock exchanges. The company caters to domestic markets only.

2. Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Indian Accounting Standards Rules), 2015 read with Rule 3(2) thereof and the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The company is a small and medium-sized company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the company has complied with the Accounting Standards as applicable to an SMC. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. There are no changes in any accounting policies during the year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.4 Other Income

Interest income is accounted on accrual basis.

2.5 Cash Flow Statement

Cash flow statement is applicable as the company is not a small company as per provisions of section 2(85) of Companies Act, 2013.

ARC FINANCE LIMITED

Notes forming part of the financial statements

2.6 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.7 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. "

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.8 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

ARC FINANCE LIMITED

Notes forming part of the financial statements

Note 24: Contingent Liabilities and Commitments to the extent not provided for

Amount (₹)

	As at 31st March, 2017	As at 31st March, 2016
(a) Contingent Liabilities		
Security given by the company in respect of loans taken by other companies	Nil	Nil
(b) Commitments	Nil	Nil

Note 25: Earning and Expenditure in Foreign Currency

Amount (₹)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Earnings	Nil	Nil
Expenditures	Nil	Nil

Note 26: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has no dealing with any party registered under the Micro, Small and Medium Enterprises Development Act, 2006.

Note 27:

In the opinion of the Board, the current assets have value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

Note 28: Related Parties, Related Party Transactions & Balances receivable/payable as at the end of the year

28.a: Related Parties

Description of relationship	Names of related parties
(a) Enterprises under the same management	
(i) Ultimate Holding Company	Nil
(ii) Holding Company	Nil
(iii) Subsidiaries	Nil
(iv) Fellow Subsidiaries	Nil
(b) Associates and Joint Ventures	Nil
(c) Key Management Personnel (KMP)	Nil
(d) Relatives of KMP	Nil
(e) Company in which KMP / Relatives of KMP can exercise significant influence	Nil

28.b: Related Party Transactions

Amount (₹)

Particulars of Related Party	Nature of Transactions	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		Nil	Nil

ARC FINANCE LIMITED

Notes forming part of the financial statements

28.c: Balances receivables/(payable) as at the end of the year

Amount (₹)

Particulars of Related Party	As at 31st March, 2017	As at 31st March, 2016
Receivable	Nil	Nil
Payable	Nil	Nil

Note 28.d: Specified Bank Notes Disclosures (SBN'S)

During the year the company had Specified Bank Notes as defined in MCA notifications G.S.R.308(E) dated March 31,2017.

The Details of Specified Bank Notes(SBN) held and transacted during the period from November 8,2016 to December 30,2016 is given below:

Particulars	SBN's	Other Denomination Notes	Total
Closing Cash balance at 8 November, 2016	12,75,000.00	2,01,417.00	14,76,417.00
Transaction Between 9 November 2016 and 30 December 2016 is given below			
Add:Withdrawal from Bank Accounts	-	-	-
Add:Receipts for permitted transactions	-	-	-
Add:Receipts for non permitted transactions(if any)	-	-	-
Less:Paid for permitted transactions	-	1,46,519.00	1,46,519.00
Less:Paid for non permitted transactions	-	-	-
Less:Deposited in Bank Accounts	12,75,000.00	-	12,75,000.00
Closing Cash balance at 30 December, 2016	-	54,898.00	54,898.00

Note 29: Earning Per Shares

year ended 31st March, 2017

Amount (₹)

	Continuing Operations				Discontinuing Operations				Total Operations			
	Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit/Loss	1370774	1370774	1370774	1370774	0	0	0	0	1370774	1370774	1370774	1370774
Weighted Average No. of Shares	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000
EPS (Rs.)	0.03	0.03	0.03	0.03	0.00	0.00	0.00	0.00	0.03	0.03	0.03	0.03

year ended 31st March, 2016

Amount (₹)

	Continuing Operations				Discontinuing Operations				Total Operations			
	Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items		Before Extraordinary and Exceptional Items		After Extraordinary and Exceptional Items	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Face Value of Shares	10	10	10	10	10	10	10	10	10	10	10	10
Profit/Loss	2775045	2775045	2775045	2775045	0	0	0	0	2775045	2775045	2775045	2775045
Weighted Average No. of Shares	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000	50495000
EPS (Rs.)	0.05	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.05	0.05	0.05	0.05

Note 30: Figures for the previous year

The figures for the previous year have been regrouped and/or rearranged wherever found necessary to make those comparable with the figures for the current year.

In terms of our report attached

For and on behalf of the Board of Directors

ARC FINANCE LIMITED

Notes forming part of the financial statements

For SHAH RAVI & CO

Firm Registration No: 328384E

Chartered Accountants

[RAVI SHAH]

Partner

ICAI Membership No. 302019

Place : Kolkata

Date : 29.05.2017

APARNA SHARMA

Director [DIN-07006877]

PRADIP KUMAR AGARWAL

Director [DIN-01286415]

Pawan Dalmia

Company Secretary

Sapna Agarwal

Chief Financial Officer

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]

CIN: L51909WB1982PLC035283
Name of the company: ARC Finance Limited
Registered office: 18, Rabindra Sarani. Poddar Court, Gate No.4, 4th Floor,
Room No.3, Kolkata-700 001

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

I/We, being the member (s) of shares of the above named company, hereby appoint

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

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

3. Name:
Address:
E-mail Id:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the Company, to be held on Friday, 15th day of September, 2017 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:

RESOLUTION NO.

1. Approval of financial statements for the year ended 31.03.2017.
2. Appointment of Mr. Pradip Kumar Agarwal as Director who retires by rotation.
3. Appointment of M/s. SANJEEV NAVIN & ASSOCIATES, Chartered Accountants in place of M/s. SHAH RAVI & CO as the statutory auditor of the company from the conclusion of this Annual General Meeting until the conclusion of the fifth Annual General Meeting (AGM) of the company and fixation of their remuneration.

Signed this day of..... 2017

Signature of shareholder

Signature of Proxy holder(s)



Note: 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.

ATTENDANCE SLIP

Regd. Folio / DP ID & Client ID	
Name and Address of the Shareholder	

1. I hereby record my presence at the **35th ANNUAL GENERAL MEETING** of the Company being held on **15th September 2017** at 9.30 a.m. at the Registered Office of the Company at 18, Rabindra Sarani, Poddar Court, Gate No.4, 4th Floor, Room No.3, Kolkata-700001.

2. Signature of the Shareholder/Proxy Present

--

3. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance duly signed.
4. Shareholder / Proxy holder desiring to attend the meeting may bring his / her copy of the Annual Report for reference at the meeting.

Note: - PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING.

ELECTRONIC VOTING PARTICULARS

(1) EVSN (E-Voting Sequence No.)	(2) USER ID.	(3) PAN or Relevant No.as under	(4) Bank Account No.
			(See Note No.1)

Notes:

- (1) Where Bank Account Number is not registered with the Depositories or Company please enter your User Id. as mentioned in column (2) above.
- (2) Please read the Instructions printed under the Note No. 12 to the Notice dated 12th August, 2017 of the 35th Annual General Meeting. The e-Voting period starts from 9.00 A.M. on 12.09.2017 and ends at 5.00 P.M. on 14.09.2017, the e-voting module shall be disabled by CDSL for voting thereafter.

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