



*Letter of Offer*  
*10<sup>th</sup> October, 2024*  
*For Eligible Equity Shareholders only*

### ARC FINANCE LIMITED

ARC Finance Limited (CIN: L51909WB1982PLC035283) was incorporated as 'ARC Modellers & Services Limited' company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC, West Bengal on September 23, 1982. The Company obtained the Certificate of Commencement of Business dated October 05, 1982 from the Registrar of Companies, West Bengal. The Registered Office of the Company is situated at : 18, Rabindra Sarani, Poddar Court Gate No.4, 4<sup>th</sup> Floor, Room No. 3, Kolkata, West Bengal-700001, India. For details of changes in registered office of our Company, see '**General Information**' beginning on page 43 of the Letter of Offer.

**Registered Office:** 18, Rabindra Sarani, Poddar Court Gate No.4, 4<sup>th</sup> Floor, Room No. 3, Kolkata, West Bengal-700001, India

**Contact Number:** 8910637014

**Contact Person:** Somnath Chitrakar, Director and Chief Financial Officer;

**E-mail Address:** [arcrightissue24.25@gmail.com](mailto:arcrightissue24.25@gmail.com) ; **Website:** [www.arcfinance.in](http://www.arcfinance.in) ;

**Corporate Identity Number:** L51909WB1982PLC035283

### THE PROMOTER OF OUR COMPANY IS S K GROWTH FUND PRIVATE LIMITED

#### FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS ARC FINANCE LIMITED

**RIGHTS ISSUE OF UP TO [40,39,60,000] ([40,39,60,000]) EQUITY SHARES OF FACE VALUE OF ₹1.00/- (RUPEES ONE ONLY) EACH OF OUR COMPANY (THE 'RIGHTS EQUITY SHARES') FOR CASH AT A PRICE OF ₹[1.20] (RUPEES [RUPEES ONE AND TWENTY PAISA ONLY] ONLY) PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹[0.20] ( [ TWENTY PAISA] ONLY) PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹ 4847.52 LAKHS\* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [4] ([FOUR]) RIGHT EQUITY SHARE FOR EVERY [5] ([FIVE]) EQUITY SHARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [10<sup>TH</sup> OCTOBER], 2024 (THE 'ISSUE'). FOR FURTHER DETAILS, SEE 'TERMS OF THE ISSUE' BEGINNING ON PAGE 142. THE RIGHTS ISSUE PRICE IS [1.20][●] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

*\*assuming full subscription.*

#### WILFUL DEFAULTER(S) OR FRAUDULENT BORROWER(S)

Neither our Company nor our Promoter or any of our Directors have been identified as Wilful Defaulter(s) or Fraudulent Borrower(s).

#### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the SEBI nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of '**Risk Factors**' beginning on page 22.

#### COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The existing Equity Shares of our Company are listed on BSE Limited. Our Company has received 'in-principle' approval from BSE Limited for listing the Rights Equity Shares to be allotted pursuant to the Issue through its letters dated [September, 27], 2024. Our Company will also make application to BSE Limited to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE Limited.

#### REGISTRAR TO THE RIGHTS ISSUE

**Skyline Financial Services Private Limited**

D 153 A, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase – I, New Delhi - 110 020, India

**Contact Number :** +011- 26812682/83,

**Investor grievance e-mail:** [info@skylinerta.com](mailto:info@skylinerta.com)

**Website:** [www.skylinerta.com](http://www.skylinerta.com)

**Contact Person:** Anuj Rana;

**SEBI Registration Number:** INR000003241;

**Corporate Identification Number:** U74899DL1995PTC071324;

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
[MONDAY, 21 <sup>ST</sup> OCTOBER, 2024]	[TUESDAY, 12 <sup>TH</sup> NOVEMBER, 2024]	[MONDAY, 18 <sup>TH</sup> NOVEMBER, 2024]

*\*Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renounees on or prior to the Issue Closing Date.*

*\*\*Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing date.*

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### DEFINITIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, or policies shall be to such legislation, act, regulation, rules, guidelines, or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The following list of certain capitalized terms used in this Letter of Offer is intended for the convenience of the reader/prospective Applicant only and is not exhaustive.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to ‘the/our Company’, ‘we’, ‘our’, ‘us or similar terms are to ARC Finance Limited as the context requires, and references to ‘you’ are to the Eligible Shareholders and/ or prospective Investors in this Right Issue of Equity Shares.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in section titled ‘*Industry Overview*’, ‘*Statement of Tax Benefits*’, ‘*Financial Information*’, ‘*Outstanding Litigations, Defaults, and Material Developments*’ and ‘*Terms of the Issue*’ on page 59, 55, 79, 132, and 142 respectively, shall have the meaning given to such terms in such sections.

#### CONVENTIONAL/ GENERAL TERMS

Term	Description
ARC Finance Limited/ Company	ARC Finance Limited, incorporated as ‘ARC Modellers & Services Limited’ company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC, West Bengal on September 23, 1982, having its registered office located at: 18, Rabindra Sarani, Poddar Court Gate No.4, 4th Floor, Room No.3, Kolkata, Kolkata, West Bengal, India, 700001, bearing Corporate Identification Number: ‘L51909WB1982PLC035283’
We/ us/ our	Unless the context otherwise indicates or implies, refers to ARC Finance Limited
AOA/ Articles of Association	The Articles of Association of ARC Finance Limited, as amended from time to time
Audit Committee	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with the provisions of Section 177 of the Companies Act and Regulation 18 of the SEBI (LODR) Regulations
Audited Financial Statements	The audited financial statements of our Company prepared in accordance with Indian Accounting Standards for the Financial Years ended on March 31, 2024.
Auditors/ Statutory Auditors	The current statutory auditors of our Company M/s. SSRV And Associates, Chartered Accountants bearing Firm Registration Number: ‘135901W’
Board of Directors/ Board	The director(s) on our Board, unless otherwise specified. For further details of our Directors, please refer to section titled "Our Management" beginning on page 69 of this Letter of Offer.
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company, being Ms. Sweety Agarwal (Membership No.: A37272)
Chief Financial Officer/ CFO	The Chief Financial Officer of our Company, being Mr. Somnath Chitrakar.
Corporate Social Responsibility Committee	The committee of the Board of Directors constituted as our Company’s Corporate Social Responsibility Committee in accordance with the provisions of Section 135 of the Companies Act
Directors	The director(s) on the Board of our Company, unless otherwise specified.

Term	Description
Eligible Shareholder(s)	Eligible holder(s) of the Equity Shares of ARC Finance Limited as on the Record Date
Equity Shares	Equity shares of the Company having face value of ₹ 1.00 (Rupees One only)
Independent Director	Independent directors on the Board and eligible to be appointed as an Independent Director under the provisions of Sections 2(47) and 149(6) of the Companies Act and Regulation 16 (1) of the SEBI (LODR) Regulations. For details of the Independent Directors, please refer to section titled ' <b>Our Management</b> ' beginning on page 69 of this Letter of Offer
Limited Reviewed Financial Information/ Limited Reviewed Financial Statements	The limited reviewed unaudited financial statements for the three months period ended June 30, 2024, prepared in accordance with the Companies Act and SEBI Listing Regulations. For details, see "Financial Information" on page 102 of this Letter of Offer
ISIN of our Company	International Securities Identification Number being INE202R01026.
Key Management Personnel /KMP	Key management personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act. For details, please refer to section titled ' <b>Our Management</b> ' beginning on page 69 of this Letter of Offer
Materiality Policy	Policy on determination of materiality of events adopted by our Company in accordance with Regulation 30 of the SEBI Listing Regulations
MOA/ Memorandum of Association	The Memorandum of Association of ARC Finance Limited, as amended from time to time
Nomination and Remuneration Committee	The committee of the Board of directors reconstituted as our Company's Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations
Promoter	Promoter of our Company <i>i.e.</i> M/s. S K Growth Fund Pvt Ltd as enlisted in the section titled " <b>Our Promoter</b> " beginning on page 75 of this Letter of Offer.
Promoter Group	Promoter Group of our Company <i>i.e.</i> M/s. Vaibhavlaxmi Vanijya Private Limited as enlisted in the section titled " <b>Our Promoter</b> " beginning on page 75 of this Letter of Offer. Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI (ICDR) Regulations and as disclosed by our Company in the filings made with BSE Limited under the SEBI (LODR) Regulations
Registered Office	The registered office of our Company is situated at 18, Rabindra Sarani, Poddar Court Gate No.4, 4 <sup>th</sup> Floor, Room No.3, Kolkata, West Bengal, India, 700001
Registrar of Companies	The Registrar of Companies, Kolkata situated at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.B. Road, Kolkata-700020, West Bengal, India.
Risk Management Committee	The committee of the Board of Directors constituted as our Company's Risk Management Committee in accordance with the provisions of Regulation 21 of the SEBI (LODR) Regulations
Stakeholders' Relationship Committee	The committee of the Board of Directors constituted as our Company's Stakeholders' Relationship Committee in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations
Stock Exchange	The stock exchange where the Equity Shares are presently listed, being BSE Limited and Calcutta Stock Exchange (CSE).
Unaudited Financial Statement	The unaudited, limited review financial results of our Company as at and for the Three-month period ended June 30, 2024.

#### ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI (ICDR) Regulations and the Companies Act.

<b>Term</b>	<b>Description</b>
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot/ Allotted	Unless the context requires, the allotment of Rights Equity Shares pursuant to this Issue.
Allotment Account	The account opened with the Banker to the Issue, into which the Application amounts by ASBA blocked in the ASBA Account, with respect to successful Investors will be transferred on the Transfer Date in accordance with Section 40 (3) of the Companies Act.
Allotment Account Bank	The bank which is a clearing member and registered with SEBI as bankers to an issue and with whom the Allotment Account will be opened, in this case being, [Axis Bank Limited].
Allotment Advice	Note, advice, or intimation of Allotment sent to each successful Investors who have been or is to be Allotted the Rights Equity Shares pursuant to this Issue after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allotment Date	The date on which the Allotment is made pursuant to this Issue.
Allottees	Person(s) who are Allotted Rights Shares pursuant to the Allotment.
Applicant(s)/ Investor(s)	Eligible Shareholder(s) and/or Renouncee(s) who make are entitled to make an application for the Rights Shares pursuant to this Issue in terms of the Letter of Offer.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form through the website of the SCSBs (if made available by such SCSBs) under the ASBA process is used by an Investor to make an application for the Allotment of Rights Shares in the Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by ASBA Investors to make an application authorizing the SCSB to block the Application Money in the ASBA Account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Money of the ASBA Investor.
ASBA Applicant /ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including Renouncees) shall make an application for a rights issue only through the ASBA facility.
ASBA Bid	Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI (ICDR) Regulations.
ASBA Circulars	Collectively, the SEBI circulars bearing reference numbers 'SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009', 'CIR/CFD/DIL/1/2011 dated April 29, 2011', and 'SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020'.
Bankers to the Issue	The, Allotment Account Bank, to the Issue, in this case being [ARC Finance Limited- Share Application Account];
Bankers to the Issue Agreement	Agreement dated [08 <sup>th</sup> October, 2024] entered by and amongst our Company, the Registrar, and the Bankers to the Issue.
Basis of Allotment	The basis on which the Rights Shares will be Allotted to successful Applicants in the Issue in consultation with BSE Limited, and which is described in the section titled ' <i>Terms of the Issue</i> ' beginning on page 142 of this Letter of Offer.
BSE Limited	BSE Limited, being the Stock Exchange where presently the Equity Shares of the Company are listed.
CSE Limited	The Calcutta Stock Exchange Limited being the Stock Exchange where the presently the Equity share of the Company are listed.

Term	Description
Call Record Date	A record date fixed by our Company to determine the names of the holders of Rights Shares for the purpose of issuing the Call.
Controlling Branches /Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the Issue, and BSE Limited, a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Demographic Details	Details of Investors including the Investor's address, name of the Investor's father/ husband, investor status, occupation, and bank account details, where applicable.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Form or plain paper application, submitted by ASBA Bidders, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=Fpi=yes&amp;intmlId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=Fpi=yes&amp;intmlId=35</a> updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer/ DLoF	This Draft Letter of Offer dated 04 <sup>th</sup> September 2024, filed with BSE Limited, and CSE in accordance with the SEBI (ICDR) Regulations, for their observations and in-principle approvals.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date i.e. [Thursday, 10 <sup>th</sup> October, 2024]. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders.
Issue/ Rights Issue	Issue of upto fully paid up [40,39,60,000] Equity Shares with a face value of Rs. 1 each for cash at a price of Rs. [1.20] per Equity Share aggregating up to Rs. 4847.52 Lakhs on a rights basis to Eligible Shareholders in the ratio of [4] ([Four]) Rights Equity Shares for every [5] ([Five]) fully paid-up Equity Share held on the Record Date i.e. [Thursday, 10 <sup>th</sup> October, 2024].
Issue Opening Date	[Monday, 21 <sup>st</sup> October, 2024].
Issue Closing Date	[Monday, 18 <sup>th</sup> November, 2024].
Issue Materials	The Letter of Offer, Abridged Letter of Offer, Rights Entitlement Letter, Application Forms, including any notices, corrigendum thereto.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/ Investors can submit their Applications, in accordance with the SEBI (ICDR) Regulations.
Issue Price	Rs. [1.20] per Equity Share
Issue Shares	The issue of upto [40,39,60,000] Rights Equity Shares. .
Issue Proceeds	The proceeds of the Issue that are available to our Company.
Issue Size	The issue of upto [40,39,60,000] Rights Equity Shares for an amount aggregating up to Rs. 4847.52 Lakhs.
Letter of Offer/ LoF	The final letter of offer is to be filed with BSE Limited after and CSE incorporating the observations received from BSE on the Draft Letter of Offer.
Listing Agreements	Listing agreements entered between our Company and BSE Limited in terms of the SEBI (LODR) Regulations.
Multiple Application Forms	More than one Application Form submitted by an Eligible Equity Shareholder/Renouncee in respect of the same Rights Entitlement available in their demat account. However supplementary applications in relation to further Rights Shares with/without using additional Rights Entitlements will not be treated as multiple applications.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please refer to the section titled ' <i>Objects of the Issue</i> ' beginning on page 51 of this Letter of Offer;
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.

<b>Term</b>	<b>Description</b>
Non-Institutional Investors/ NIIs	An Investor is other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI (ICDR) Regulations.
Offer Document	The Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer including any notices, corrigendum, advertisements, thereto, Rights Entitlement Letter.
Off Market Renunciation	The renunciation of Rights Entitlements is undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the BSE Limited through a registered stockbroker in accordance with the SEBI Rights Issue Circulars and the circulars issued by BSE Limited, from time to time, and other applicable laws, on or before [Tuesday, 12 <sup>th</sup> November, 2024].
Payment Schedule	Full amount payable on Application i.e [1.20]
Physical Equity Shareholders	Eligible Equity Shareholders holding Equity Shares in physical form shall be termed as Physical Equity Shareholders.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI (ICDR) Regulations.
Record Date	Designated date to determine the Eligible Equity Shareholders eligible to apply for Rights Shares, being [Thursday, 10 <sup>th</sup> October, 2024].
Registrar Agreement	Agreement dated [2 <sup>nd</sup> September, 2024] entered between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Registrar to the Company	ABS Consultant Private Limited
Registrar to the Issue	Skyline Financial Services Private Limited
Renounees	Any persons who have acquired Rights Entitlements from the Eligible Equity Shareholders through renunciation.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e. [21 <sup>st</sup> October, 2024]. Such period shall close on [12 <sup>th</sup> November, 2024] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounee on or prior to the Issue Closing Date i.e. [18 <sup>th</sup> November, 2024];
Retail Individual Investors/ RIIs	An Individual Investor (including an HUF applying through Karta) who has applied for Rights Shares and whose Application Money is not more than ₹2,00,000/- (Rupees Two Lakhs Only) in the Issue as defined under Regulation 2(1)(vv) of the SEBI (ICDR) Regulations.
Rights Entitlement Letter	This letter includes details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are accessible on the website of our Company.
Rights Entitlement (s)/ RES	The number of Rights Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date, in this case being [4] Rights Shares for every [5] Equity Shares held by an Eligible Shareholder. The Rights Entitlements with a separate ISIN '[INE202R20018]' will be credited to your demat account before the date of opening of the Issue, against the Equity Shares held by the Equity Shareholders as on the Record Date, pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date;
Rights Shares	Equity Shares of our Company to be Allotted pursuant to this Issue;
SEBI Rights Issue Circulars	The SEBI circular bearing reference number 'SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020'.
Self-Certified Syndicate Banks/ SCSB(s)	Self-certified syndicate banks registered with SEBI, which act as a Banker to the Issue and which offer the facility of ASBA. A list of all SCSBs is available at



Term	Description
	<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yess&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yess&amp;intmId=34</a>
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter or Fraudulent Borrower	A Company or person, as the case may be, categorized as a wilful defaulter or fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of SEBI (ICDR) Regulations and in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI (ICDR) Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, a working day means all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the period between the Issue Closing Date and the listing of Equity Shares on BSE Limited, working day means all trading days of BSE, excluding Sundays and bank holidays, as per circulars issued by SEBI.

#### INDUSTRY RELATED TERMS

Term	Description
CAGR	Compound Annual Growth Rate
EAP	Externally Aided Projects
FDI	Foreign Direct Investment
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
GERD	Gross Expenditure on Research and Development
ICT	Information and Communications Technology
IMF	International Monetary Fund
MT	Million Tonnes
MTPA	Million Tonnes Per Annum
PPP	Public Private Partnership
WHO	World Health Organization

#### ABBREVIATIONS

Term	Description
AIF	Alternative Investment Fund as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
CAF	Common Application Form
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act, 2013	Companies Act, 2013 along with rules made thereunder
Companies Act, 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Consolidated FDI Policy	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India

Term	Description
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018
Depositories Act	The Depositories Act, 1996, including subsequent amendments thereto
DIN	Director Identification Number
DP	Depository Participant
DP-ID	Depository Participant's Identification
DR	Depository Receipts
EBITDA	Profit/(loss) before tax for the year adjusted for income tax expense, finance costs, depreciation, and amortisation expense, as presented in the statement of profit and loss
EGM	Extraordinary General Meeting
EPS	Earning per Equity Share
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations made thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board
FPIs	Foreign Portfolio Investors
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FY/ Financial Year	Period of 12 months ended March 31 of that particular year, unless otherwise stated
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GNPA	Gross Net Performing Assets
GoI / Government	The Government of India
HUF	Hindu Undivided Family
Ind AS	Indian Accounting Standards
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
Indian GAAP/ I-GAAP	Generally Accepted Accounting Principles in India
Income Tax Act/ IT Act	The Income Tax Act, 1961 and amendments thereto
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
INR / ₹ / Rs. / Indian Rupees	Indian Rupee, the official currency of the Republic of India
IST	Indian Standard Time
IT	Information Technology
MCA	The Ministry of Corporate Affairs, Government of India
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
NCT	National Capital Territory, Delhi



<b>Term</b>	<b>Description</b>
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer.
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account, and debit or credit balance of the profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure, and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, writeback of depreciation and amalgamation
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NR/ Non- Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI
NRE	Account Non-resident external account
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after Tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RoNW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereto
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
STT	Securities transaction tax
Trade Mark Act	Trade Marks Act, 1999 and the rules thereunder, including subsequent amendments thereto
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

## NOTICE TO OVERSEAS INVESTORS

The distribution of the Issue Material and the Issue of Rights Entitlements or the Rights Shares on a right basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons in whose possession the Issue Material may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Shareholders as on Record Date and will dispatch the Issue Materials through email and courier to such Eligible Shareholders who have a registered address in India or have provided an Indian address to our Company. The Letter of Offer will be provided, through email and courier, by the Registrar on behalf of our Company to the Eligible Shareholders who have provided their Indian addresses to our Company or who are in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Those overseas shareholders, who have not updated our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials. Investors can also access the Issue Material from the websites of the Registrar, our Company, and on BSE.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with BSE for observations. Accordingly, the Rights Entitlements or the Rights Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer, and, under such circumstances, Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the Issue of Rights Entitlements or the Rights Shares, distribute or send the same in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlements, or the Rights Shares referred to in the Issue Materials.

Any person who makes an application to acquire the Rights Entitlement or the Rights Shares offered in this Issue will be deemed to have declared, represented, warranted, and agreed that she/he is authorized to acquire the Rights Entitlement or the Rights Shares in compliance with all applicable laws and regulations prevailing in her/his jurisdiction. Our Company, the Registrar or any other person acting on behalf of us reserve the right to treat any Application Form as invalid where we believe that the Application Form is incomplete, or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to Allot or issue any Rights Entitlement or Rights Shares in respect of any such Application Form.

Neither the delivery of Issue Materials nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer.

**The contents of the Issue Materials should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state, or local tax or legal consequences as a result of the offer of Right Entitlements or Rights Shares. As a result, each Investor should consult its own counsel, business advisor, and tax advisor as to the legal, business, tax, and related matters concerning the offer of the Rights Entitlement or the Rights Shares. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Entitlement or the Rights Shares regarding the legality of an investment in the Rights Entitlement or the Rights Shares by such offeree or purchaser under any applicable laws or regulations.**

### NO OFFER IN THE UNITED STATES

The Right Entitlements or the Rights Shares of our Company have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold, or otherwise transferred within the United States of America or the territories or possessions thereof, except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Issue Materials are being offered in India, but not in the United States. The offering to which the Issue Materials

relate to is not and are under no circumstances to be construed as, an offering of any Right Entitlement or the Rights Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said Right Entitlement or the Rights Shares. Accordingly, the Issue Materials should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letters should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Right Entitlements or the Rights Shares and wishing to hold such Rights Shares in registered form must provide an address for registration of the Equity Shares in India. Any person who acquires Right Entitlements or Rights Shares will be deemed to have declared, represented, warranted, and agreed, that:

1. It is not and that at the time of subscribing for the Right Entitlements or the Rights Shares, it will not be, in the United States when the buy order is made,
2. It does not have a registered address (and is not otherwise located) in the United States, and
3. It is authorized to acquire the Right Entitlements or the Rights Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form which:

1. Does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations;
2. Appears to our Company or its agents to have been executed in or dispatched from the United States;
3. Where a registered Indian address is not provided; or
4. Where our Company believes that the Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Entitlement or the Right in respect of any such Application Form.

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**

## PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

### CERTAIN CONVENTIONS

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to the/our 'Company', 'we', 'our', 'us' or similar terms are to ARC Finance Limited or, as the context requires, and references to 'you' are to the Equity Shareholders and/ or prospective Investors in the Equity Shares.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time.

Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

### FINANCIAL DATA

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Audited Financial Statements, which have been prepared in accordance with Ind As, Accounting Standards, Companies Act, 2013. For further details, please refer to the section titled '**Financial Information**' beginning on page 79 of this Letter of Offer.

Unless otherwise specified or the context otherwise requires, the financial data in this Letter of Offer is derived from the Audited Financial Statements of our Company as of and for the financial year ended March 31, 2024 and Unaudited Financial Results for the Three months ended June 30, 2024.

Further, the financial information as of and for the financial year ended March 31, 2024 is derived from the comparatives presented in the Audited Financial Statements as of and for the financial year ended March 31, 2023.

The Unaudited Financial Results for the three months ended June 30, 2024 are not indicative of the full year performance of the Company and hence are not comparable with the financial information presented for the year ending March 31, 2024.

Our Company publishes its financial statements and financial results in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Letter of Offer

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

### CURRENCY OF PRESENTATION

All references in this Letter of Offer to 'Rupees', 'Rs.', '₹', 'Indian Rupees' and 'INR' are to Rupees, the official currency of the Republic of India.

All references to 'U.S. \$', 'U.S. Dollar', 'USD' or '\$' are to United States Dollars, the official currency of the United States of America.

Sr. No.	Name of the Currency	Exchange rates as on		
		September 30, 2024	June 30, 2024	March 31, 2024
1.	1 United States Dollar	83.76	83.35	83.35

Source: <https://www.xe.com/currencytables/>

*Note: In case if March 31 and September 30 of any of the respective years / period is a public holiday, the previous Working Day not being a public holiday has been considered. Since, March 31, March 30, and March 29, 2024, were public holidays, the exchange rate as of March 28, 2024, has been considered.*

**Please Note:**

One million is equal to 1,000,000/10 lakhs;  
One billion is equal to 1,000 million/100 crores;  
One lakh is equal to 100 thousand;  
One crore is equal to 10 million/100 lakhs

## FORWARD LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as ‘will’, ‘may’, ‘aim’, ‘is likely to result’, ‘believe’, ‘expect’, ‘continue’, ‘anticipate’, ‘estimate’, ‘intend’, ‘plan’, ‘contemplate’, ‘seek to’, ‘future’, ‘objective’, ‘goal’, ‘project’, ‘should’, ‘pursue’ and similar expressions or variations of such expressions, that are ‘forward looking statements’.

Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities and/or acts of violence.

Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. General economic and business conditions in India and in the markets in which we operate and in the local, regional, and national economies;
2. Changes in laws and regulations relating to the agro sector and industry in which we operate;
3. Increased competition in industries and sector in which we operate;
4. Our ability to successfully implement our growth strategy and expansion plans and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
5. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
6. Occurrence of natural disasters or calamities affecting the areas in which we have operations;
7. Any adverse outcome in the legal proceedings in which our Company is involved;
8. Other factors beyond our control;
9. Our ability to manage risks that arise from these factors;
10. Changes in Government policies and Regulatory actions that apply to or affect our business;
11. Conflicts of interest with affiliated companies, the promoter group and other related parties;
12. The performance of the financial markets in India and globally; and
13. We are affected by volatility in interest rates, adversely affecting our net interest income;

For a further discussion of factors that could cause the actual results to differ, please refer to the section titled ‘**Risk Factors**’ beginning on page 22 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could materially be different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance. Our Company or advisors does not have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance

with SEBI and BSE's requirements, our Company shall ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

## SECTION II – SUMMARY OF THE LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective Investors.

This summary should be read in conjunction with and is qualified by the more detailed information appearing in this Letter of Offer, including the sections titled '*Risk Factors*', '*Objects of the Issue*', '*Industry Overview*', '*Business Overview*', and '*Outstanding Litigations, Defaults and Material Developments*' beginning on pages 22, 51, 59, 63, and 132 of this Letter of Offer, respectively.

### PRIMARY BUSINESS

Our company was originally incorporated as 'ARC Modellers & Services Limited' company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC, West Bengal on September 23, 1982. Further, our Company changed its name pursuant to approval of the shareholders at an extraordinary general meeting held on September 24, 1992 to ARC Finance Limited and a fresh certificate of incorporation was issued by RoC, West Bengal on March 03, 1993. The Company got listed on The Calcutta Stock Exchange on February 26, 1997 and listed on BSE Limited on October 04, 2016. The Corporate Identification Number of our Company is (CIN) L51909WB1982PLC035283 and its registration number is 035283. For details of changes in name and registered office of our Company, please refer to the section titled "*General Information*" beginning on Page No. 43 of this Letter of Offer

ARC Finance Limited (ARCFL) is a Non-Banking Financial Company (NBFC) registered with RBI to carry on the business of NBFC without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934 bearing Registration no. B- 05.01915 dated April 30, 1998.

For further details, please refer to the chapter titled 'Business Overview' beginning on page 63 of this Letter of Offer.

### PROMOTER OF OUR COMPANY

As of the date of this Letter of Offer, the Promoter of our Company is S K Growth Fund Private Limited. For further details, please refer to section titled '*Our promoter*' beginning on page 69 of this Letter of Offer.

### OBJECTS OF THE ISSUE

The details of Issue Proceeds are set forth in the following table:

Particulars	Amount upto (₹ in Lakhs)
Gross Proceeds from the Issue#*	4847.52
Less: Estimated Issue related Expenses*	27.00
<b>Net Proceeds from the Issue</b>	<b>4820.52</b>

\*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

# To be finalised upon determination of the Issue Price and updated in this Letter of Offer.

The intended use of the Net Proceeds of the Issue by our Company is set forth in the following table:

Sr. No.	Particulars	Amount upto (₹ in Lakhs)
1	Repayment of Unsecured Loans availed by our company	1649.45
2	Augmentation of Capital Base	2093.55
3	General Corporate Purposes#	1077.52
<b>Total Net Proceeds</b>		<b>4820.52</b>

#The amount shall not exceed 25% of the Gross Proceeds.

For further details, please refer to the chapter titled '*Objects of the Issue*' beginning on page 51 of this Letter of Offer.



## SUBSCRIPTION TO THE ISSUE BY OUR PROMOTER

The Promoter of our Company have, vide their letters dated 02<sup>nd</sup> September, 2024 ("Subscription Letters") indicated that they will not subscribe fully to their portion of right entitlement. Further, the promoter has confirmed that do not intend to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any).

Our Company is in compliance with Regulation 38 of the SEBI (LODR) Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

As such, other than meeting the requirements indicated in the chapter titled "Objects of the Issue" at page 51 of this Letter of Offer, there is no other intention / purpose for the Issue, including any intention to delist our Equity Shares.

Further, with respect to the Minimum subscription, this is to submit that the objects of the Issue are meeting the Repayment of Unsecured Loans, Augmentation of the capital base and General Corporate Purpose, and do not involve financing of capital expenditure for a project, However, our promoter has confirmed that they will not subscribe fully to their portion of right entitlement. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, our Company would require to achieve minimum subscription of at least 90% of the issue.

## FINANCIAL INFORMATION

The following table sets forth the summary of the financial information derived from the Audited Standalone Financial Statements for the Financial Years ended on March 31, 2024, March 31, 2023 and unaudited limited review for the six months ended 30<sup>th</sup> June, 2024.

(₹ in Lakhs)

Particulars	Unaudited Financial Results	Audited Financial Statements for the period ending	
	3 Months ended 30 <sup>th</sup> June 2024	F.Y. 2023-24	F.Y. 2022-23
Equity Share Capital	5049.5	5049.5	5049.5
Net-Worth	5423.25	5117.49	5161.92
Total Income	60.05	924.21	691.60
Profit/ (loss) after tax (excluding comprehensive income/ (loss))	305.77	27.13	32.73
Basic EPS	0.06	0.01	0.01
Diluted EPS	0.06	0.01	0.01
Net asset value per Equity Share	1.07	1.01	1.02
Total borrowings (Including current and non-current borrowings)	1720.96	1608.06	1475.89

For further details, please refer to section titled '*Financial Information*' beginning on page 79 of this Letter of Offer.

## AUDITOR QUALIFICATIONS

For details on auditor qualifications, please refer to the section titled '*Financial Information*' beginning on page 79 of this Letter of Offer.

## OUTSTANDING LITIGATIONS

A summary of outstanding legal proceedings as of the date of this Letter of Offer as disclosed in the section titled '*Outstanding Litigations, Defaults and Material Developments*' in terms of the SEBI (ICDR) Regulations and the Materiality Policy is provided below.

As on date of this Letter of Offer, except as stated in this Letter of Offer there are no litigations or proceedings subsisting or existing by or against the Company, Directors, Promoter, summary of outstanding litigation proceedings involving our Company, Directors, and Promoter, is specified as below:

Nature of Entity	Criminal Proceedings	Civil Proceedings	Tax Proceedings	Statutory regulatory proceedings	Disciplinary actions by SEBI or BSE	Aggregate amount involved (₹ in Lakhs)
<b>Company</b>						
By the Company	Nil	Nil	Nil	Nil	Nil	Nil
Against the Company	Nil	Nil	Nil	Nil	Nil	17.73*#
<b>Directors</b>						
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil
<b>Promoter</b>						
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	Nil	Nil	Nil	Nil	Nil	Nil

\*Excluding interest on disputed demand and amount involved in litigations for which tax amount is unascertainable.

# The Company has submitted the response on the demand notice issued by the authority to waive the demand and the reply is awaited from authority.

For further details, please refer to section titled '**Outstanding Litigations, Defaults and Material Developments**' beginning on page 132 of this Letter of Offer.

## RISK FACTORS

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares, material litigations that impacts the business of the Company, and other economic factors, please refer to the section titled '**Risk Factors**' beginning on page 22 of this Letter of Offer.

## CONTINGENT LIABILITIES

As on date of this Letter of Offer, there are no contingent liabilities as per Ind AS – 37 Provisions and contingent liabilities of our Company.

For details of the contingent liabilities, as reported in the Audited Financial Statements, please refer to the section titled '**Financial Information**' beginning on page 79 of this Letter of Offer.

## RELATED PARTY TRANSACTIONS

There are no related party transactions as per Ind AS – 24 Related Party Disclosures except mentioned in the table hereinbelow, read with SEBI (ICDR) Regulations for the Financial Year ended March 31, 2024 and March 31, 2023 as per the audited financial statements.

(Amount in Lakhs)

Particulars	F.Y. 2023-24	F.Y. 2022-23
Salary and Remuneration Paid- Rohit Jain	0.78	1.56

For details of the Related Party Transactions, as reported in Audited Financial Statements, please refer to the section titled '**Financial Information**' beginning on page 79 of this Letter of Offer.

## FINANCING ARRANGEMENTS

There have been no financing arrangements whereby our Promoter, Directors, and their relatives have financed the purchase by any other person of Equity Shares other than in the normal course of the business of the financing entity during the period of 6 (Six) months immediately preceding the date of this Letter of Offer.

**ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR PRECEDING THE DATE OF FILING OF THIS LETTER OF OFFER**

Our Company has not issued any Equity Shares for consideration other than cash in the 1 (One) year preceding the date of this Letter of Offer.

## SECTION III – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors, uncertainties, and all other information described in this Letter of Offer, in conjunction with ‘**Industry Overview**’, ‘**Business Overview**’, ‘**Financial Statements**’, ‘**Management’s Discussion and Analysis of Financial Condition and Results of Operations**’ beginning on pages 59, 63, 79 and 118 respectively in this Letter of Offer, before making an investment in our Equity Shares.

The risks described in this section are those that we consider to be the most significant and material to our business, financial condition, results of operations, and cash flows as of the date of this Letter of Offer. We have described the risks and uncertainties that we currently believe to be material, but the risks set out in this section may not be exhaustive, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, occur, our business, financial condition, and results of operations could suffer, and the trading price and the value of your investment in, our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision with respect to this Issue, you must rely on your examination of our Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial, and legal advisors about the consequences of an investment in our Equity Shares and its impact on you.

In making an investment decision, prospective investors must rely on their own examinations of us and the terms of the Offer, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the consequences they could encounter in investing in the Equity Shares.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements because of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, reference to ‘we’, ‘us’, and ‘our’ refers to our Company.

### INTERNAL RISK FACTOR

**1) There are outstanding legal proceedings involving our Company, its Promoters, its Directors, and Group Company**

We are involved in certain regulatory proceedings which may adversely affect our operations and financial position. A summary of outstanding legal proceedings involving our Company as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below

Nature of Entity	Criminal Proceedings	Civil Proceedings	Tax Proceedings	Statutory regulatory proceedings	Disciplinary actions by SEBI or BSE	Aggregate amount involved (₹ in Lakhs)
<b>Company</b>						
By the Company	Nil	Nil	Nil	Nil	Nil	Nil
Against the Company	Nil	Nil	6	Nil	Nil	17.73*#
<b>Directors</b>						
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil
<b>Promoter/ Promoter Group</b>						
By the Promoter /Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil

Against the Promoter/ Promoter Group	Nil	Nil	2	Nil	Nil	Nil
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\*Excluding interest on disputed demand and amount involved in litigations for which tax amount is unascertainable.

# *The Company has submitted the response on the demand notice issued by the authority to waive the demand and the reply is awaited from authority.*

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian laws or rulings against us by the appellate courts or tribunals, we may face losses and we may have to make further provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in such proceedings, adverse to our interests, may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Failure to successfully defend these or other claims, or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are successful in defending such cases, we will be subject to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure you that similar proceedings will not be initiated in the future. Any adverse order or direction in these cases by the concerned authorities, even though not quantifiable, may have an adverse effect on our reputation, brand, business, results of operations and financial condition. For further details, please refer to section titled “Outstanding Litigation and Defaults” beginning on page no. 132 of this Letter of Offer.

- 2) ***We, as an NBFC, have to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change in the norms could negatively affect our Company’s operations, business, financial condition and the trading price of Equity Shares.***

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business. Such approvals, licenses, registrations and permissions must be maintained / renewed over time and we may have to comply with certain conditions in relation to these approvals. Moreover, the applicable requirements may change from time. We are required to obtain and maintain a license for carrying on business as an NBFC. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. RBI has the authority to change these norms/ criteria as and when required. Inability to meet the prescribed norms/ criteria, can adversely affect the operations and profitability of our Company.

- 3) ***Failure on our part to adhere to RBI or other Regulatory norms may lead to penalties affecting our business and financial condition and / or cancellation of NBFC license.***

As a consequence of being regulated as an NBFC we will have to adhere to certain individual and borrower group exposure limits and periodic reporting and Compliances as specified under the RBI regulations and are subject to periodic RBI inspection and supervision. In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC as the case may be. Any such action may adversely affect our business, prospects, result of operations, financial condition and the trading price of our Equity Shares.

Our Company is regulated by the RBI as a Non-Deposit Taking (ND) and Non-Systematically Important (NSI) Non-Banking Financial Company – Investment and Credit Company “NBFC-ICC” and comes under Base Layer (BL) of the RBI’s Scale Based Regulatory Framework. Hence, majority of the regulatory filings and exposure norms are not yet applicable to our company. However, the same may become applicable once we cross a certain benchmark limit as specified by RBI from time to time after which, we would be a Systematically Important (SI) and/or Middle Layer (ML) or Upper Layer (UL) NBFC-ICC and hence would have to adhere to individual and group borrower exposure limits and periodic reporting and other such compliances and procedures.

Secondly, even though, till date RBI has not conducted any Inspection of our Company and its operations, the RBI has the right to conduct inspections of all NBFCs and notify its findings and observations to such NBFC, which is expected to respond to the RBI’s observations and provide clarifications and additional information, as necessary. Being a Non-Deposit Taking, Non-Systematically Important NBFC Company, means that RBI norms for us are relatively lesser stringent, however, there can be no assurance that we would have complied with all requirements as and when applicable.

In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC. We cannot assure you that we may not breach the exposure norms or other regulatory norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC by the RBI by the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, and result of operations, financial condition and the trading price of our Equity Shares.

Further, the RBI's regulation pertaining to NBFC may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFCs.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

**4) *As an NBFC, we face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.***

Any lending or investment activity is exposed to credit risk arising from the risk of default and non-payment by borrowers and other counterparties. Our loan book stood at Rs.4457.36 Lakhs for FY 2023-24 consisting entirely of Unsecured Loans. Many of our loans in the portfolio are loans granted to Small Business Firms (Proprietors / Partnerships) and Individuals (Personal Loans). Further, in relation to the unsecured loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith. Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

For the F.Y 2022-23 company has written off bad debts of Rs. 52.32 lakhs .The size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure.

In future, we may do business of "Loan against Shares" and "Loan against Property" which may have relatively higher sensitivity to equity and real estate market conditions and also the targeted individual borrowers are generally less financially robust than larger corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and counterparties, we rely on published credit information relating to such parties and financial and other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid

information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers and counterparties. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, we may face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

5) ***Our Company may incur penalties or liabilities for non-compliances with few provisions of the Companies Act and other applicable laws.***

Our Company may incur penalties or liabilities for non-compliance with few provisions including lapses/delays in certain filings and/or erroneous filing/ non-filing of e-forms under Company Act, 2013. Such non compliances/delay Compliances / erroneous filing/ non-filing /non-registration may incur the penalties or liabilities which may affect the results of operations and financial conditions.

6) ***Our investments activity and inventory are subject to market risk and judgement of our Management***

The income from sale of shares was Rs. 616.32 Lakhs and Rs. 262.93 Lakhs representing about 66.73% and 38.02% of the total revenue of the Company for FY 2023-24 and FY 2022-23 respectively. The value of Investments stood at Rs. 30.40 Lakhs and Rs. 35.10 Lakhs and the amount of Inventory of the Company stood at Rs. 2323.53 Lakhs and Rs. 1155.14 Lakhs for FY 2023-24 and FY 2022-23 respectively. As at March 31, 2024, our investments subject to market risks primarily include Quoted and Unquoted equity shares. Quoted shares are highly volatile forms of investment, while Unquoted equity shares cannot be traded in online platforms. Also our inventory stock-in-trade primarily includes the purchase and sale of Equity Shares, Equity linked Derivatives and may also include in future units of mutual funds, debt securities, equity instruments, government securities and certificates of deposits. The value of these investments depends on several macro factors beyond our control, including interest rates, the domestic and international economic and political scenario, inflationary expectations, Government policy and the RBI's monetary policies.

They also depend on the various micro factors related to the specific securities including their individual performance, investor sentiment, results, profitability, specific sector, trading liquidity, penal & regulatory actions, etc. Any decline in the value of these investments, their tradability & micro - macro factors may have an adverse effect on our business, financial condition, cash flows, market price and results of operations.

Further, the Management of our Company exercise discretion and judgment on purchase and sale, subscription, acquisition of investment, inventory and stock in trade, mainly Equity Shares and Equity linked Derivatives which are subject to various market risks and are highly volatile forms of investments. Any error in judgment, failure to take timely action, related to purchase, sale, subscription or investment in Equity Shares or Financial Instruments or any unprecedented market volatility & equity-specific performance beyond the control of the Management could expose the Company to potential loss which may adversely affect its business, performance, cash flows, results of operations as well as Market price.

7) ***We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchanges and SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.***

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including disclosures about any material events or occurrences with respect to our Company, disclosure of our financial statements and disclosure of our updated shareholding pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange or any other statutory authority may lead to penalties being imposed on us.

- 8) ***The Registered Office of our Company is located/ carried on land parcels that are not owned by us and are held by us on a leasehold/ rental basis. In the event we lose or are unable to renew such leasehold rights, our business, results of operations, financial condition and cash flows may be adversely affected.***

As of the date of this Letter of Offer, our Registered Office of our Company is held on a leasehold/Rental basis. Set out in the table below are details of the address of our Registered Office, taken on lease/Rental:

Sr. No.	Particulars of Property	Address	Lessee	Lessor	Rental (₹ in Lakhs)	Validity of Agreement
1	Registered Office of our company	18, Rabindra Sarani, Poddar Court Gate No.4, Kolkata, West Bengal, India, 700001	M/S Riddhi Siddhi Advisory Pvt Limited	M/S Arc Finance Limited	₹0.09 Lakhs p.m.	33 months beginning from 1st October 2022 to 30th June 2025 further extended with mutual consent

We cannot assure you that we will be able to renew our leases on commercially acceptable terms, or at all. In the event that we are required to vacate the aforesaid leased premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. Further, since the registered office of our Company is taken on lease, any negative set-back could materially adversely affect our business, results of operations, financial condition, cash flows and prospects. If we are required to relocate our business operations, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, results of operations, financial condition and cash flows.

- 9) ***Our insurance coverage does not adequately protect us against losses (including damages or loss caused to the Products), and successful claims against us that exceed our insurance coverage could harm our results of operations and diminish our financial position.***


Our insurance policies, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption, losses in transit, natural disasters etc. because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, future financial performance and results of operations.

- 10) ***Some of our corporate records including forms filed with the Registrar of Companies are not traceable.***

We cannot assure you that these forms filings will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect. Our Company is unable to trace certain corporate and other documents in relation to our Company including forms filed with the Registrar of Companies. Certain forms filed with the ROC like increase in authorised capital could not be traced. Our Company cannot assure you that the filings were made in timely manner, or the information gathered through other available documents of the Company are correct. Also, our Company may not be in a position to attend to and / or respond appropriately to any legal matter due to lack of lost records and to that extent the same could adversely affect our business operations.

- 11) ***Our company has not taken any Trade Marks Registry of Kolkata it could result in loss of brand equity and the company's right to use the said brand and Logo.***



The trademark , which we are using for our business, is not registered with Trademark Authorities. We have applied for registration with Authorities for registering its Trademark, vide application number 6605176 under class 36. The current status of Trademark is Formalities Chk Pass. We are unable to comment on the conformity of grant of registration of our applied mark. We may be subjected to opposition or any remarks from Authority, which may leave our brand and business name open for competition with same brand name by competitors or third parties. Our efforts to protect our intellectual property may not be



adequate and may lead to erosion of our business value and our operations could be adversely affected. Any litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details on above and other trademarks, please refer to chapter titled “Business Overview” beginning on page 63 of this letter of offer letter of Offer.

**12) *Unsecured loans are taken by the company that can be recalled at any time.***

Our Company has availed certain interest unsecured loan amounting to Rs 1538.5 lakh as on March, 31,2024. The unsecured loan taken by our Company may be recalled at any time. Sudden recall may disrupt our operations and also may force us to find alternative sources of financing, which may not be available on commercial reasonable terms or at all. opt for funding at higher interest rates, resulting in higher financial burden. We may not have adequate +capital to meet business requirements of our Company, and, as a result, any such demand by the lenders may affect our business, cash flows, financial condition and results of operations.

**13) *High levels of customer defaults or delays in repayment of loans could adversely affect our business, financial condition and results of operations.***

Our business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal and/or interest on our loans. In the financial year 2022-23 company has written off bad debts of Rs. 52.32 lakh. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

**14) *We are affected by volatility in interest rates for both our lending and fund raisings operations, which could cause our net interest income to decline and adversely affect the results of operations and profitability.***

Our net interest margins are affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including competition from other banks and NBFCs, the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Persistently high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. Moreover, if there is an increase in the interest rates, we may be unable to pass it fully or partially to our customers. Further, we may find it difficult to compete with our competitors, who may have access to funds at a lower cost or lower cost deposits. To the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than competitors that may borrow only at fixed interest rates. Further, our ability to pass on any increase in interest rates to borrowers may also be constrained by regulations implemented by the Government or the RBI. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest earning assets, it could lead to a reduction in our net interest income and net interest margin.

**15) *Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations in the manner we desire.***

Our Company reported a financial indebtedness of Rs. 1608.06 Lakhs and Rs. 1475.89 Lakhs, respectively for FY 2023-24 and FY 2022-23. We may incur additional indebtedness in the future. In future our financing agreements may include various restrictive conditions and covenants restricting certain corporate actions, and our Company may be required to take the prior approval of the lender before carrying out such activities. Our indebtedness could have several important consequences, including our cash flows being used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures and other general corporate requirements. Moreover, our ability to obtain

additional financing or renewal of existing facilities, in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates. There could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements and we may be more vulnerable to economic downturns, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

- 16) ***We are significantly dependent on a few major borrowers. Our inability to expand our loan book to include more number of borrowers and hence reduce dependence on certain borrowers could result in large write-offs or other financial instability.***

We earn interest income from our Loan Portfolio. Being a NBFC dealing in unsecured short-term finance our ability to grow our loan book is restricted to only those clients whom we either know through our networks or come from a good reference. The interest earned from our top 10 borrowers constituted approximately 65.62% of the Total Interest Earned for the FY 2023-24.

While our Company has done substantial business with these customers in the past, we do not have any legally binding long-term agreements or commitments to supply capital / funds to them in the future and we cannot assure that we would receive any business at all from any of these customers in the future, or receive business from them on terms and conditions commercially acceptable to us.

Secondly, due to the major portion of loans being short term and not severely secured, we rely substantially on our promoter and key manager's judgment and long- term relations with such clients to whom we lend money. We do not have a large retail loan portfolio i.e. to the public at large and are hence a niche loan provider to a specific class of customers, and we shall hence be more dependent on regular business from such customers. Loss of one or more of our major customers would have a material adverse effect on our business, results of operations and financial condition.

- 17) ***We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.***

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on representation and/or information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. All of our loans are unsecured, however in future for ascertaining the creditworthiness and encumbrances on collateral we may depend on the representations by the customer, third parties and we also exercise our own judgement and experience in relation to the representations (whether written or otherwise) by the customer, the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

- 18) ***Conflicts of interest with our company and our corporate Promoter.***

There are no other RBI registered NBFC companies which are promoted by our promoters. However, the Memorandum of Associations of our corporate promoter has certain Object Clauses which would allow it to undertake a similar business as us. We have not entered into any non-compete agreements with our Corporate Promoter and hence, to that extent there exists a potential conflict of interest. We shall endeavour to ensure that most of such conflicts are addressed in a mutually acceptable manner, however, we may not be able to resolve certain situations, for e.g. there can be no assurance that a good investment opportunity in which our corporate promoter may participate would be shared with our company or that our corporate promoter could offer Inter corporate Deposits to companies at better terms than we would. Further, all corporate companies, irrespective of their main objects, have permissions through their ancillary objects to provide ICDs to other corporate companies and earn short term or longer- term interest income. Hence, to

that extent, even our group companies (who are not in financial business) may compete with us in giving loans to corporate bodies. Potential conflicts of interests between our company and our corporate promoter could hence adversely affect our business prospects.

**19) *Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures.***

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("KYC Directions") and the adoption of anti-money laundering policies and compliance procedures may not be completely effective. In the event, if any regulatory authorities believes that we are not complying with required money laundering compliances and/or KYC Compliances, there may be civil and criminal penalties for non-compliance and our business and results of operations could be adversely affected.

**20) *The new bankruptcy code in India may affect our rights to recover loans from borrowers.***

The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI vide notification dated March 24, 2020 ("Notification") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000. Therefore the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less the ₹1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

**21) *We have entered into certain related party transactions and may continue to do so.***

We have entered into related party transactions with our Promoters, its group members/ entities, Directors and other associates. While we believe that all such transactions have been conducted on the arms length basis, however it is difficult to ascertain whether more favourable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will continue to enter into

related party transactions in the near future. For further details regarding the related party transactions, see the disclosure on related party transactions contained in the financial statements included in this Letter of Offer, beginning on Page No. 79 of this Letter of Offer

The following is the summary of related party transactions:-\

<b>(In lakhs)</b>		
<b>Particulars</b>	<b>F.Y. 2023-24</b>	<b>F.Y. 2022-23</b>
Salary and Remuneration Paid- Rohit Jain	0.78	1.56

**22) *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our Company has not paid any dividend since incorporation. However, our ability to pay dividends in the future will depend on number of factors, including our profit after tax for the fiscal year, utilization of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Further, dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. We cannot assure you that we will be able to pay dividends in the near or medium term or future, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

**23) *We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.***

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits.

**24) *Any losses in the future may have a significant adverse impact on our financial condition and may lead to further erosion of our net worth .***

Our company may incur losses in the future. There can be no assurance that the company will not incur losses in any future periods, or that there will not be any other adverse effect on our financial condition. Given the industry we are functioning in where there are chances of bad debts and fluctuation in demand and supply .

**25) *We have experienced negative cash flows in prior years***

As per our Audited Financial Statements our Company has experienced negative cash flow for the Financial Years ended on March 31, 2024, March 31, 2023 details of which are specified as under:

<b>(₹ in Lakhs)</b>		
<b>Cash flow</b>	<b>F.Y. 2023- 24</b>	<b>F.Y. 2022-23</b>
Net cash flow from Operating Activity	(1157.34)	(904.22)
Net cash flow from Investing Activity	968.14	698.84
Net cash flow from Financing Activity	132.17	72.84

**26) *We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

We face competition from other NBFCs, microfinance companies as well as both commercial and small finance banks. In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance may be adversely affected.

**27) *We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.***

We are exposed to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

**28) *We face risks associated with potential acquisitions, investments, strategic partnerships, or other ventures that could adversely affect our results of operations.***

We may acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. The general trend towards consolidation in the financial services industry increases the importance of our ability to successfully complete such acquisitions and investments. We may not identify suitable acquisition, investment or strategic partnership, candidates, or if we do identify suitable candidates, we may not complete those transactions on commercially acceptable terms or at all. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

**29) *Our business requires substantial capital, and any disruption in funding sources would have a material and adverse effect on our liquidity and financial condition.***

The liquidity and ongoing profitability of our business are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of shareholder funding, secured and unsecured loan funds, with equity being a pre-dominant source. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders'

perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. Further as we grow, we may have to finance our funding from debt also. Any disruption in our primary funding sources at competitive costs would have a material adverse effect on our liquidity and financial condition.

- 30) *Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance, and results of operations.***

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation is essential to our business. The reputation of our Company could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, declines our market perception and customer acceptance of our brands may also decline.

- 31) *Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be impaired.***

Certain of our agreements, including, but not limited to, the Loan Agreements and KYC Documents etc may not be adequately stamped or registered under Indian law. In the event of any such irregularity, we may not be able to enforce our rights under such agreements, businesses or properties in the event of a dispute with a third party unless we pay the applicable duty as well as a penalty of up to ten times the amount of the stamp duty.

- 32) *System failures or inadequacy and security breaches in computer systems may adversely affect our business.***

Our trade portfolio dashboard, financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our online trading systems, computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

- 33) *Our inability to effectively implement our growth strategies or manage our growth could have an adverse effect on our business, results of operations and financial condition.***

Our growth strategy envisages a very strong asset size and operational income growth. However, there could be a possibility that we may not grow at a comparable rate to our growth rate in the past or the required growth rate to effectively compete in the market either in terms of profit or income. Further, such growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

- 34) *We are dependent on our Promoter, our senior management, directors and key personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.***

Our management team, and key personnel have been instrumental in the growth and development of our Company. Our management team comprises our Managing Director Virendra Kumar Soni, our Chief Financial Officer Somnath Chitrakar. In particular, the active involvement of our management team and key personnel in our operations, including through strategy, direction, and relationships have been integral to our development and business. The loss of any of these persons would have a material adverse effect on our operations. Our businesses are dependent upon a core and senior management team which oversees the day-to-day operations, strategy and growth of our business. Our success is largely dependent on our management team which ensures the implementation of our strategy. If one or more members of our key management team were unable or unwilling to continue in their present positions, such persons would be difficult to replace and our business, results of operations, financial condition, cash flows and prospects could be adversely affected. Our future success, amongst other factors, will depend on our ability to continue to attract and retain qualified personnel, particularly persons with critical expertise, know-how and skills that are capable of helping us to strategize, and develop our business and various business vertical products. Our failure to successfully manage our personnel needs could materially and adversely affect our business, results of operations, financial condition and cash flows. Moreover, if any of our key professional employees were to join an existing competitor or form a competing company or otherwise leave, it could lead to setbacks in the implementation of our plans and strategy. Our failure to successfully manage our employees' needs could materially adversely affect our business, results of operations, financial condition, cash flows and prospects. If we are not able to address these risks, our business, results of operations, financial condition and cash flows could be adversely affected.

- 35) ***Our Promoter and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs. So long as the Promoters have a significant holding, they will be able to influence in election of the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoters' shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

- 36) ***Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control.

- 37) ***Any variation in the utilization of the Net Proceeds as disclosed in this Letter of Offer shall be subject to certain compliance requirements, including prior Shareholders' approval.***

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Letter of Offer without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Issue as prescribed in the SEBI (ICDR) Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to

undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition, and may adversely affect our business and results of operations.

- 38) *Our Company's management will have flexibility in utilizing the Net Proceeds. There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.***

The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above Rs. 10,000.00 lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Net Issue Proceeds to the BSE Limited and CSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

- 39) *Certain data mentioned in this Letter of Offer has not been independently verified.***

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the limitation that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

#### **ISSUE SPECIFIC RISK FACTORS**

- 40) *Our Company will not distribute the Offer Documents to certain overseas shareholders who have not provided an address in India for service of documents.***

Our Company will dispatch the Offer Documents to such shareholders who have provided an address in India for the service of documents or who are in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Offer Documents will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is a lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to the distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

- 41) *There is no public market for the Rights Equity Shares or Equity Shares outside India.***

After this Issue, there will continue to be no public market for our Equity Shares in the United States or any country other than India. In addition, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these Equity Shares till they are credited to the holders' account as fully paid-up, and thereafter there will also be no public market for the Rights Equity Shares outside of India. We cannot assure you that the face value of the Rights Equity Shares will correspond to the price at which the Rights Equity Shares will trade subsequent to this Issue. This may also affect the liquidity of our Rights Equity Shares and Equity Shares and restrict your ability to sell them.

- 42) *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The



proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further in case the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements.

- 43) ***SEBI has recently, by way of Rights Issue Circulars streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Rights Issue Circulars and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see 'Terms of the Issue' on page 142 of this Letter of Offer.

In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely being [ARC Finance Limited-Escrow Suspense Account]) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to:

- Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or
- Equity Shares held in the account of IEPF authority; or
- The demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or
- Equity Shares held by Eligible Equity Shareholders holding Equity Shares in the physical form on the Record Date the details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or
- Credit of the Rights Entitlements returned/reversed/failed; or
- The ownership of the Equity Shares currently under dispute, including any court proceedings.

- 44) ***Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

- 45) ***You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. We cannot assure you that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

- 46) ***Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of the Equity Shares and except the pending transfers).

For details, refer chapter titled “Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 142 of this of Letter of Offer.

- 47) ***Rights Entitlement of Physical Equity Shareholders may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with the SEBI Circular bearing reference number ‘SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020’, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Equity Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Equity Shareholders are requested to furnish the details of their demat account to the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least 1 (One) day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 03, 2018 issued by the SEBI, with effect from April 01, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares). For further details, please refer to the section titled ‘*Terms of the Issue*’ on page 142 of this Letter of Offer.

- 48) ***Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, the Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant’s demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant’s decision to invest in the Issue Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their Applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Issue Shares at a price that will be higher than the actual market price of the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants’ ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

- 49) ***Investors will be subject to market risks until the Issue Shares credited to their demat accounts are listed and permitted to trade.***

Investors can start trading the Issue Shares allotted to them only after they are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Issue Shares to the date when trading approval is granted for them. Further, we cannot assure you that the Issue Shares allocated to an Investor will be credited to the Investor's demat account or that trading in the Equity Shares will commence in a timely manner.

**50) *Your ability to acquire and sell the Issue Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.***

No actions have been taken to permit an offering of the Issue Shares in the Issue in any jurisdiction except India. As such, our Issue Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Issue Shares is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, please refer to the chapters entitled 'Notice to Investors', 'Other Regulatory and Statutory Disclosures' and 'Restrictions on Foreign Ownership of Indian Securities' on pages 137 and 176, respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Issue Shares made other than in compliance with applicable law.

**51)  *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

**52) *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.***

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- (b) changes in revenue or earnings estimates or publication of research reports by analysts;
- (c) speculation in the press or investment community;
- (d) general market conditions; and,
- (e) domestic and international economic, legal and regulatory factors unrelated to our performance.

**53) *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver the Letter of Offer to SEBI and the Stock Exchanges under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. The trading approvals shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchanges could adversely affect the trading price of the Equity Shares.\

**54) *No market for the Right Entitlements may develop and the price of the Right Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

We will not distribute the Issue Materials to overseas Shareholders who have not provided an address in India for service of documents. We will dispatch the Issue Materials to the shareholders who have provided an address in India for service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdiction where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

**55) *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**56) *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a Company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian Company than as shareholder of a corporation in another jurisdiction.

**57) *SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, our Equity Shares at a particular point in time.***

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell our Equity Shares at their preferred price or at all at any particular point in time.

**58) *Investors in the Rights Equity Shares may not be able to enforce a judgment of a foreign court against us or our management, except by way of a suit in India on such judgment.***

We are a limited liability company incorporated under the laws of India and majority of our directors and all executive officers are residents of India. It may be difficult for the investors to affect service of process upon us or such persons outside India or to enforce judgments obtained in courts outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore, Hong Kong, and the United Arab Emirates. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908. Judgments or decrees from jurisdictions, which do not have reciprocal recognition with India, cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us or our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within 3 (Three) years of obtaining such final judgment in the same manner as any other suit filed to enforce a civil liability in India. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of such a judgment.

#### **EXTERNAL RISK FACTORS**

**59) *Political instability or changes in the government or government policies could impact the liberalization of the Indian economy.***

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

**60) *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards ('IFRS'), which investors may be more familiar with and consider material to their assessment of our financial condition.***

The Financial Statements of our Company for the Financial Year ending March 31, 2024, March 31, 2023 have been prepared in accordance with the Ind AS, the Companies Act, 2013.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Financial Information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

- 61) ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

- 62) ***Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Currently, the Russia- Ukraine conflict has resulted in significant increase in a global oil prices which could have a significant impact on inflation and cost of production. Additionally, essential raw materials for the manufacture of various products could be affected globally due to the aforementioned European crisis which could have cascading effect on the Indian economy and the trading price of our Equity Shares.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

- 63) ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial condition.***

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and / or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could

affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial condition.

**64) *General economic conditions in India and globally could adversely affect our business, results of operations and financial condition.***

Our business, prospects, results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, results of operations and financial condition. Our Company mainly derives revenue from operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, volatility in currency exchange rates, volatility in commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our Company's employee costs and decrease our operating margins, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards the industry in which our Company operates, which may in turn, adversely affect our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, results of operations and financial condition as well as the market price of the Equity Shares.

**65) *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition. India's physical infrastructure is in a developing phase, as compared to that of many developed nations.***

Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could have an adverse effect on our results of operations and financial condition.

**66) *A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "negative" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

## SECTION IV – INTRODUCTION

### THE ISSUE

This Issue has been authorized by way of a resolution passed by our Board of Directors on 02<sup>nd</sup> day of September, 2024, in pursuance of Section 62 of the Companies Act, 2013.

The following is a summary of the Issue, which should be read in conjunction with, and is qualified in its entirety by, more detailed information in **‘Terms of the Issue’** on page 142 of this Letter of Offer.

<b>Equity Shares outstanding prior to the Issue</b>	50,49,50,000 (Fifty Crore Forty-Nine Lakhs Fifty Thousand) Equity Shares;	
<b>Rights Equity Shares offered in the Issue</b>	Up to [40,39,60,000] Rights Equity Shares; *	
<b>Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b>	[90,89,10,000] Equity Shares;	
<b>Rights Entitlement</b>	[4] ([Four]) Equity Share for every[5] ([Five]) Equity Share held on the Record Date;	
<b>Record Date</b>	[Thursday, 10 <sup>th</sup> October];	
<b>Face Value per Equity Share</b>	₹1.00/- (Rupees One only) each;	
<b>Issue Price per Equity Share</b>	Rs. [1.20] per Rights Equity Share .	
<b>Issue Size</b>	Up to ₹ 4847.52 Lakhs	
<b>Terms of the Issue</b>	Please refer to the section titled <b>‘Terms of the Issue’</b> beginning on page 142 of this Letter of Offer;	
<b>Use of Issue Proceeds</b>	Please refer to the section titled <b>‘Objects of the Issue’</b> beginning on page 51 of this Letter of Offer;	
<b>Security Code/ Scrip Details</b>	<b>ISIN</b>	INE202R01026
	<b>BSE Scrip ID</b>	ARCFIN
	<b>BSE Scrip Code</b>	540135
	<b>CSE Scrip Code</b>	011278
	<b>ISIN for Rights Entitlements</b>	[INE202R20018]

\* The Board of Director of the Company has passed the resolution in the Board Meeting held on 02<sup>nd</sup> September, 2024 for increase in Authorised Share Capital to Rs. 101 Crore, and the approval of shareholders has been taken in the Annual General Meeting held on 30<sup>th</sup> September, 2024.

#### TERMS OF PAYMENT

The full amount of Issue Price Rs. [1.20] per Rights Equity Share is payable on Application.

#### ISSUE SCHEDULE

<b>Issue Opening Date</b>	[Monday, 21 <sup>st</sup> October, 2024]
<b>Last date for On Market Renunciation of Rights</b>	[Tuesday, 12 <sup>th</sup> November, 2024]
<b>Issue Closing Date</b>	[Monday, 18 <sup>th</sup> November, 2024]



## GENERAL INFORMATION

Our company was originally incorporated as 'ARC Modellers & Services Limited' company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC, West Bengal on September 23, 1982. Further, our Company changed its name pursuant to approval of the shareholders at an extraordinary general meeting held on September 24, 1992 to ARC Finance Limited and a fresh certificate of incorporation was issued by RoC, West Bengal on March 03, 1993. The Company got listed on The Calcutta Stock Exchange on February 26, 1997 and listed on BSE Limited on October 04, 2016. The Corporate Identification Number of our Company is (CIN) L51909WB1982PLC035283 and its registration number is 035283.

ARC Finance Limited (ARCFL) is a Non-Banking Financial Company (NBFC) registered with RBI to carry on the business of NBFC without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934 bearing Registration no. B- 05.01915 dated April 30, 1998.

### REGISTERED OFFICE

<b>Company</b>	ARC Finance Limited
<b>Registered Office Address</b>	18, Rabindra Sarani, Poddar Court Gate No. 4, 4 <sup>th</sup> Floor, Room No.3, Kolkata, West Bengal-700001, India
<b>Contact Number</b>	+91 8910637014
<b>Email-ID</b>	<a href="mailto:arcrightissue24.25@gmail.com">arcrightissue24.25@gmail.com</a>
<b>Website</b>	<a href="http://www.arcfinance.in">www.arcfinance.in</a>
<b>Corporate Identification Number</b>	L51909WB1982PLC035283

The Company does not have a separate corporate office. Hence, the registered office and corporate office is one and same.

### ADDRESS OF THE REGISTRAR OF COMPANIES

#### Registrar of Companies, Kolkata

Our Company is registered at the Registrar of Companies, Kolkata located at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.B. Road, Kolkata - 700020, West Bengal.

### BOARD OF DIRECTORS

Name	Age	Designation	DIN	Address
Virendra Kumar Soni	47	Executive Director- Chairperson- Managing Director	08554333	2/A Kanailal Seth Street, Barabazar, Kolkata, West Bengal-700007, India
Surojit Sarkar	29	Executive Director	09672539	32 Harish Chatterjee Road Kalighat, Kolkata, West Bengal-700026, India
Somnath Chitrakar	27	Executive Director	09678491	2/A Parbati Chakraborty Lane, Kalighat, Kolkata, West Bengal-700026, India
Gopal Singh	34	Non-Executive - Independent Director	06739896	Shastrinagar (Purba), Barabahera, Uttarpara, Hooghly, West Bengal-712246, India
Asis Banerjee	51	Non-Executive - Independent Director	05273668	Chunabhati Podrah, Bally Jagachha, West Bengal-711109, India
Aparna Sharma	52	Non-Executive - Independent Director	07006877	Janmabhumi Appertment 402 33 Dewanjee, Street, Rishra, Serampur, Uttarpara, Hooghly, West Bengal-712248, India

For further details of our Board of Directors, please refer to the section titled **‘Our Management’** beginning on page 69 of this Letter of Offer.

COMPANY SECRETARY AND COMPLIANCE OFFICER	CHIEF FINANCIAL OFFICER
<b>SWEETY AGARWAL</b> <b>Address:</b> 84P, Bhairab Dutta Lane, Howrah, Haora (M.Corp), West Bengal– 711106, India <b>Contact Number:</b> :- 9748680726 <b>Email:</b> <a href="mailto:arcfinancelimited@gmail.com">arcfinancelimited@gmail.com</a>	<b>Somnath Chitrakar</b> <b>Address:</b> 2/A Parbati Chakraborty Lane, Kalighat, Kolkata, West Bengal-700026, India <b>Contact Number:</b> 8910637014 <b>Email-ID:-</b> <a href="mailto:arcfinancelimited@gmail.com">arcfinancelimited@gmail.com</a>
STATUTORY AUDITORS	
<b>M/s SSRV &amp; Associates</b> <b>Address:</b> Office No. 2015, 2nd Floor, Gundecha Ind. Estate. Akurli Road, Kandivali (E.), Mumbai – 400101, India <b>Peer Review Number:</b> 014729 <b>Firm Registration Number:</b> 135901W <b>Contact Person:</b> Mr. Vishnu Kant Kabra <b>Membership Number:</b> 403437 <b>Contact Number:</b> 022-47818886 <b>E-mail ID:</b> <a href="mailto:ssrvandassociates@gmail.com">ssrvandassociates@gmail.com</a>	
REGISTRAR TO THE COMPANY	REGISTRAR TO THE ISSUE
<b>ABS Consultant Private Limited</b> <b>Address:</b> 4 B B D Bag (East), Stephen House, R.No.99, 6 <sup>th</sup> Floor, Kolkata, West Bengal, India, 700001 <b>Contact Number:</b> (033) 2230-1043, 2243-0153 <b>E-mail ID:</b> <a href="mailto:absconsultant@vsnl.net">absconsultant@vsnl.net</a> <b>Contact Person:</b> Uttam Chand Sharma; <b>SEBI Registration Number:</b> INR000001286; <b>Corporate Identification Number:</b> U74140WB1991PTC053081;	<b>Skyline Financial Services Private Limited</b> <b>Address:</b> D 153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi - 110 020, India <b>Tel.:</b> +011- 26812682/83 <b>Fax:</b> +91 011-26812682 <b>Web:</b> <a href="http://www.skylinerta.com">www.skylinerta.com</a> <b>Email:</b> <a href="mailto:info@skylinerta.com">info@skylinerta.com</a> <b>SEBI Registration No:</b> INR000003241 <b>Contact Person:</b> Mr. Anuj Rana, 9953022028
LEGAL ADVISOR TO THE ISSUE	BANKER TO THE ISSUE AND REFUND BANKER
<b>US &amp; Co.</b> <b>(Upadhyay Solicitors &amp; Co.)</b> <b>Address:</b> Room No. 35, 36 & 37, Floor 3 <sup>rd</sup> 8/2 Kiran Shankar Roy Road, Near High Court, Kolkata-700001, India <b>Contact Number:</b> +91 9883888088 <b>E-mail ID:</b> <a href="mailto:us.co2011.au@gmail.com">us.co2011.au@gmail.com</a> <b>Contact Person:</b> Mr. Arun Kumar Upadhyay-Advocate/Partner	<b>Name:</b> [Axis Bank Limited] <b>Address:</b> [Prasad Chambers, 10A, Shakespeare Sarani, Kolkata-700071 <b>Contact Number:</b> [+91 9830019403] <b>E-mail:</b> [Rana.Paul@axisbank.com] <b>Website:</b> [www.axisbank.com] <b>Contact Person:</b> [Rana Paul]

#### INVESTOR GRIEVANCES

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Issue Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please refer to the section titled **‘Terms of the Issue’** beginning on page 142 of this Letter of Offer.

#### EXPERT TO THE ISSUE

Except as stated below, our Company has not obtained any expert opinions.

Our Company has received a written consent dated 02<sup>nd</sup> September, 2024, from its Statutory Auditor, M/S S S R V & Associates, Chartered Accountants, holding a valid peer review certificate from ICAI bearing no. 014729, to include their name as required under Section 26(5) of the Companies Act in this Letter of Offer as an ‘expert’, as defined under Section 2(38) of the Companies Act, to the extent and in their capacity as statutory auditor of our Company and in respect of their reports on the Audited Financial Statements and the statement of special tax benefits and such consent has not been withdrawn as on the date of this Letter of Offer.

#### **SELF-CERTIFIED SYNDICATE BANKS**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

#### **ISSUE SCHEDULE**

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

<b>Last Date for credit of Rights Entitlements</b>	[On or before Monday, 21 <sup>st</sup> October, 2024]
<b>Issue Opening Date</b>	[Monday, 21 <sup>st</sup> October, 2024]
<b>Last Date for On Market Renunciation of Rights Entitlements#</b>	[Tuesday, 12 <sup>th</sup> November, 2024]
<b>Issue Closing Date*</b>	[Monday, 18 <sup>th</sup> November, 2024]
<b>Finalization of Basis of Allotment (on or about)</b>	[Thursday, 21 <sup>st</sup> November, 2024]
<b>Date of Allotment (on or about)</b>	[Thursday, 21 <sup>st</sup> November, 2024]
<b>Date of credit (on or about)</b>	[Tuesday, 03 <sup>rd</sup> December, 2024]
<b>Date of listing/ Trading (on or about)</b>	[Tuesday, 03 <sup>rd</sup> December, 2024]

*Note:*

*#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date;*

*\*Our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

*The above schedule is indicative and does not constitute any obligation on our Company.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., [18<sup>th</sup> November, 2024] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (One) day before the Issue Closing Date, i.e., [18<sup>th</sup> November, 2024].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, please refer to the section titled ‘*Terms of the Issue*’ beginning on page 142 of this Letter of Offer. Please note that if no Application is made by the Eligible Equity Shareholders and Eligible Employees of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Rights Shares offered under Rights Issue for subscribing to the Rights Shares offered under Issue. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders and Eligible Employees on

the website of the Registrar at [www.skylinerta.com](http://www.skylinerta.com) after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the paragraph titled see 'Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders' under the section titled '*Terms of the Issue*' beginning on page 142 of this Letter of Offer.

#### **STATEMENT OF RESPONSIBILITIES**

Not Applicable.

#### **REGISTERED BROKERS**

In accordance with SEBI circulars bearing reference numbers CIR/CFD/14/2012 dated October 04,2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10,2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the BSE accessible at [www.bseindia.com](http://www.bseindia.com) respectively, as updated from time to time.

#### **REGISTRAR AND SHARE TRANSFER AGENTS**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of BSE Limited at <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, as updated from time to time.

#### **COLLECTING DEPOSITORY PARTICIPANTS**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of BSE Limited.

#### **CREDIT RATING**

As this proposed Issue is of Rights Shares, the appointment of a credit rating agency is not required.

#### **DEBENTURE TRUSTEE**

As this proposed Issue is of Rights Shares, the appointment of debenture trustee is not required.

#### **MONITORING AGENCY**

Since the Issue size does not exceed ₹100,00,00,000 (Rupees One Hundred Crores), there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI (ICDR) Regulation.

#### **APPRAISING ENTITY**

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

#### **UNDERWRITING**

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

#### **CHANGES IN THE AUDITORS DURING THE LAST 3 (THREE) FINANCIAL YEARS**

During the 3 (Three) Financial Years immediately preceding the date of this Letter of Offer M/s. Manabendra Bhattacharyya & Co. were appointed as the statutory auditor of the company for the financial year 2019-20 to 2023-24. However, M/s. Manabendra Bhattacharyya & Co. has given resignation from the post of Statutory Auditor on 30<sup>th</sup> January, 2023. M/s. S S R V & Associates has been appointed for the period of 5 years to fill the casual vacancy caused due to resignation given by the M/s. Manabendra Bhattacharyya & Co. for the FY 2022-23 to 2026-27.

#### **FILING**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 2020, has amended Regulation 3 (b) of the SEBI (ICDR) Regulations as per which the threshold of the rights issue size under Regulation 3 of the SEBI (ICDR) Regulations has been increased from ₹ 10,00,00,000.00/- (Rupees Ten Crores Only) to ₹ 50,00,00,000.00/- (Rupees Fifty Crores Only). Since the size of this Issue falls under the said threshold, the Letter of Offer had been filed with the BSE and CSE and will not be filed with SEBI.

#### **MINIMUM SUBSCRIPTION**

The objects of the Issue are meeting the Repayment of Unsecured Loans, Augmentation of the capital base and General Corporate Purpose, and do not involve financing of capital expenditure for a project. However, our promoter has indicated that he will not subscribe fully to their portion of right entitlement. Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is applicable to the Issue.

If our Company does not receive the minimum subscription of at least 90% of the Equity Shares being offered under this Issue, on an aggregate basis, of the Issue Size, or the subscription level falls below 90% of the Issue Size, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period, at such rates as prescribed under the applicable laws.

## CAPITAL STRUCTURE

The capital structure of our Company and related information as on date of this Letter of Offer, prior to and after the proposed Issue, is set forth below:

Particulars	Aggregate Nominal Value (₹in Lakhs)	Aggregate Value at Issue Price (₹in Lakhs)
<b>* Authorized Equity Share capital</b>		
Equity Shares of Re.1/- (Rupee One) each	Rs. 10,100	-
<b>Issued, subscribed and paid-up Equity Share capital before this Issue</b>		
50,49,50,000 (Fifty Crore Forty-Nine Lakhs Thousand Fifty Hundred) Equity Shares of Rs.1/- (Rupee One) each	Rs. 5049.50	-
<b>Present Issue in terms of this Letter of Offer<sup>(a) (b)</sup></b>		
[40,39,60,000] ([Forty Crore Thirty Nine Lakhs Sixty Thousands]) Issue of Rights Equity Shares, each at a premium of ₹[0.20]/- ( [Twenty Paise only]) per Rights Equity Share, at an Issue Price of ₹[1.20]/- (Rupees [One and Twenty Paise only]) per Rights Equity Share	₹[4039.60]	₹[4847.52]
<b>Issued, subscribed and paid-up Equity Share capital after the Issue<sup>1</sup></b>		
[90,89,10,000] ([Ninety Crore Eighty Nine Lakhs Ten Thousands only]) Equity Shares	₹[9089.10]/-	
<b>Securities premium account</b>		
Before the Issue		0
After Rights Issue		₹[807.92]/-
After all Calls made in respect of Rights Shares		₹[807.92]/-

\* Our company has proposed to increase of authorized capital from Rs. 51 crores to Rs. 101 crores in its Board meeting held on September 02, 2024, and approval of shareholders has been taken in the Annual General Meeting held on September 30, 2024.

Notes:

- (a) The present Issue has been authorized by the Board of Directors of the Company by a resolution passed in its meeting held on 02<sup>nd</sup> September, 2024;
- (b) Assuming full subscription and receipt of monies with respect to Rights Shares;
- (c) As per Unaudited Financial results for the six months ended 30, June 2024.
- (d) Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses;

### NOTES TO THE CAPITAL STRUCTURE

1. The Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer.
2. At any given time, there shall be only one denomination of the Equity Shares.
3. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
4. As on the date of this Letter of Offer, our Company has not issued any special voting Rights Shares and there are no outstanding Equity Shares having special voting rights.
5. The ex-rights price arrived in accordance with the formula prescribed Regulation 10 (4) (b) of the SEBI (SAST) Regulations, in connection with the Issue is ₹ [1.39] (Rupees [Rupees One and Thirty Nine Paise] Only).

**6. Details of outstanding warrants, outstanding instruments with an option to convert or securities which are convertible at a later date into Equity Shares**

As on the date of this Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with an option to convert or securities which are convertible at a later date into Equity Shares;

**7. Details of stock option scheme of our Company**

As on the date of this Letter of Offer, our Company does not have a stock option scheme.

**8. Details of Equity Shares held by the promoter and promoter group including the details of lock-in, pledge of and encumbrance on such Equity Shares**

As on the date of this Letter of Offer, none of the Equity Shares held by the members of the Promoter and Promoter Group of the Company are locked-in, pledged and encumbered.

**9. Details of Equity Shares acquired by the Promoter and promoter group in the last one year prior to the filing of this Letter of Offer**

The Promoter and Promoter Group of the Company have not acquired any Equity Shares in the last one year prior to the filing of this Letter of Offer.

**10. Intention and extent of participation by the promoter and promoter group**

The Promoter of our Company have, vide their letters dated 02<sup>nd</sup> September, 2024 ("Subscription Letters") indicated that they will not subscribe fully to their portion of right entitlement. Further, the promoter has confirmed that do not intend to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any).

Our Company is in compliance with Regulation 38 of the SEBI (LODR) Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

As such, other than meeting the requirements indicated in the chapter titled "Objects of the Issue" at page 51 of this Letter of Offer, there is no other intention / purpose for the Issue, including any intention to delist our Equity Shares.

Further, with respect to the Minimum subscription, this is to submit that the objects of the Issue are meeting the Repayment of Unsecured Loans, Augmentation of the capital base and General Corporate Purpose, and do not involve financing of capital expenditure for a project, However, our promoter has confirmed that they will not subscribe fully to their portion of right entitlement. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, our Company would require to achieve minimum subscription of at least 90% of the issue.

**11. Shareholding Pattern of our Company as per the last filing made with BSE Limited and CSE in compliance with the provisions of SEBI (LODR) Regulations**

The shareholding pattern of our Company as on June 30, 2024, i.e., as per the last filing with BSE Limited in compliance with the provisions of SEBI (LODR) Regulations, which can be accessed on its website is specifically mentioned as follows:

Particulars of Statement showing shareholding pattern of	URL of BSE Limited's Website	URL of CSE Limited's Website
The Company	<a href="https://www.bseindia.com/stock-share-price/arc-finance-ltd/arcfin/540135/shareholding-pattern/">https://www.bseindia.com/stock-share-price/arc-finance-ltd/arcfin/540135/shareholding-pattern/</a>	<a href="https://listingcompliance.cse-india.com/xbrl/SHQuarterlyReport#:~:text=182228,503170180">https://listingcompliance.cse-india.com/xbrl/SHQuarterlyReport#:~:text=182228,503170180</a>



Particulars of Statement showing shareholding pattern of	URL of BSE Limited's Website	URL of CSE Limited's Website
The Promoter and Promoter Group	<a href="https://www.bseindia.com/corporate/s/shpPromoterNGroup.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024">https://www.bseindia.com/corporate/s/shpPromoterNGroup.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024</a>	<a href="https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Promoter%20Group(A)-,2,60718750">https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Promoter%20Group(A)-,2,60718750</a>
The Public shareholder	<a href="https://www.bseindia.com/corporate/s/shpPublicShareholder.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024">https://www.bseindia.com/corporate/s/shpPublicShareholder.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024</a>	<a href="https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=3)%2B(B)(4)-,182226,442451430,">https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=3)%2B(B)(4)-,182226,442451430,</a>
The Non-Promoter – Non Public shareholder	<a href="https://www.bseindia.com/corporate/s/shpNonProPublic.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024">https://www.bseindia.com/corporate/s/shpNonProPublic.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024</a>	<a href="https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Non%20Public(C)-,0,0,">https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Non%20Public(C)-,0,0,</a>
Disclosure by Trading Members (TM) holding 1.00% (One Percent) or more of the Total number of Equity Shares	<a href="https://www.bseindia.com/corporate/s/shpdrPercent.aspx?scripcd=540135&amp;qtrid=122.00&amp;CompName=ARC%20Finance%20Ltd&amp;QtrName=June%202024&amp;Type=TM">https://www.bseindia.com/corporate/s/shpdrPercent.aspx?scripcd=540135&amp;qtrid=122.00&amp;CompName=ARC%20Finance%20Ltd&amp;QtrName=June%202024&amp;Type=TM</a>	<a href="https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Non%20Public(C)-,0,0,">https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Non%20Public(C)-,0,0,</a>
Statement showing foreign ownership	<a href="https://www.bseindia.com/corporate/s/shpforeignownership.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024">https://www.bseindia.com/corporate/s/shpforeignownership.aspx?scripcd=540135&amp;qtrid=122.00&amp;QtrName=June%202024</a>	<a href="https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Non%20Public(C)-,0,0,">https://listingcompliance.cseindia.com/xbrl/SHQuarterlyReport#:~:text=Non%20Public(C)-,0,0,</a>

Details of Public shareholders holding more than 1.00% of the pre-Issue paid up capital of our Company as on date of this Letter of Offer:

Category of shareholder	No. of shareholders	No. of fully paid-up Equity Shares held	Total no. Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
<b>Bodies Corporate</b>	4	5,57,65,940	5,57,65,940	11.04%	5,57,65,940	11.04%	5,57,65,940



## SECTION V – PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Company proposes to utilize the net proceeds from the issue towards funding the following objects:

1. Repayment of unsecured loans availed by our Company;
2. Augmentation of Capital Base of our Company; and
3. General Corporate Purposes.

(Collectively, referred to hereinafter as the “**Objects**”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

#### NET PROCEEDS

The details of the proceeds of the Issue are set forth in the following table:

Particulars	Amount upto (₹ in Lakhs)
Gross Proceeds from the Issue#	4847.52
Less: Estimated Issue related Expenses	27.00
<b>Net Proceeds from the Issue</b>	<b>4820.52</b>

*\*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

*# To be finalised upon determination of the Issue Price and updated in this Letter of Offer.*

#### REQUIREMENT OF FUNDS AND UTILISATION OF NET PROCEEDS

The intended use of the Net Proceeds of the Issue by the Company is set forth in the following table:

Sr. No.	Particulars	Amount upto (₹ in Lakhs)
1.	Repayment of Unsecured Loans availed by our company	1649.45
2.	Augmentation of Capital Base	2093.55
3.	General Corporate Purposes#	1077.52.00
<b>Total Net Proceeds</b>		<b>4820.52</b>

*#The amount shall not exceed 25% of the Gross Proceeds.*

#### MEANS OF FINANCE

The fund requirements of the Objects detailed above are intended to be funded from the proceeds of the Rights Issue. Hence, no amount is required to be raised through means other than the Issue Proceeds. Accordingly, the requirements under Regulation 62(1)(c) of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the Issue Proceeds and existing identifiable internal accruals) are not applicable.

#### SCHEDULE OF IMPLEMENTATION OR DEPLOYMENT OF NET PROCEEDS

The following table provides the schedule of utilisation of the Net Proceeds:

Particulars	Amount to be funded from Net Proceeds	(₹ in Lakhs)
		Proposed Schedule for deployment of the Net Proceeds Financial Year 2024-25
Repayment of unsecured loans availed by our Company	1649.45	1649.45

Augmentation of Capital Base	2093.55	2093.55
General Corporate Purposes	1077.52	1077.52
<b>Total Net Proceeds</b>	<b>4802.52</b>	<b>4802.52</b>

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in the light of changes in external circumstances or costs or other financial conditions and other external factors.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

#### DETAILS OF THE OBJECTS OF THE ISSUE

The details in relation to objects of the Issue are set forth herein below:

##### 1. Repayment/pre-payment, in full or part, of certain identified Unsecured loans availed by our company.

Our Company proposes to utilize an estimated amount of ₹ 1649.45 Lakhs from the Net Proceeds of the Issue towards full repayment of certain identified unsecured loans. These unsecured loans were raised by our Company for the purpose of the business of the Company.

The following table provides details of the relevant terms of the unsecured loans that have been availed by our company, out of which we may repay/ prepay, in full or in part, any or all of its respective loans/facilities, without any obligation to pay/ repay any particular lender in priority to the other:

(₹ in Lakhs)

Sr no.	Name of the Lender	Tenure	Purpose of Loan	Interest Rate (%) p.a.	Outstanding amount as on 30 <sup>th</sup> June, 2024	Loan amount to be repaid
1	Goodpoint Commodore Private Limited	On Demand	Business Purpose	8%	394.39	394.39
2	Kalpataru Engineering Ltd	On Demand	Business Purpose	7%	922.88	922.88
3	Krushana Infra Property Private Limited	On Demand	Business Purpose	8%	72.00	72.00
4	Omkara dealer Private Limited	On Demand	Business Purpose	7%	149.50	149.50
5	Starrose Dealer Private Limited	On Demand	Business Purpose	8%	77.88	77.88
6	Surakshit Merchants Private Limited	On Demand	Business Purpose	9%	32.80	32.80
	<b>Total</b>				<b>1649.45</b>	<b>1649.45</b>

##### 2. Augmentation of Capital Base.

We are a Non Deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI. On April 30, 1998 our Company secured the registration as a Non Deposit accepting Non- Banking Financial Company with RBI bearing Registration Number: 05.01915. We are involved in the business of providing unsecured financing to individuals and businesses and investing as well as trading in Securities.

Our Company intend to utilise ₹ 2093.55 lakhs from the Net Proceeds towards augmentation of capital base to meet our future capital requirements for our business activities, which are expected to arise out of growth of our business and assets, including but not limited to expansion of the financing business and/or to provide for funding of fresh loans to our customers.

The amount raised will primarily be used to expand our business operations. Our Company proposes to expand its loan portfolio to provide loans to retail businesses at competitive rate of interest. This is expected to arise out of growth of our business and assets.

No portion of the amount earmarked towards this object will be utilised for giving loans to our Promoters, Subsidiaries, Associates, Group Companies and Promoter Group Companies.

### 3. General Corporate Purposes.

In terms of Regulation 62(2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes shall not exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

### INTEREST OF PROMOTERS, PROMOTER GROUP AND DIRECTORS IN THE OBJECTS OF THE ISSUE

None of our Promoter, Promoter group and Directors have any interest in the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter group, Directors and Key Managerial Personnel of our Company.

### ISSUE RELATED EXPENSES

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount* (₹ in Lakhs)	As a percentage of total expenses*	As a percentage of Issue size*#
Fees of the Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	[9.778]	[36.53]	[0.20]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[11.17]	[41.73]	[0.23]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[5.818]	[21.74]	[0.12]
<b>Total estimated Issue expenses^</b>	<b>[26.76]</b>	<b>[100]</b>	<b>[0.55]</b>

\* Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.

^Excluding taxes

#Assuming full subscription.

## **INTERIM USE OF FUNDS**

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

## **BRIDGE FINANCING FACILITIES**

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds.

## **MONITORING OF UTILISATION OF FUNDS**

Since the Issue is for an amount not exceeding ₹10,000 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

## **APPRAISING ENTITY**

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

## **STRATEGIC OR FINANCIAL PARTNERS**

There are no strategic or financial partners to the Objects of the Issue.

## **OTHER CONFIRMATIONS**

No part of the Net Proceeds of the Issue will be paid by our Company to our Promoters, Promoter group, our Directors or Key Managerial Personnel.

Our Promoters, Promoter group and our Directors do not have any interest in the objects of the Issue.

There are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, Promoter group, our Directors and our Key Managerial Personnel.

STATEMENT OF TAX BENEFITS



**S S R V & Associates**  
Chartered Accountants

To,  
The Board of Directors,  
**ARC Finance Limited**  
18, Rabindra Sarani, Poddar Court gate no.4,  
4th floor, Room no.3, Kolkata, West Bengal -700001

Dear Sir/ Ma'am,

**Subject: Statement of possible special tax benefits available for the Proposed rights issue of Equity Shares of ARC Finance Limited and its Eligible Equity Shareholders under the direct and indirect tax laws**

The preparation of the Statement is the responsibility of the management of the Company for the 'Issue', including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

We have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,' issued by the ICAI.

The Company has requested us to confirm statement attached in the Annexure I and II, are available to the Company and its shareholders.

We refer to the proposed right issue of equity shares of ARC Finance limited ('Company'). We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 ('Indirect Tax'), applicable for the Financial Year ending March 31, 2025, relevant to the assessment year ending March 31, 2026, presently in force in India ('Tax Laws'). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed rights issue.



609, B-Wing, Express Zone, Off. Western Express Highway, Malad (E), Mumbai - 400 097. Maharashtra  
E-mail: ssrvandassociates@gmail.com, ssrvandassociates@ssrv.in | Tel: 022-47818886,87,88,89



We do not express any opinion or provide any assurance as to whether:

1. The Company or its shareholders will continue to obtain these benefits in future;
2. The conditions prescribed for availing the benefits have been / would be met with; and
3. The revenue authorities/courts will concur with the views expressed herein.

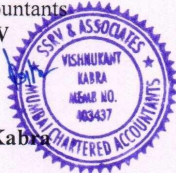
The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We hereby consent to the extracts of this certificate being used in the Draft Letter of Offer/ Letter of Offer of the Company in connection with the Issue or in any other documents in connection with the Issue, and the submission of this certificate as may be necessary, to any regulatory authority and / or for the records to be maintained by the in connection with the Issue and in accordance with applicable law, and for the purpose of any defence they may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

This certificate may also be relied upon by the Company and the legal counsel in relation to the Issue.

The above certificate shall not be used for any other purpose without our prior consent in writing and we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For S S R V & Associates**  
Chartered Accountants  
FRN: 135901W



**Vishnu Kant Kabra**  
Partner  
Membership No: 403437  
Place: Mumbai  
Date: 02<sup>nd</sup> September, 2024  
UDIN: 24403437BKAKFX9133

ANNEXURE I

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ARC FINANCE LIMITED('COMPANY') AND ITS SHAREHOLDERS

1. Under the Income Tax Act, 1961 ('Act')

a. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

b. Special tax benefits available to the shareholders under the Act

There are no special tax benefits available to the shareholders of the Company.

Notes

1. The statement of tax benefits enumerated above is as per the Direct Tax including amendments as set out in the Finance Act 2024.
2. The above statement is based upon the provisions of the specified Direct Tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure;
3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company;
4. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile;
5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes;





## ANNEXURE II

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ARC FINANCE LIMITED('COMPANY') AND ITS SHAREHOLDERS

1. Under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively referred to as 'Indirect Tax')

- a) Special tax benefits available to the Company under the Indirect Tax

There are no special indirect tax benefits available to the Company.

- b) Special tax benefits available to the shareholders under the Indirect Tax

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the share of the Company.

#### Notes

1. The statement of tax benefits enumerated above is as per the Indirect Tax including amendments as set out in the Finance Act 2024.
2. The above statement covers only above-mentioned Indirect Tax laws benefits and does not cover any direct tax law benefits or benefit under any other law;
3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice;
4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes;





## SECTION VI – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we, nor any of our or their respective affiliates or advisors nor any other person connected with Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Before deciding to invest in the Equity Shares, prospective investors should read this entire letter of offer, including the information in the sections 'Risk Factors' and 'Financial Information' on pages 22 and 79 respectively, of this Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section 'Risk Factors' on page 22 of this Letter of Offer. Accordingly, investment decisions should not be based on such information.*

#### Indian Economy

Strong economic growth in the first quarter of FY23 helped India overcome the UK to become the fifth-largest economy after it recovered from the COVID-19 pandemic shock. Nominal GDP or GDP at Current Prices in the year 2023-24 is estimated at Rs. 293.90 lakh crores (US\$ 3.52 trillion), against the First Revised Estimates (FRE) of GDP for the year 2022-23 of Rs. 269.50 lakh crores (US\$ 3.23 trillion). The growth in nominal GDP during 2023-24 is estimated at 9.1% as compared to 14.2% in 2022-23. Strong domestic demand for consumption and investment, along with Government's continued emphasis on capital expenditure are seen as among the key driver of the GDP in the first half of FY24. During the period January-March 2024, India's exports stood at US\$119.10 billion, with Engineering Goods (25.01%), Petroleum Products (17.88%) and Organic and Inorganic Chemicals (7.65%) being the top three exported commodity. Rising employment and increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers. The contact-based services sector has demonstrated promise to boost growth by unleashing the pent-up demand. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

India's appeal as a destination for investments has grown stronger and more sustainable because of the current period of global unpredictability and volatility, and the record amounts of money raised by India-focused funds in 2022 are evidence of investor faith in the "Invest in India" narrative.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

#### Introduction to the Financial Services Industry

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

(Source: <https://www.ibef.org/industry/financial-services-india>)

## *Historical Context*

Historically, NBFCs have been a vital cornerstone of the Indian financial ecosystem as important financial intermediaries channelizing savings and investments, especially for small-scale and retail sectors as well as underserved areas and unbanked sectors of the Indian economy.

A Non-Banking Financial company (NBFC) is a company registered under the Companies Act, 1956 or under Companies Act, 2013 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

In terms of Section 45-IA of the RBI Act, 1934, no Non-banking Financial Company can commence or carry on business of a non-banking financial institution without a) obtaining a certificate of registration from the Bank and without having a Net Owned Funds of ₹ 25 lakhs (₹ Two crore since April 1999). However, in terms of the powers given to the Bank, to obviate dual regulation, certain categories of NBFCs which are regulated by other regulators are exempted from the requirement of registration with RBI viz. Venture Capital Fund/Merchant Banking companies/Stock broking companies registered with SEBI, Insurance company holding a valid Certificate of Registration issued by IRDA, Nidhi companies as notified under Section 620A of the Companies Act, 1956, Chit companies as defined in clause (b) of Section 2 of the Chit Funds Act, 1982, Housing Finance Companies regulated by National Housing Bank, Stock Exchange or a Mutual Benefit Company.

A Company incorporated under the Companies Act, 1956 and desirous of commencing business of non-banking financial institution as defined under Section 45 I(a) of the RBI Act, 1934 should comply with the following:

1. it should be a company registered under Section 3 of the companies Act, 1956
2. It should have a minimum net owned fund of ₹ 200 lakh.

(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92> )

(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92> )

## *Evolution*

Over the years, NBFCs have evolved given the extensive changes in the regulatory framework for NBFCs in India which have moved from simplified regulations to stringent and extensive regulations as well as towards rationalisation per the currently revised NBFC regulatory framework. Given these high levels of regulation, NBFCs have also emerged as preferred options to meet credit needs since the low cost of operations has provided these NBFCs an edge over banks.

## *Financial Access and Supportive Government Schemes*

Additionally, NBFCs have gradually become important mechanisms to fuel growth and entrepreneurship due to the launch of government-backed schemes including Pradhan Mantri Jan-Dhan Yojana which has contributed to a significant increase in the number of bank accounts.

These NBFCs have also been key in being able to mitigate and manage the spread of risks during times of financial duress and have increasingly become recognized as complementary services to banks.

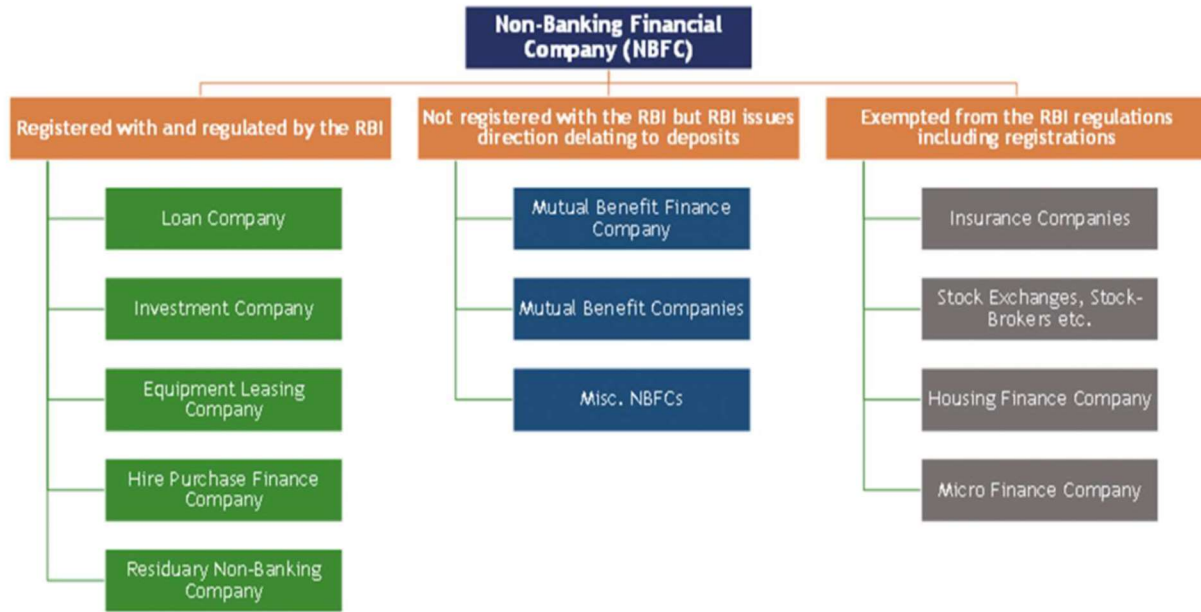
NBFCs have become integral for all business services, including loans and credit facilities, retirement planning, money markets, underwriting and merger activities. As such these companies play an important role in providing credit to the unorganized sector and for small borrowers at local level. Additionally, hire purchase finance is also the largest activity of NBFCs and the rapid growth of NBFCs has gradually blurred the lines between banks and NBFCs although commercial banks have retained importance. These NBFCs facilitate long term investment and financing, which is challenging for banking sector, and the growth of NBFCs widens range of products available for individuals/institutions with resources to invest.

## *Opportunities for NBFCs*

Ongoing stress in public sector banks (PSUs) because of increasing bad debt, lending in rural areas deterioration has provided NBFCs with the opportunity to increase presence. The success of these NBFCs vs. PSUs can be attributed to product lines, lower cost, wider and effective reach, strong risk management capabilities to check and control bad debts, and a better understanding of customer segments versus banks. NBFCs have witnessed success in the passenger and commercial vehicle finance segments as well as growing AUM in personal loan and housing finance sector. Additionally, improving macro-economic conditions, higher credit penetrations, consumption themes and disruptive digital trends have influenced NBFC credit growth. Stress in public sector units (PSUs), underlying credit demand, digital disruption for MSMEs and SMEs as well as increased

consumption and distribution access and sectors where traditional banks do not lend are major reasons for the switch from traditional banks to NBFCs.

**Present NBFC Classifications and Industry Structure**



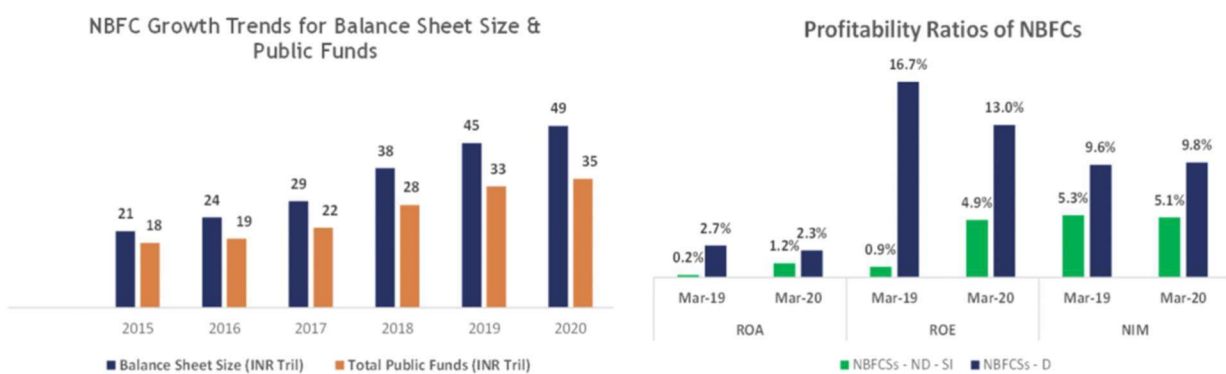
Source: RBI; Pradhan Mantri Jan Dhan Yojana; Indian Banks’ Association - Indian Banking Sector 2020

As of March 31, 2024, there were 9,327 NBFCs registered with the RBI categorized as Asset Finance Companies, Loan Companies, Infrastructure Finance Companies (IFCs), Systematically Important Core Investment Company (NBFC – CIC – ND – SI), Infrastructure Debt Fund (NBFC – IDF) and Micro Finance Institutions (NBFC – MFIs)

**NBFC Engines of Growth as Growth Drivers**

NBFCs have also been an integral cornerstone of key financing to MSMEs, and been driven by significant growth in rural, small scale and unbanked sectors. Structural catalysts include a large vibrant start-up and entrepreneurial ecosystem which has created NBFC demand and government policy initiatives such as Pradhan Mantri Yojana and National Rural Financial plan further augmenting the industry. These include diversified financial needs of Indian economy driven by growth in lending, credit, and vehicle financing. As a result of these growth drivers, we see that NBFCs have seen bigger balance sheets & increasing public funds. Improved profitability ratios of NBFCs have been observed for NBFC-ND-SIs across metrics for ROA, ROE and NIMs with impressive returns Y-o-Y returns between 2019-2020. For NBFC-Ds the ROA has been relatively flat, ROE has declined while NIMs improved Y-o-Y for 2019-2020.

Source: <https://www.investindia.gov.in/team-india-blogs/importance-nbfc-india>



Source: RBI; Pradhan Mantri Jan Dhan Yojana; Indian Banks’ Association - Indian Banking Sector 2020

Source : <https://www.investindia.gov.in/team-india-blogs/importance-nbfc-india> ; [https://m.rbi.org.in/scripts/BS\\_ViewBulletin.aspx?Id=21206#](https://m.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=21206#)

**Challenges in NBFC sector:**

- Business is highly regulated, and it may be adversely affected by future regulatory changes.
- Financial performance is vulnerable to interest rate risk, as most of the funding is from banking channels.

- Greater competition from NBFCs/banks/fintech could impact growth in AUM and profits.

### **The Road Ahead**

NBFC segments provides huge growth opportunities particularly after the development of last few years. We have witnessed reasonable degree of consolidation in the NBFC sector. Liability side stress in the sector has largely reduced in last couple of years led by focussed efforts from the regulators side. With the passing of the second COVID wave, the outlook is brightening. During the year under review, the balance sheet of NBFCs expanded at a faster rate than a year ago, driven essentially by growth in credit and investments of NBFCs-NDSI.

## OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section entitled **'Forward-Looking Statements'** on page 16 of this Letter of Offer, for a discussion of the risks and uncertainties related to those statements and also the sections entitled **'Risk Factors'**, **'Industry Overview'**, and **'Management's Discussion and Analysis of Financial Condition and Results of Operations'** on pages 22, 59 and 118, of this Letter of Offer, respectively, as well as financial and other information contained in this Letter of Offer as a whole, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise indicated or unless the context requires otherwise, the financial information included herein is based on our Audited Financial Statements included in this Letter of Offer. For further information, see **'Financial Statement'** on page 79 of this Letter of Offer.

### BUSINESS OVERVIEW

Our company was originally incorporated with the Registrar of Companies on 23rd September, 1982 as ARC Modellors & Services Limited with registration no. 035283. The name was changed to ARC Finance Limited. A fresh certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Kolkata, dated 19th day of February, 1993. The corporate identification number of our Company is L51909WB1982PLC035283. The Registered office of our Company is located at 18, Rabindra Sarani, Poddar Court Gate No.4, 4<sup>th</sup> Floor, Room No. 3, Kolkata, West Bengal-700001, India.

Our company is a NBFC registered with the RBI to carry out NBFC activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration No. 05.01915 dated 30-04-1998. We operate as a Non Deposit taking Non Banking Finance Company engaged primarily in the business of advancing loans and investing/trading in securities.

The objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We operate under the leadership of our Chairman and Managing Director, Mr. Virendra Kumar Soni, who possesses expertise in financing activities and has been involved with our company since 2019. He has played a crucial role in advancing our business operations, growth, and future prospects.

Our company advances loans involves providing funds to individuals or organizations, typically with the expectation of repayment over a specified period along with interest. This business focuses on assessing credit risk, setting interest rates, and managing repayment schedules to ensure profitability and minimize defaults. Also our company focus in investing and trading in securities involves buying and selling financial instruments like stocks, bonds, and derivatives. This aspect of the business aims to generate returns through capital gains, interest income, or dividends while managing market risks and optimizing portfolios.

Main objects of our company are: 1) To carry on all or any of the business is buyers, sellers, producers, suppliers, traders, importers, brokers, agents, stockists, Distributors & dealers of and in all kinds of agriculture produces, food products, forest products, marine products, industrial products, oils, consumer and household goods, machinery & spare parts, cotton, wool, silk, handicraft, readymade garments, jute & jute products, coal, cement & its allied products, chemicals, building materials, plastic products, electronic parts & devices, iron & steel products, precious stone, curious, jewellery, paper & paper Board, tea, coffee, fertilizers, agricultural implements, rubber & rubber products, leather metals & minerals, pharmaceutical products, paints, producer products, exhibitors, distributors of films and proprietary articles of all kinds. 2) To carry on the business of hire purchase, finance investment, and leasing company and to acquire to provide on lease or to provide on the hire purchase basis all types of industrial and office plant, equipment, machinery, vehicles, electrical & electrical gadgets, furniture, fixtures, buildings, real estate and other assets required for manufacturing processing transportation and trading business and other commercial and service business and by households and to finance industrial enterprises, business and others, to promote companies engaged in industrial and trading business by way of providing loans and advance on such terms and conditions as may see, expedient and to invest in shares, securities, debentures, bonds and other financial instruments of government, bodies corporate, firm or other persons and to provide consultancy and other services in respect of above. 3) To purchase or otherwise acquire, sell, dispose of, manage, lease, turn to account and deal in real & personal property of all kinds, and in particular lands, buildings, hereditaments, business concerns and undertakings, mortgages, charges, annuities, patents, licences, concessions, options, policies, book debts, claims, merchandise and other property in India or elsewhere and any claims against such properties or against any person or company and as regards land to develop the resources thereof by improving and constructing commercial and residential buildings, markets, hospitals and public and private work of all kinds.

## **OUTLINING THE KEY STEPS IN THE LOAN APPROVAL PROCESS:**

### **1. Loan Application:**

The customer submits a loan application form along with the necessary documents. The initial assessment is conducted on receiving the documents and information.

### **2. Document Collection and Verification:**

Gathering KYC documents, income proof etc. and verification of the authenticity of documents and customer details.

### **3. Credit Evaluation:**

Performing credit checks which includes credit score, repayment history, evaluation of customer's financial stability and repayment capacity.

### **4. Field Investigation in certain cases**

Conducting a field investigation, visiting customer's residence or workplace to verify details if required, based on company policy.

### **5. Loan Assessment and Approval**

Evaluating the loan application by considering the credit assessment and field investigation. Thereafter, deciding on the loan amount, interest rate, and conditions based on the risk analysis. The decision will be made by the loan sanctioning committee or authorized personnel.

### **6. Approval or Rejection**

Acceptance or rejection of the loan application. If accepted, inform the customer of the terms and conditions. If declined, provide the reason for the rejection and performing post acceptance formalities.

### **7. Loan Agreement:**

Preparation and execution of the loan agreement and documents.

### **8. Disbursement**

Disbursement of the loan amount to the customer's account, provide the customer with the repayment schedule and EMI details.

### **9. Post-Disbursement Monitoring**

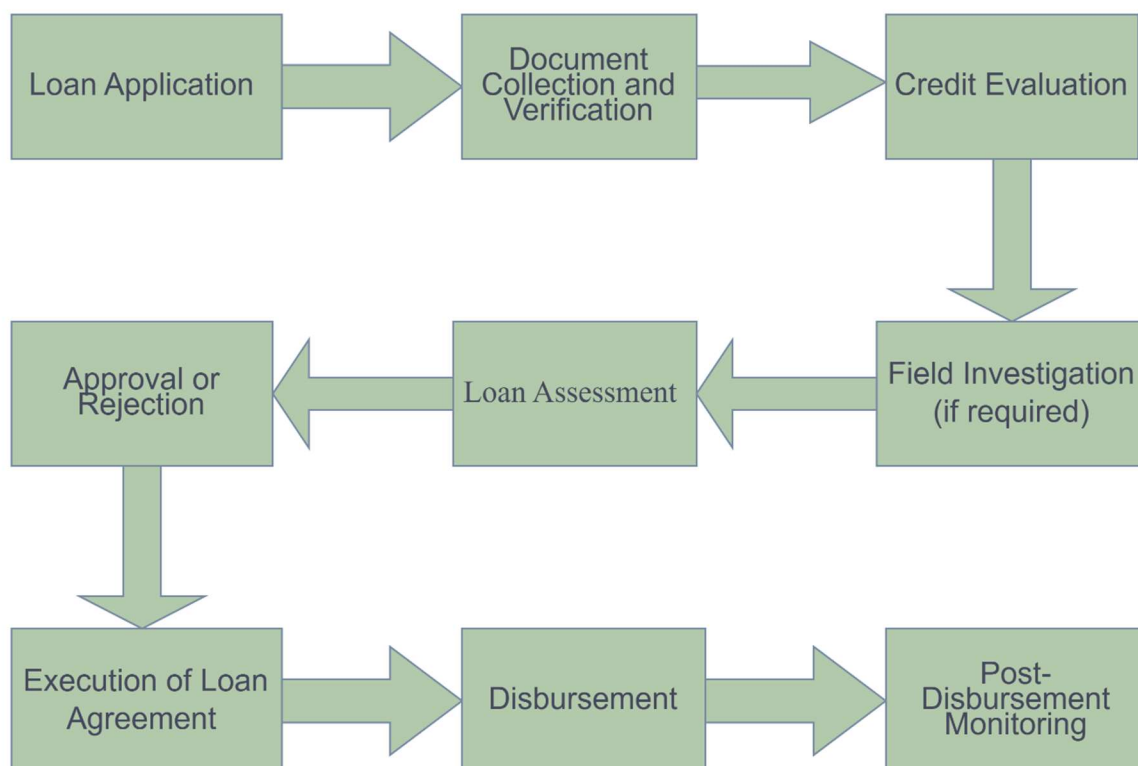
Tracking the loan repayment and monitor EMI payments. Following up promptly in the event of any delay or default in payment.

### **10. Closure**

Closure of the loan upon full repayment. Providing the customer with loan closure documents and a No Objection Certificate (NOC).

## **PROCESS FLOW CHART OF THE LOAN DISBURSEMENT:**





### **FINANCIAL HIGHLIGHTS:**

Our revenues from operations for Financial Year 2023-24 and 2022-23 were ₹ 923.57 lakhs and ₹ 691.60 lakhs respectively. Our profit after tax for Financial Year 2023-24 and 2022-23 were ₹ 27.13 lakhs and ₹ 32.72 lakhs.

An overview of loan portfolio as of March 31, 2024 and March 31, 2023 is as follows:

Particulars	(₹ in lakhs)	
	March 31, 2024	March 31, 2023
<b>Loan to Related Parties</b>	0	0
<b>Other Loan and Advances – Individual</b>	676.37	690.49
<b>Other Loan and Advances – Body Corporate</b>	3780.99	4730.45
<b>Total</b>	4457.36	5420.94

### **OUR COMPETITIVE STRENGTHS:**

#### **1. Faster Loan Processing:**

Quicker decision-making and loan disbursement processes compared to traditional banks, often due to less stringent regulatory requirements.

#### **2. Strong Customer Relationships:**

Personalized customer service and relationship management, leading to higher customer satisfaction and loyalty.

#### **3. Flexible Lending Criteria:**

Ability to assess creditworthiness using alternative data and metrics, allowing for lending to customers who may not qualify under traditional banking criteria.

#### **4. Regulatory Flexibility:**

Generally, lighter regulatory requirements compared to banks, allowing for more agile business operations and quicker adaptation to market changes.

#### **5. Efficient Decision-Making:**

Faster decision-making processes due to fewer layers of management, leading to quicker loan approvals and disbursements.

#### **6. Cost Efficiency:**

Lower operational costs compared to larger financial institutions, allowing for competitive pricing of products and services.

**7. Strong Risk Management system:**

Effective risk management strategies, including robust credit evaluation and collection processes, to minimize defaults and manage non-performing assets (NPAs).

**OUR BUSINESS STRATEGY:**

**1. Fostering Client Relationships:**

Our business model emphasizes cultivating long-term client relationships, rather than focusing on short-term project based execution. We believe that sustained client relationships yield greater benefits, as they are built on trust and consistent customer satisfaction. This approach not only enhances our understanding of the market but also supports our expansion efforts by allowing us to closely monitor potential products and markets.

**2. Emphasizing cost efficiency and enhancing productivity:**

Rising competition has prompted industry players to seek innovative methods for cost reduction and boosting overall efficiency. We aim to maintain profitability by focusing on minimizing our operating costs through measures that enhance our operational efficiency and reduce expenses.

**3. Retainment of experienced professionals:**

Our Company believes in recruiting qualified professionals with experience in financial services sector, credit evaluation, risk management, technology, and marketing

**4. Utilities and Infrastructure Facilities:**

Our registered office is outfitted with the latest computer systems, necessary software, uninterrupted power supply, internet connectivity, security measures, and other facilities essential for smooth business operations.

**Location:**

Our Registered Office is located at: 18, Rabindra Sarani, Poddar Court Gate No.4, 4th Floor, Room No.3, Kolkata, West Bengal-700001, India.

**Water:**

Our company has adequate water supply at our location which is sourced from the Municipal Corporation

**Telephone:**

The Company is using telephone utility of Bharat Sanchar Nigam Limited.

**5. Marketing Skills and Relationships:**

We are committed to improving our business operations by expanding our customer network through targeted marketing efforts.

**6. Collaborations:**

We have not entered into any technical or financial or any other collaboration agreement as on the date of filing this Letter of Offer

**7. Usage of technology to offer customer services:**

We believe that combining customer service initiatives with effective technology use can boost our recognition and business operations. We are planning to keep investing in technology to enhance our operational efficiency, functionality, and productivity while reducing errors. Additionally, we are committed to implementing robust technology systems that allow us to swiftly address market opportunities and challenges, improve service quality, and strengthen our risk management.

**8. Manpower:**

Our company is dedicated to fostering a talent-rich environment. We offer our employees a supportive atmosphere with ongoing learning opportunities and recognize outstanding performance.



Department	Strength
Finance and Accounts	5
Marketing & Sales	1
Legal & Secretarial	1
Operations	2
<b>Total</b>	<b>9</b>

#### 9. Competition:

We work in a sector that is quite competitive. Since there are no obstacles to entry in our sector, we are vulnerable to competition from new entrants. The industry is home to many active players. A significant number of unorganized and a small number of organized players provide us with fierce rivalry in our industry. Our goal is to offer our customers branded, uniformly standardized items of high quality at cost-effective prices. We engage in regional or product-based competition with rival businesses. Many of our rivals provide a wider variety of items and have far larger capital bases and resource bases than we do. We think that customer relationships, reputation, employee skills, market focus, and the relative cost and quality of the services and goods are the main variables influencing competition in our industry. We think that maintaining consistent product quality and prompt delivery at affordable rates is essential to our capacity to compete successfully, building our brand over time. We feel that our emphasis on customer satisfaction, reliability, and quality consciousness, along with our cost-effective and integrated services, provide us a competitive advantage in our industry. We think that the key to beating the challenge posed by such organized and disorganized companies would be our technical skills, business expertise, and quality assurance.

#### 10. Sales & Marketing:

The efficiency of the sales and marketing network is critical to success of our Company. Our success lies in the strength of our relationship with the clients who have been associated with our Company. Our Company makes good rapport with these clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To get repeat orders from our customers, our Company having adequate experience and competencies, regularly interact with them and focus on gaining an insight into the additional needs of customers.


#### 11. Export and Export Obligations:

As on date of this letter of offer, our Company does not have any export obligations.

#### 12. Intellectual Property:

We regard our intellectual property as one of the most important factors in contributing to our success, and our intellectual property rights include trademarks associated with our businesses and other rights arising from confidentiality agreements relating to our database and website content and technology.

Our Company uses the trademark "ARCFL". However, our Company does not own neither has registered the trade mark for the brand name "ARCFL".

Sr. No.	Logo	Class	Trademark Type	Owner of Trademark	Application No.	Date of Application	Status
1.		36	Device Mark- Logo	ARC Finance Limited	6605176	03/09/2024	Formalities Chk Pass

#### 13. Immovable Property:

Details of our immovable property are as follows:

Sr. No.	Details of the Property	Licensor/Lessor/ Vendor	Owned/ Leased	Tenure	Consideration/ Lease Rental/ License Fees (in Rs.)	Use
1.	18, Rabindra Sarani, Poddar Court Gate No.4, 4 <sup>th</sup> Floor, Room No.3, Kolkata, West Bengal- 700001, India	Ridhi Sidhi Advisory Private Limited	Leased	33 Months (from 01 <sup>st</sup> October, 2022 to 30 <sup>th</sup> June, 2025)	Monthly License fees of Rs. 9000/-	Registered Office

**14. Insurance:**

Our Company does not have insurance coverage which we believe is in accordance with the industry standards. We constantly evaluate the risks in an effort to be sufficiently covered for all known risks. We will continue to review our policies to ensure adequate insurance coverage is maintained.

Sr. No.	Nature of the policy	Date of expiry	Sum Insured (in ₹)	Premium amount (in ₹)
1.	Car Insurance Policy	14-07-2025	530,280	13076
2.	Car Insurance Policy	15-09-2024	9,72,810	16488
3.	Car Insurance Policy	26-02-2026	1,06,02,000	194857
4.	Office Package Insurance	02-09-2025	15,00,000	2128

**SWOT ANALYSIS**

Strengths
Specialized Services
Flexibility in Operations
High Customer Reach
Innovative Product Offerings
Strong Customer Relationships

Weaknesses
Higher Cost of Funds
Limited Access to Capital Markets
Regulatory Risks
Higher Risk of Defaults
Liquidity Concerns

Opportunities
Growing Demand for Credit
Partnerships and Collaborations
Regulatory Support
Diversification of Services
Innovative Products

Threats
Intense Competition
Economic Slowdown
Regulatory Changes
Credit Risk and Defaults
Cybersecurity Threats

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Our Articles of Association provide that our Board shall consist of minimum 3 (Three) Directors and not more than 15 (Fifteen) Directors, unless otherwise determined by our Company in a general meeting.

As on date of this Letter of Offer, our Company currently has 6 (Six) directors on its Board, 1 (One) Managing Director, 2 (Two) Executive Director and 3 (Three) Independent Directors. The present composition of our Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act and SEBI (LODR) Regulations, to the extent applicable.

The following table sets forth details regarding our Board of Directors as on the date of this Letter of Offer:

Virendra Kumar Soni	
<i>DIN</i>	08554333
<i>Date of Birth</i>	15/01/1977
<i>Age</i>	47 years
<i>Address</i>	2/A, Kanailal Seth Street, Barabazar, Kolkata – 700007, West Bengal
<i>Nationality</i>	Indian
<i>Designation</i>	Managing Director
<i>Term</i>	5 years
<i>Period of Directorship</i>	09/11/2023 to 08/11/2028
<i>Other Directorship</i>	NA
<i>Qualification</i>	Bachelor's degree
<i>Experience</i>	Virendra Kumar Soni is well versed with knowledge of Accounting, Management and Finance and administrative operations of the Company.
<i>Occupation</i>	Business

Somnath Chitrakar	
<i>DIN</i>	09678491
<i>Date of Birth</i>	10/07/1997
<i>Age</i>	27 years
<i>Address</i>	2/A, Parbati Chakraborty Lane, Kalighat S.O., Kolkata – 700026, West Bengal
<i>Nationality</i>	Indian
<i>Designation</i>	Executive Director cum CFO
<i>Term</i>	Subject to Retirement
<i>Period of Directorship</i>	NA
<i>Other Directorship</i>	NA
<i>Qualification</i>	Bachelor's degree
<i>Experience</i>	Somnath Chitrakar having vast experience in Management & Finance.
<i>Occupation</i>	Service

Surojit Sarkar	
<i>DIN</i>	09672539
<i>Date of Birth</i>	16/04/1995
<i>Age</i>	29 years
<i>Address</i>	32 Harish Chatterjee Road Kalighat, Popatpara Main Road, Kolkata, West Bengal 700026
<i>Nationality</i>	Indian
<i>Designation</i>	Executive Non-Independent Director
<i>Term</i>	Subject to retirement
<i>Period of Directorship</i>	NA
<i>Other Directorship</i>	Indivar Realtors Private Limited
<i>Qualification</i>	Graduate
<i>Experience</i>	Surojit Sarkar having vast experience in Accounts.
<i>Occupation</i>	Service

Asis Banerjee	
<i>DIN</i>	05273668
<i>Date of Birth</i>	10/03/1973
<i>Age</i>	51 years
<i>Address</i>	Chuabhati, Podrah, Podra Howrah, West Bengal – 711109
<i>Nationality</i>	Indian
<i>Designation</i>	Non-Executive Independent Director
<i>Term</i>	06/09/2021 TO 05/09/2026
<i>Period of Directorship</i>	Independent Director of the Company to hold office for 5 (five) consecutive years
<i>Other Directorship</i>	Aengus Power And Infra Limited
<i>Qualification</i>	Bachelor's degree

<b>Asis Banerjee</b>	
<i>Experience</i>	Asis Banerjee having experience of more than 10 years in the field of Securities, fund raising and other related activities.
<i>Occupation</i>	Service

<b>Gopal Singh</b>	
<i>DIN</i>	06739896
<i>Date of Birth</i>	21/02/1990
<i>Age</i>	34 years
<i>Address</i>	Shastrinagar (Purba), Barabahera, Uttarpradesh, Hooghly – 712246
<i>Nationality</i>	Indian
<i>Designation</i>	Non-Executive Independent Director
<i>Term</i>	06/09/2021 TO 05/09/2026
<i>Period of Directorship</i>	Independent Director of the Company to hold office for 5 (five) consecutive years
<i>Other Directorship</i>	NA
<i>Qualification</i>	Graduate
<i>Experience</i>	Gopal Singh having experience of more than 9 years in the field of Finance.
<i>Occupation</i>	Service

<b>Aparna Sharma</b>	
<i>DIN</i>	07006877
<i>Date of Birth</i>	05/12/1972
<i>Age</i>	52 years
<i>Address</i>	Janmabhumi Appertment 402 33 Dewanjee, Street, Rishra, Serampur, Uttarpara, Hooghly, West Bengal-712248, India
<i>Nationality</i>	Indian
<i>Designation</i>	Non-Executive Independent Director
<i>Term</i>	06/09/2021 TO 05/09/2026
<i>Period of Directorship</i>	Independent Director of the Company to hold office for 5 (five) consecutive years
<i>Other Directorship</i>	Hamilton Poles Manufacturing Co Ltd
<i>Qualification</i>	Graduate
<i>Experience</i>	Aparna Sharma, having vast experience in Management & Finance.
<i>Occupation</i>	Service

#### **Past Directorships in suspended companies**

None of our Directors are, or were a director of any listed company, whose shares have been, or were suspended from being traded on any of the Stock Exchanges during the term of their directorships in such companies during the last 5 (Five) years preceding the date of this Letter of Offer.

#### **Past Directorships in delisted companies**

Further, none of our Directors are or were a director of any listed company, which has been, or was delisted from any stock exchange during the term of their directorship in such Company during the last 10 (Ten) years preceding the date of this Letter of Offer.

#### **Relationship between Directors**

None of our Directors are related to each other, as on the date of this Letter of Offer:

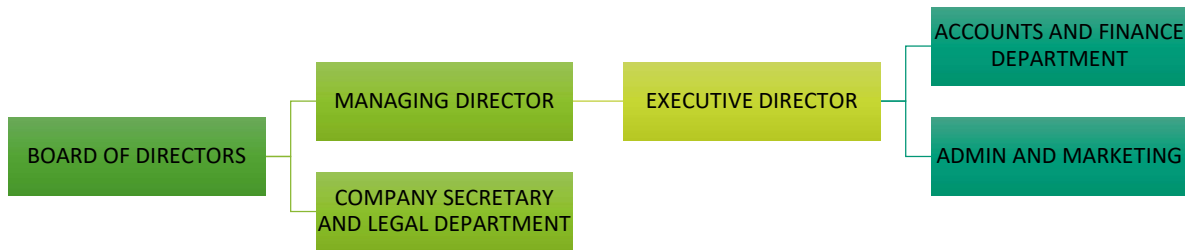
#### **Arrangement or understanding with major Shareholders, customers, suppliers or others**

Our Company has not entered any arrangement or understanding with major shareholders, customers, suppliers, or others pursuant to which any of the above-mentioned directors have been appointed in the Board.

#### **Details of service contracts entered with Directors**

Our Company has not entered any service contracts with the present Board of Directors for providing benefits upon termination of employment.

#### **Management Organizational Structure**



## CORPORATE GOVERNANCE

The provisions of the SEBI (LODR) Regulations with respect to corporate governance are applicable to us. We are in compliance with the requirements of the Companies Act, 2013, in respect of corporate governance including in respect of the constitution of the Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act, 2013 and the provisions of the SEBI (LODR) Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions.

### Committees of our Board

In addition to the committees of our Board detailed below, our Board may, from time to time constitute committees for various functions.

Audit Committee		
Sr. No.	Name of the Director	Committee Designation
1.	Asis Banerjee	Chairman
2.	Gopal Kumar Singh	Member
3.	Aparna Sharma	Member
4.	Surojit Sarkar	Member

Our Company has constituted an audit committee ("Audit Committee"), The scope and functions of the Audit Committee and its terms of reference are in accordance with Section 177 of the Companies Act, 2013 and the SEBI (LODR) Regulations and inter alia, include:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
- Reviewing and monitoring the statutory auditor's independence and performance and effectiveness of audit process;
- Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - 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;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half -yearly and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds authorized for purposes other than those stated in the offer document/ prospectus / letter of offer / notice and the report submitted by the monitoring agency monitoring the authorized of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
- Approval or any subsequent modifications of transactions of the Company with related parties;
- Scrutinising of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluating of internal financial controls and risk management systems;
- Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of

- the internal control systems;
- n) 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;
  - o) Discussing with internal auditors on any significant findings and follow up thereon;
  - p) 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;
  - q) Discussing 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;
  - r) Looking 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;
  - s) Reviewing the functioning of the whistle blower mechanism;
  - t) Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
  - u) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority.
  - v) Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.
  - w) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The Audit Committee has the following powers:

- 1) to investigate any activity within its terms of reference;
- 2) to seek information from any employee;
- 3) to obtain outside legal or other professional advice; and
- 4) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

- 1) Management's discussion and analysis of financial condition and results of operations;
- 2) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- 3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4) Internal audit reports relating to internal control weaknesses;
- 5) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- 6) Statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
  - b) annual statement of funds utilised for purposes other than those stated in the document/prospectus/letter of offer /notice in terms of the Listing Regulations.

The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the Listing Regulations.

The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two-third independent directors.

#### **Nomination and Remuneration Committee**

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Committee Designation</b>
1.	Mr. Gopal Kumar Singh	Chairman
2.	Mr. Asis Banerjee	Member
3.	Mr. Aparna Sharma	Member

Our Company has constituted a Nomination and Remuneration Committee. The scope and functions of the Nomination and Remuneration Committee and its terms of reference are in accordance with Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations and inter alia, include:

- 1) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- 2) Formulating of criteria for evaluation of the performance of the independent directors and the Board;
- 3) Devising a policy on Board diversity;
- 4) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
- 5) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- 6) Analysing, monitoring and reviewing various human resource and compensation matters;
- 7) Determining the company's policy on specific remuneration packages for executive directors including



- pension rights and any compensation payment, and determining remuneration packages of such directors;
- 8) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
  - 9) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
  - 10) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;
  - 11) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
    - i. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
    - ii. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
  - 12) Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and
  - 13) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Committee is required to meet at least once in a year under Regulation 19(3A) of the Listing Regulations.

The quorum for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director.

#### Stakeholders' Relationship Committee

Sr. No.	Name of the Director	Committee Designation
1.	Mr. Asis Banerjee	Chairman
2.	Mr. Gopal Kumar Singh	Member
3.	Mr. Aparna Sharma	Member
4.	Mr. Surojit Sarkar	Member

Our Company has constituted Stakeholders' Relationship Committee. The scope and functions of the Stakeholders' Relationship Committee and its terms of reference are in accordance with Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations and inter alia, include:

- 1) Consider and resolve grievances of security holders of the Company, including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- 2) Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
- 3) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- 4) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- 5) To approve, register, refuse to register transfer or transmission of shares and other securities;
- 6) To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- 7) Allotment and listing of shares;
- 8) To authorize affixation of common seal of the Company;
- 9) To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
- 10) To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
- 11) To dematerialize or rematerialize the issued shares;
- 12) Ensure proper and timely attendance and redressal of investor queries and grievances;
- 13) Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and
- 14) To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s)

#### KEY MANAGERIAL PERSONNEL

<b>Ms. Sweety Agarwal</b>	
<b>Designation</b>	Company Secretary & Compliance Officer
<b>Date of Joining</b>	02/09/2024
<b>Qualification</b>	Company Secretary, Graduated from Calcutta University
<b>Term</b>	As per Company Rules
<b>Period of Directorship</b>	NA
<b>Service Contracts</b>	NA
<b>Previous Employment</b>	As a Company Secretary
<b>Business Experience</b>	8 years working experience relating to Compliances

<b>Ms. Sweety Agarwal</b>	
<b>Description of the Functional Role in the Company</b>	Legal and Secretarial work
<b>Area of experience and expertise in the Company</b>	Legal and Secretarial work
<b>Family Relationship</b>	NA
<b>Employment Status</b>	Service

<b>Somnath Chitrakar</b>	
<b>Designation</b>	Chief Financial Officer (CFO)
<b>Date of Joining</b>	05/09/2023
<b>Qualification</b>	Graduate
<b>Term</b>	NA
<b>Period of Directorship</b>	NA
<b>Service Contracts</b>	NA
<b>Business Experience</b>	Surojit Sarkar having vast experience in Accounts.
<b>Description of the Functional Role in the Company</b>	Executive Director cum Chief Financial Officer (CFO)
<b>Area of experience and expertise in the Company</b>	Mr Chitrakar has vast experience in Management & Finance.
<b>Family Relationship/ Relationship with any Director or Key Managerial Personnel</b>	NA
<b>Employment Status</b>	Service

<b>Virendra Kumar Soni</b>	
<b>Designation</b>	Managing Director
<b>Date of Joining</b>	09/11/2023
<b>Qualification</b>	Graduate
<b>Term</b>	5 Years
<b>Period of Directorship</b>	09/11/2023 to 08/11/2028
<b>Service Contracts</b>	Service
<b>Business Experience</b>	Virendra Kumar Soni is well versed with knowledge of Accounting, Management and Finance and administrative operations of the Company.
<b>Description of the Functional Role in the Company</b>	Managing day to day affairs of the company.
<b>Area of experience and expertise in the Company</b>	Virendra Kumar Soni is well versed with knowledge of Accounting, Management and Finance and administrative operations of the Company.
<b>Family Relationship/ Relationship with any Director or Key Managerial Personnel</b>	NA
<b>Employment Status</b>	Service



## OUR PROMOTER

The Promoter of our Company is M/s. S K Growth Fund Private Limited.

### 1. S K Growth Fund Private Limited

#### *Corporate Information*

S K Growth Fund Private Limited was originally incorporated in 1986 under the Companies Act, 1956. The registered office of S K Growth Fund Private Limited is located at 18, Rabindra Sarani, Poddar Court Gate No.4, 1<sup>st</sup> Floor, Kolkata, West Bengal-700001, India.

S K Growth Fund Private Limited is engaged in the business of financial and investment activities.

S K Growth Fund Private Limited is professionally managed company.

The securities of S K Growth Fund Private Limited are not listed on any stock exchange, in India or abroad

#### *Shareholding Pattern*

Set forth below are the details of the shareholding of the Promoters:

Sr. No.	Names of the Shareholders	Number of equity shares held	% of total shareholding
1.	Pravin Kumar Agarwal	100	0.01%
2.	Pinki Gupta	100	0.01%
3.	Looksharp Vanijya Limited	1,21,45,045	49.99%
4.	Janjyoti Mercantile Limited	1,21,45,000	49.99%
	<b>Total</b>	<b>2,42,90,245</b>	<b>100.00%</b>

#### *Brief Financial Details*

Set forth below is the standalone financial information of S K Growth Fund Private Limited based on its audited financial statements for the last three financial years:

Particulars	(₹ in lakhs)		
	March 31, 2023	March 31, 2022	March 31, 2021
Issued and paid-up Equity Share Capital	2429.0245	2429.0245	2429.0245
Reserves and Surplus (excluding revaluation reserves)	7,746.5046	7704.9235	7,688.1744
Sales/ Turnover/ Other Income	2,263.6958	4,525.8511	1,603.0888
Profit/ (Loss) after Tax	49.5111	24.0654	20.9507
Basic and Diluted EPS per share	0.2	0.1	0.09
Net Asset Value per equity share-	41.89	41.72	41.65

### CONFIRMATIONS

Our Promoter has hereby confirmed, warranted, and stated that:

1. He has not been declared as a wilful or fraudulent borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against him.
2. Our Promoter has not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offender's Act, 2018.
3. Our Promoter has not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
4. Our Promoter has never been the promoter, director or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

5. There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

#### **PROMOTER GROUP**

Our Promoter Group as defined under Regulations 2(1)(pp) of the SEBI ICDR Regulations includes the following body corporate: For Promoter Group, we have restricted it only to the entity that hold equity shares in the Company and has been disclosed as Promoter Group to the Stock Exchanges in the shareholding pattern.

The following is the promoter group, with their shareholding pattern as on date of filing of the DLOF:

<b>Sr. No.</b>	<b>Name of Promoter Group</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
1	Vaibhavlaxmi Vanijya Private Limited	6,00,00,000	11.88
2	Looksharp Vanijya Limited	1,21,45,045	49.99% of S K Growth Fund Private Limited
3	Janjyoti Mercantile Limited	1,21,45,000	49.99% of S K Growth Fund Private Limited

## **OUR SUBSIDIARIES**

As on the date of this Letter of Offer, our Company has no subsidiaries, joint venture and associate companies.

## **DIVIDEND POLICY**

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both.

The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

The Company has only one class of Equity Shares having a par value of Rs. 1/- per share. Each holder of Equity Share is entitled to one vote per share,

**SECTION VII – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

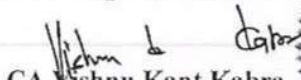
Particulars	Page No.
Unaudited Financial Results for the six months ended on June 30, 2024	80-84
Independent Auditor's Report on the Audited Financial Statements	85-94
Audited Financial Statements for the year ended March 31, 2024	95-116

**Independent Auditors' Limited Review Report on quarterly unaudited standalone financial results of ARC Finance Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Review Report to  
The Board of Directors,  
**ARC Finance Limited**  
18, Rabindra Sarani, Poddar Court,  
Gate No. 4, 4th Floor, Room No. 03,  
Kolkata - 700 001.

1. We have reviewed the accompanying statement of unaudited financial results of **ARC Finance Limited** ('the Company') for the quarter ended 30<sup>th</sup> June, 2024 (the "Statement") being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements') Regulations, 2015.
2. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **SSRV & Associates**  
Chartered Accountants  
Firm Reg. No.: 135901W

  
CA **Vishnu Kant Kabra**  
Partner

Membership No.: 403437  
Place: Mumbai  
Date: 13<sup>th</sup> August, 2024  
UDIN: 24403437BKAKCB6011





## ARC FINANCE LIMITED

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

CIN NO. L51909WB1982PLC035283; Email ID. arcfinancelimited@gmail.com


Website: arcfinance.in

### Unaudited Statement of Financial Result for the quarter ended 30th June, 2024

Rs. In Lakh

	Particulars	Quarter ended			Year ended
		30-06-2024	31-03-2024	30-06-2023	31-03-2024
		Unaudited	Audited	Unaudited	Audited
I	<b>Revenue From Operations</b>				
(i)	Interest Income	60.05	216.51	40.21	307.18
(ii)	Dividend Income	0.00	0.71	0.00	0.71
(iii)	Rental Income				
(iv)	Fees and commission Income				
(v)	Net gain on fair value changes				
(vi)	Net gain on derecognition of financial instruments under amortised cost category				
(vii)	Sale of products (including Excise Duty)				
(viii)	Sale of services				
(ix)	<b>Other revenue from operations</b>				
	Sale of Shares	0.00	564.57	0.00	616.32
	<b>Total Revenue From Operations</b>	<b>60.05</b>	<b>781.79</b>	<b>40.21</b>	<b>924.21</b>
II	Other Income	-	-	-	-
III	<b>Total Income (I+II)</b>	<b>60.05</b>	<b>781.79</b>	<b>40.21</b>	<b>924.21</b>
IV	<b>EXPENSES</b>				
	Cost of materials consumed	0.00	0.00	0.00	0.00
	Purchases of Stock-in-Trade	0.00	1,104.74	710.64	1,955.83
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-387.05	(359.49)	-710.64	(1,168.38)
	Employee benefits expense	3.69	5.98	3.07	20.34
	Finance costs	1.43	3.13	2.39	9.21
	Depreciation and amortization expense	4.91	2.97	5.74	20.20
	<b>Other expenses</b>				
	<b>EXPENSES RELETED TO BUSINESS</b>	<b>23.87</b>	<b>15.54</b>	<b>16.62</b>	<b>50.34</b>
	<b>Total expenses (IV)</b>	<b>(353.15)</b>	<b>772.87</b>	<b>27.82</b>	<b>887.54</b>
V	Profit/(loss) before exceptional items and tax (I- IV)	413.20	8.92	12.39	36.67
VI	Exceptional Items	-	-	-	-
VII	Profit/(loss) before tax (V-VI)	413.20	8.92	12.39	36.67
VIII	Tax expense:				
	(1) Current tax	107.43	2.31	3.22	9.53
	(2) Deferred tax	0.00	-	0.00	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	305.77	6.61	9.17	27.14
X	Profit/(loss) from discontinued operations				
XI	Tax expense of discontinued operations				
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	305.77	6.61	9.17	27.14
XIII	Profit/(loss) for the period (IX+XII)	305.77	6.61	9.17	27.14
XIV	Other Comprehensive Income				
	A (i) Items that will not be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-



	B (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	305.77	6.61	9.17	27.14
XV	Paid up equity Share Capital ( No of Shares)	504950000	504950000	504950000	50,49,50,000
	Face Value	1.00	1.00	1.00	1.00
XVI	Earnings per equity share (for continuing operation):				
	(1) Basic	0.061	0.001	0.002	0.005
	(2) Diluted	0.061	0.001	0.002	0.005
XVII	Earnings per equity share (for discontinued operation):				
	(1) Basic	0.00	0.00	0.00	0.00
	(2) Diluted	0.00	0.00	0.00	0.00
XVIII	Earnings per equity share (for discontinued & continuing operations)				
	(1) Basic	0.00	0.00	0.00	0.00
	(2) Diluted	0.00	0.00	0.00	0.00
<b>Note:</b>					
1	The above Unaudited financial results were reviewed by Audit Committee and approved by the Board of Directors in their meeting held on 13/08/2024.				
2	The figures for the quarter on 30 June 2024 and 31 March 2024 are the balancing figures between audited figures of the full financial years ended on 31 March, 2024.				
3	The Statutory auditors of the Company have carried out a "Auditor Report" of the above results as per Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.				
4	The Company has adopted Indian Accounting standards (Ind AS) with effect from 01 <sup>st</sup> April, 2017 and accordingly, the above results have been prepared in accordance with the Companies (Indian Accounting Standard) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013				
5	The above results for the quarter ended 30th June, 2024 along with Auditor Report has been approved by the Board of Directors of the Company.				
6	The previous period figures have been regrouped wherever necessary.				
7	There are no qualification in the Audit Report issued by the Auditor.				
<b>For and behalf of Board ARC Finance Limited</b>					
				Virendra Kumar Soni	
				Name:	VIRENDRA KUMAR SONI
	Place: Kolkata			Designation:	Managing Director
	Date: 13/08/2024			DIN:	08554333

<b>ARC FINANCE LTD</b>		
<b>Provisional Balance Sheet as at June 30, 2024</b>		
<b>Rs. In Lakhs</b>		
<b>PARTICULARS</b>	<b>As at June 30, 2024</b>	<b>As at March 31, 2024</b>
<b>I. ASSETS</b>		
<b>Financial Assets</b>		
( a ) Cash and cash equivalents	25.76	15.83
( b ) Bank balance other than cash and cash equivalents( c ) Receivables	0.89	14.69
( I ) Trade receivables(	-	-
	5.01	124.07
d ) Loans	4,457.10	4,457.36
( e ) Investments	30.40	30.40
( f ) Other financial assets	26.15	47.71
<b>Total financial assets</b>	<b>4,545.31</b>	<b>4,690.06</b>
<b>Non financial Assets</b>		
( a ) Inventories	2,710.58	2,323.53
( b ) Deferred tax Assets	-	-
( c ) Property, plant and equipment( d ) Other non financial assets <b>Total</b> <b>non financial assets</b>	131.95	136.87
	-	-
	<b>2,842.53</b>	<b>2,460.39</b>
<b>Total Assets</b>	<b>7,387.84</b>	<b>7,150.45</b>
<b>II. LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial liabilities</b>		
( a ) Payables	-	-
( I ) Trade payables	-	-
( i ) total outstanding dues of micro enterprises and small enterprises	-	-
( ii ) total outstanding dues of creditors other than micro enterprises and small enterprises	-0.24	9.39
( II ) Other payables		
( i ) total outstanding dues of micro enterprises and small enterprises	-	-
( ii ) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
( b ) Debt securities	-	-
( c ) Borrowings ( other than debt securities )( d ) Subordinated liabilities	1,656.52	1,538.50
( e ) Other financial liabilities	-	-
<b>Total financial liabilities</b>	<b>1,774.21</b>	<b>1,944.90</b>
<b>Non financial liabilities</b>		
( a ) Current tax liabilities(	-	-
b ) Provisions	125.80	18.37
( c ) Long Term Borrowings	64.44	69.56
( d ) Deffered tax liabilities (net)(	0.14	0.14
e ) Other non financial liabilities	-	-
<b>Total non financial liabilities</b>	<b>190.38</b>	<b>88.07</b>
<b>EQUITY</b>		
( a ) Equity share capital(	5,049.50	5,049.50
b ) Other equity	373.75	67.99
<b>Total Equity</b>	<b>5,423.25</b>	<b>5,117.49</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,387.84</b>	<b>7,150.45</b>
<b>For and on Behalf of Board of Directors of ARC Finance Ltd</b>		
SD/-		
<b>Virendra Kumar Soni</b>		
Managing Director		
DIN - 08554333		

<b>ARC FINANCE LTD</b>		
<b>Statement of Cash flows for the three months ended 30th June, 2024</b>		
<b>Rs in Lakhs</b>		
<b>Particulars</b>	<b>As at 30th June 2024</b>	<b>As at March 31, 2024</b>
<b>A. Cash flow from operating activities</b>		
Net profit before tax	413.20	36.67
Adjustments for Depreciation	4.91	20.20
Adjustment of Provision	-	-
Adjustment for balance of asset written off	-	-76.56
<b>Operating profit before working capital changes</b>	<b>418.11</b>	<b>-19.69</b>
Adjustments for:-		
Movements in working capital :		
(Increase)/ decrease in operating (current) Asset	-246.43	-1,101.62
Increase/ (decrease) in operating (current) liabilities	-288.71	-24.53
<b>Cash generated from operations</b>	<b>-117.02</b>	<b>-1,145.85</b>
Income tax paid	-	11.50
<b>Net cash inflow/(outflow) from operating activities</b>	<b>-117.02</b>	<b>-1,157.34</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets / Investment	-	4.56
(Increase)/ decrease in operating (Non-current) Asset	0.26	963.58
Increase/ (decrease) in operating (Non-current) liabilities		
<b>Net cash inflow / (outflow) from investing activities</b>	<b>0.26</b>	<b>968.14</b>
<b>C. Cash inflow/(outflow) from financing activities</b>	<b>-</b>	<b>-</b>
Repayment of short-term borrowings		
Proceeds from other long term liabilities	112.90	132.17
Financial expenses		
<b>Net cash inflow / (outflow) used in financing activities</b>	<b>112.90</b>	<b>132.17</b>
<b>Net changes in cash and cash equivalents</b>	<b>-3.87</b>	<b>-57.03</b>
<b>Opening Cash and cash equivalents</b>	<b>30.52</b>	<b>87.55</b>
<b>Closing cash and cash equivalents</b>	<b>26.65</b>	<b>30.52</b>
<b>Components of cash and cash equivalents</b>		
<b>Cash in hand</b>	<b>25.76</b>	<b>15.83</b>
<b>Deposit with banks in current accounts</b>	<b>0.89</b>	<b>14.69</b>
<b>Toal cash and cash equivalents</b>	<b>26.65</b>	<b>30.52</b>
<b>SD/-</b>		
<b>Virendra Kumar Soni</b>		
Managing Director		
<b>DIN - 08554333</b>		

**INDEPENDENT AUDITOR'S REPORT**

To the Members of ARC FINANCE LTD

**Opinion**

We have audited the financial statements of ARC FINANCE LTD ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2024, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2024, its *profit* and its cash flows for the year ended on that date

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2024
- b) In the case of the Profit and Loss Account, of the profit for the period ended on that date and
- c) In the case of cash flow statement, for the cash flows for the year ended on that date
- d) And the changes in equity for the year ended on that date

**Basis for Opinion**

We conducted our audit in accordance with the Accounting Standards (AS) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1.	Nil	Nil

**Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under section 133 of the Act. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





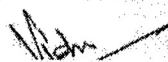

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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


### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purposes 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 aforesaid financial statements comply with the Accounting Standards (AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 its financial position.
    - 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. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- v. No dividend have been declared or paid during the year by the company.

For SSRV & ASSOCIATES.  
Chartered Accountants  
Firm Regn No. 135901W

  
CA VISHNU KANT KABRA  
Partner  
Membership No. 403437



Date: 29<sup>th</sup> May, 2024  
Place: Mumbai  
UDIN : 24403437BKAJMN1541



**Annexure 'A'**

**The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".**

We report that:

- (i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (B) The company is maintaining proper records showing full particulars of intangible assets;
- (b) As explained to us, Property, Plant and Equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification;
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, except the following:-

Description of Property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company
NIL					

- (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) As explained to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancy of 10% or more in the aggregate for each class of inventory were noticed on physical verification of stocks by the management as compared to book records.
- (iii) (a) During the year the company has made investments or guarantee or security or granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
  - (b) According to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the company's interest;
  - (c) There is no stipulation of schedule of repayment of principal and payment of interest and therefore we are unable to comment on the regularity of repayment of principal & payment of interest.
  - (d) Since the term of arrangement do not stipulate any repayment schedule we are unable to comment whether the amount is overdue or not.




(e) No loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties except following:

Name of Party	Amount renewed or extended	% of total loan	Remark, if any
	Nil		

(f) The company has granted loans or advances in the nature of loans repayable on demand.

(iv) In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) The company has not accepted any deposits or amounts which are deemed to be deposits covered under sections 73 to 76 of the Companies Act, 2013.

(vi) As per information & explanation given by the management, maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act.

(vii) (a) According to the records made available to us, company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information

and explanation given to us there were no outstanding statutory dues as on 31st of March, 2024 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 is no statutory dues referred to in sub-clause (a) that have not been deposited on account of any dispute.

(viii) According to the information and explanations given by the management, no transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given by the management, the company is not declared willful defaulter by any bank or financial institution or other lender;

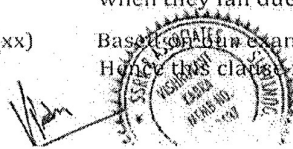
(c) In our opinion and according to the information and explanations given by the management, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, except for:

Nature of the fund raised	Name of the lender	Amount diverted (Rs.)	Purpose for which amount was sanctioned	Purpose for which amount was utilized	Remarks
			Nil		

*[Handwritten signature]*



- (d) In our opinion and according to the information and explanations given by the management, funds raised on short term basis have not been utilized for long term purposes.
- (e) In our opinion and according to the information and explanations given by the management, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures,
- (f) In our opinion and according to the information and explanations given by the management, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) According to the information and explanations given by the management, no fraud by the company or any fraud on the company has been noticed or reported during the year;
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanations given to us by the management, no whistleblower complaints had been received by the company
- (xii) The company is not a Nidhi Company. Therefore, clause xii is not applicable on the company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and the details have been disclosed in the financial statements,
- (xiv) (a) In our opinion and based on our examination, the company have adequate internal audit system.
- (xv) On the basis of the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) (a) In our Opinion and based on our examination, the Company is registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (xvii) Based on our examination, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) On the information obtained from the management and audit procedures performed and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- (xx) Based on our examination, the provision of section 135 are not applicable on the company. Hence this clause is not applicable on the company.

A handwritten signature is written over a circular stamp. The stamp contains the text: "CHARTERED ACCOUNTANTS", "FIRM NAME", "MEMBER NO.", and "JUNE 2017".



(xxi) The company is not required to prepare Consolidate financial statement hence this clause is not applicable.

For S S R V & ASSOCIATES.  
Chartered Accountants  
Firm Regn No. 135901W

*Wishnu K Kabra*

CA WISHNU KANT KABRA  
Partner  
Membership No. 403437



Date: 29<sup>th</sup> May, 2024  
Place: Mumbai  
UDIN : 24403437BKAJMN1541

## Annexure 'B'

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of ARC FINANCE LTD ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements 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 ('the Guidance Note') 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 the Company's 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 Act.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. 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 with reference to standalone financial statements.

### Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.


**Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements**

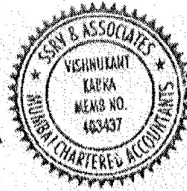
7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SSRV & ASSOCIATES,  
Chartered Accountants  
Firm Regn No. 135901W

  
CA VISHNU KANT KABRA  
Partner  
Membership No. 403437



Date: 29.05.2024  
Place: Mumbai  
UDIN : 24403437BKAJMN1541

**ARC FINANCE LIMITED**  
Balance Sheet as at 31st March, 2024

Particulars	Note No.	Rs. In Hundred	
		As at 31st March, 2024	As at 31st March, 2023
<b>I. ASSETS</b>			
<b>Financial Assets</b>			
(a) Cash and cash equivalents	4	15,831.51	15,217.72
(b) Bank balance other than cash and cash equivalents	5	14,685.04	72,333.58
(c) Receivables			
(i) Trade receivables	6	1,24,068.78	1,27,979.45
(d) Loans	7	44,57,362.75	54,20,942.72
(e) Investments	8	30,400.85	35,100.85
(f) Other financial assets	9	47,713.27	1,10,564.82
<b>Total financial assets</b>		<b>46,90,062.20</b>	<b>57,82,139.14</b>
<b>Non financial Assets</b>			
(a) Inventories	10	23,23,527.29	11,55,142.35
(b) Deferred tax Assets	11	1,36,865.38	1,56,920.30
(c) Property, plant and equipment			
(d) Other non financial assets			
<b>Total non financial assets</b>		<b>24,60,392.67</b>	<b>13,12,062.65</b>
<b>Total Assets</b>		<b>71,50,454.87</b>	<b>70,94,201.79</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
(a) Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	12 (i)	9,390.79	4,17,387.39
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
(ii) Debt securities	12 (ii)		
(c) Borrowings (other than debt securities)	13	15,38,502.42	13,87,648.78
(d) Subordinated liabilities	14	3,97,003.16	13,536.58
(e) Other financial liabilities		19,44,896.37	18,18,572.75
<b>Total financial liabilities</b>		<b>3,97,003.16</b>	<b>13,536.58</b>
<b>Non financial liabilities</b>			
(a) Current tax liabilities	15	18,371.77	25,327.60
(b) Provisions	16	69,558.72	88,240.86
(c) Long Term Borrowings	17	140.00	140.00
(d) Deferred tax liabilities (net)	18		
(e) Other non financial liabilities			
<b>Total non financial liabilities</b>		<b>88,070.49</b>	<b>1,13,708.46</b>
<b>EQUITY</b>			
(a) Equity share capital	19	50,49,500.00	50,49,500.00
(b) Other equity	20	67,988.01	1,12,420.58
<b>Total Equity</b>		<b>51,17,488.01</b>	<b>51,61,920.58</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>71,50,454.87</b>	<b>70,94,201.79</b>

See accompanying notes to the financial statements

1-3

As per our report of even date

For S S R V & Associates  
Chartered Accountants  
Firm Reg. No.: 135901W

*Vishnu Kant Kabra*

Vishnu Kant Kabra  
Partner  
Membership No.: 403437  
Place: Mumbai  
Date: 29th May, 2024  
UDIN: 24403437BKAJMN1541



For and on Behalf of Board of Directors of ARC Finance Ltd

*Somnath Chitrakar*      *Surojit Sarkar*

Somnath Chitrakar  
Chief Financial Officer  
PAN - BXCPC5616E

Surojit Sarkar  
Director  
DIN: 09672539

*Virendra Soni*  
Virendra Kumar Soni  
Managing Director  
DIN: 08554333

*Asis Banerjee*  
Asis Banerjee  
Director  
DIN: 05273668



**ARC FINANCE LIMITED**  
Statement of Profit and Loss for the year ended 31st March, 2024

Particulars	Note No.	Rs. In Hundred	
		As at 31st March, 2024	As at 31st March, 2023
<b>I. Revenue from operations</b>			
(i) Interest income	21	3,07,178.25	3,86,686.13
(ii) Dividend income	22	75.26	1,294.41
(iii) Sale of product/service	23	6,16,319.97	3,03,621.10
<b>II. Other income</b>	24	633.16	-
<b>III. Total Income (I+II)</b>		<b>9,24,206.64</b>	<b>6,91,601.64</b>
<b>IV. Expenses :</b>			
(i) Finance Costs	25	8,887.39	1,32,253.39
(ii) Impairment on financial assets	26	-	-
(iii) Purchase of stock in trade	27	19,55,829.59	5,16,075.71
(iv) Changes in inventory of finished goods	28	-11,68,384.95	-1,73,382.31
(v) Employee Benefit Expenses	29	20,341.68	29,459.37
(vi) Payment to Auditors	30	1,674.00	450.00
(vii) Depreciation, Amortization and impairment	31	20,196.52	7,252.02
(viii) Other Expenses	31	48,993.53	1,35,267.44
<b>Total expenses (IV)</b>		<b>8,87,537.76</b>	<b>6,47,375.62</b>
<b>V. Profit before tax (III-IV)</b>		<b>36,668.88</b>	<b>44,226.02</b>
<b>VI. Tax Expense:</b>			
Current tax	32	9,533.91	11,498.80
Deferred tax	32	-	-
<b>Total tax expense (VI)</b>		<b>9,533.91</b>	<b>11,498.80</b>
<b>VII. Profit for the year (VI-VII)</b>		<b>27,134.97</b>	<b>32,727.22</b>
<b>VIII. Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(i) Re-measurement losses/(gain) on defined benefit plans		-	-
(ii) Equity instruments through other comprehensive income		-	-
(iii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total Other comprehensive income (VIII)</b>		<b>-</b>	<b>-</b>
<b>IX. Total Comprehensive Income for the year (VII+VIII)</b>		<b>27,134.97</b>	<b>32,727.22</b>
<b>XII. Earnings per equity share of ₹ 10 each</b>	33		
- Basic		0.01	0.01
- Diluted		0.01	0.01
<b>See accompanying notes to the financial statements</b>	I-3		

As per our report of even date

For S S R V & Associates  
Chartered Accountants  
Firm Reg. No.: 135901W

*Vishnu Kant Kabra*  
Vishnu Kant Kabra  
Partner  
Membership No.: 403437  
Place: Mumbai  
Date: 29th May, 2024  
UDIN: 24403437BKAJMN1541

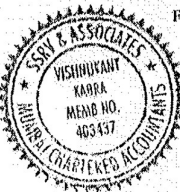
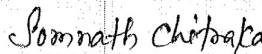
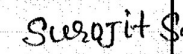
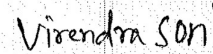
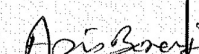



For and on Behalf of Board of Directors of ARC

*Somnath Chitrakar* *Surojit Sarkar*  
Somnath Chitrakar Surojit Sarkar  
Chief Financial Officer Director  
PAN - BXCPC5616E DIN: 09672539

*Virendra Soni* *Asis Banerjee*  
Virendra Kumar Soni Asis Banerjee  
Managing Director Director  
DIN: 08554333 DIN: 05273668

**ARC FINANCE LIMITED**  
Statement of Cash flows for the year ended 31st March, 2024

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
<b>A. Cash flow from operating activities</b>		
Net profit before tax	36,668.88	44,226.02
Adjustments for Depreciation	20,196.52	7,252.02
Adjustment for balance of asset written off	-76,558.47	-
<b>Operating profit before working capital changes</b>	<b>-19,693.07</b>	<b>51,478.04</b>
Adjustments for:-		
Movements in working capital :		
(Increase)/ decrease in operating (current) Asset	-11,01,622.72	-5,457.83
Increase/ (decrease) in operating (current) liabilities	-24,530.02	-9,40,359.55
<b>Cash generated from operations</b>	<b>-11,45,845.81</b>	<b>-8,94,339.34</b>
Income tax paid	11,498.80	9,884.30
<b>Net cash inflow/(outflow) from operating activities</b>	<b>-11,57,344.61</b>	<b>-9,04,223.64</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets / Investment	4,558.40	-1,37,012.84
(Increase)/ decrease in operating (Non-current) Asset	9,63,579.97	8,35,849.04
Increase/ (decrease) in operating (Non-current) liabilities		
<b>Net cash inflow / (outflow) from investing activities</b>	<b>9,68,138.37</b>	<b>6,98,836.20</b>
<b>C. Cash inflow/(outflow) from financing activities</b>		
Repayment of short-term borrowings		
Proceeds from other long term liabilities	1,32,171.50	72,840.87
Financial expenses		
<b>Net cash inflow / (outflow) used in financing activities</b>	<b>1,32,171.50</b>	<b>72,840.87</b>
<b>Net changes in cash and cash equivalents</b>	<b>-57,034.74</b>	<b>-1,32,546.57</b>
<b>Opening Cash and cash equivalents</b>	<b>87,551.30</b>	<b>2,20,097.87</b>
<b>Closing cash and cash equivalents</b>	<b>30,516.55</b>	<b>87,551.30</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	15,831.51	15,217.72
Deposit with banks in current accounts	14,685.04	72,333.58
<b>Total cash and cash equivalents</b>	<b>30,516.55</b>	<b>87,551.30</b>
Note:	0.00	0.00
(i) Statement of cash flows has been prepared using Indirect method in accordance with Ind AS-7		
See accompanying notes to the financial statements		
As per our report of even date		
For S S R V & Associates		
Chartered Accountants		
Firm Reg. No.: 135901W		
		
Vishnu Kant Kabra		
Partner		
Membership No.: 403437		
UDIN: 24403437BKAJMN1541		
Place: Mumbai		
Date : 29.05.2024		
For and on Behalf of Board of Directors of ARC Finance Ltd		
 		
Somnath Chittrakar		
Surojit Sarkar		
Chief Financial Officer		
Director		
PAN - BXCPC5616E		
DIN: 09672539		
 		
Virendra Kumar Soni		
Asis Banerjee		
Managing Director		
Director		
DIN: 08554333		
DIN: 05273668		

ARC FINANCE LTD		
Statement of Changes in Equity for the year ended on March 31, 2024		
Rs. In Hundred		
<b>Equity Share Capital</b>		
Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	50,49,500.00	50,49,500.00
Changes during the year		
Balance at the end of the year	50,49,500.00	50,49,500.00
<b>Other Equity</b>		
Particulars	As at March 31, 2024	As at March 31, 2023
<b>Reserves and Surplus</b>		
(i) Securities Premium Reserve		
Balance at the beginning of the year	-	-
Add: Premium on shares issued during the year	-	-
Balance at the end of the year	-	-
(ii) Retained Earnings		
Balance at the beginning of the year	56,305.73	30,393.03
Profit/(Loss) for the year	27,134.97	32,727.22
Add: Previous Year TDS adjustment	96.26	-0.12
Less:- Transfer to Statutory Reserve @20%	6,783.74	8,845.20
Less: - Contingent Provision Against Standard Assets	-4,990.94	-2,030.80
Less: Previous Year Statutory Receivables	76,654.74	-
Balance at the end of the year	5,089.42	56,305.73
(iii) Statutory Reserve		
Balance at the beginning of the year	56,114.85	47,269.65
Profit/(Loss) for the year	6,783.74	8,845.20
Other Comprehensive Income	-	-
Balance at the end of the year	62,898.59	56,114.85
As per our report of even date For SSRV & ASSOCIATES Chartered Accountants Firm Reg. No.: 135901W		
For and on Behalf of Board of Directors of ARC Finance Ltd		
<p><i>Vishu Kant Kabra</i></p> <p>Vishu Kant Kabra</p> <p>PARTNER</p> <p>M. No 403437</p> <p>UDIN: 24403437BKAJMN1541</p> <p>Place : Mumbai</p> <p>Date : 29.05.2024</p>		<p><i>Somnath Chitrakar</i> <i>Surojit Sarkar</i></p> <p>Somnath Chitrakar Chief Financial Officer PAN - BXCPC5616E</p> <p>Surojit Sarkar Director DIN: 09672539</p> <p><i>Virendra Soni</i> <i>Asis Banerjee</i></p> <p>Virendra Kumar Soni Managing Director DIN - 08554333</p> <p>ASIS BANERJEE Director DIN: 05273668</p>

ARC FINANCE LIMITED

I Notes Forming Part of the Financial Statements

Note 1 : Corporate Information

ARC Finance Limited is a company limited by shares, domiciled in India, incorporated under the provisions of Companies Act applicable in India. The Company's shares are listed on BSE, a recognised stock exchange, in India. The registered office of the company is located at 1B, RABINDRA SARANI, PODDAR COURT GATE NO.4, 4TH FLOOR, ROOM NO.3, Kolkata, West Bengal, 700001. The company is engaged in the business of lending. ARC also accepts loans-advances and offers variety of financial services to its customers. The standalone financial statements comprise of financial statements of ARC Finance Limited for the year ended March 31, 2024.

Note 2 : Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction-Non Banking Financial Company ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis. The company uses accrual basis of accounting except in case of certain uncertainties. For all periods up to and including the year ended 31 March, 2024, the company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (herein referred as 'Previous GAAP'). These financial statements for the year ended 31 March, 2024 are the first, the company has prepared in accordance with Ind AS.

2(a) Presentation of financial statements

The company presents its Balance Sheet in order of liquidity. The company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet.

2(b) Critical accounting estimates and judgements

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Managements's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements.

Note 3: Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

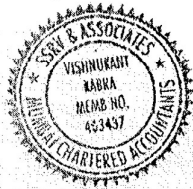
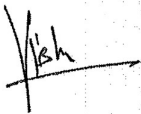
(i) Interest income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(ii) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other income



Other revenues are recognised as per applicable and relevant Ind AS.

(iv) Taxes

Incomes are recognised net of the Goods and Service Tax, wherever applicable.

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## Expenditures

### (i) Finance Costs

Borrowing costs on financial liabilities are recognised as per relevant Ind AS.

### (ii) Depreciation, Amortization and impairment

Depreciation has been provided using the written down value method as per the rates prescribed under schedule II of the Companies Act, 2013.

### (iii) Taxes

Expenses are recognised net of the Goods and Services Tax/Service tax, except where the input tax is not statutorily permitted.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Financial Instruments

Financial instruments, comprising of financial assets and liabilities are being recorded as per relevant Ind AS and the changes in significant changes (increase or decrease) in the credit risk are being monitored and accordingly impairment on financial instruments is recognised against such instruments as per relevant Ind AS.

### Investments

The policy opted for recording investments is at amortised cost as per the relevant Ind AS.

### Taxes

#### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961.

#### (ii) Deferred tax

Deferred tax is provided using the Balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

### Inventories

Inventories of shares have been recorded at lower of cost and net realisable value as per relevant Ind AS. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

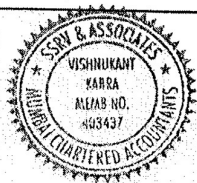
### Property, plant and equipment

Property, plant and equipment are carried at historical cost (amortised cost) of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and equipment'.

### Impairment of financial assets

The policy opted for recognising impairment on financial instruments is as per the Expected Credit loss in n coming financial years and accordingly financial assets are categorised are monitored upon for their timely recovery and resultanty the Expected Credit loss is provided for.

Vishm





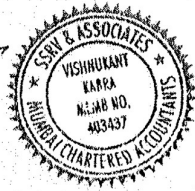
**Provisions and Contingent Liabilities**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. There is no contingent liability as at 31st March, 2024.

**Segment Reporting**

The company operates in segments of investment in securities and extending financial loan services, which are considered by the management as a single segment for reporting purposes in order to analyse risk-return fundamentals based on internal organisational structure.

*Vish*



**ARC FINANCE LIMITED**  
Notes forming part of financial statements for the year ended March 31, 2024

**4 Cash and cash equivalents**

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Cash on hand	15,831.51	15,217.72
<b>Total</b>	<b>15,831.51</b>	<b>15,217.72</b>

**5 Bank balance other than cash and cash equivalents**

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Balance with Banks - In current accounts	14685.04	72,333.58
<b>Total</b>	<b>14,685.04</b>	<b>72,333.58</b>

**6 Trade Receivable**

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Sundry Debtors - Over Six Months - Others	5,009.37 1,19,059.41	1,27,979.45
<b>Total</b>	<b>1,24,068.78</b>	<b>1,27,979.45</b>

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Trade receivables - Trade receivables considered good-secured - - Trade receivables considered good-secured Undisputed Trade Receivables considered good - Less than Six Months - 6 months to 1 year - 1 year to 2 years - 2 years to 3 years - Trade receivables which have significant increase in credit risk - Trade receivables - credit impaired		
Other receivables - Other receivables considered good-secured - - Other receivables considered good-secured - Less than Six Months - 6 months to 1 year - 1 year to 2 years - 2 years to 3 years - Other receivables which have significant increase in credit risk - Other receivables - credit impaired	1,19,059.41 5,009.37	1,27,979.46
	<b>1,24,068.78</b>	<b>1,27,979.46</b>

*[Handwritten Signature]*



ARC FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2024

		Rs. In Hundred	
9 Other non financial assets			
Particulars	As at 31st March, 2024	As at 31st March, 2023	
TDS receivable	45,871.95	1,10,564.82	
Prepaid Expenses	1841.32	0	
<b>Total</b>	<b>47,713.27</b>	<b>1,10,564.82</b>	

		Rs. In Hundred	
10 Inventories			
Particulars	As at 31st March, 2024	As at 31st March, 2023	
Equity instruments			
-Quoted	23,23,527.29	11,55,142.35	
-Unquoted			
<b>Total</b>	<b>23,23,527.29</b>	<b>11,55,142.35</b>	

		Rs. In Hundred	
12 Payables			
Particulars	As at 31st March, 2024	As at 31st March, 2023	
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	-	-	
- total outstanding dues other than micro enterprises and small enterprises	9,390.79	4,17,387.39	
	<b>9,390.79</b>	<b>4,17,387.39</b>	
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises			
- total outstanding dues other than micro enterprises and small enterprises	0.00	0.00	

Management has not obtained any information from its payables regarding micro enterprises and small enterprises.

		Rs. In Hundred	
13 Borrowings			
Particulars	As at 31st March, 2024	As at 31st March, 2023	
Loans repayable of demand			
a) from other parties (Unsecured)	15,38,502.42	13,87,648.78	
<b>Total</b>	<b>15,38,502.42</b>	<b>13,87,648.78</b>	

**ARC FINANCE LIMITED**  
Notes forming part of financial statements for the year ended March 31, 2024

**14 Other financial liabilities**

Rs. In Hundred

Particulars	As at 31st March, 2024	As at 31st March, 2023
TDS payable	794.28	13086.58
Audit fee payable	882.00	450.00
Advance Payables	2,34,300.00	
Other Payables	1,61,026.88	
<b>Total</b>	<b>3,97,003.16</b>	<b>13536.58</b>

**15 Provisions**

Rs. In Hundred

Particulars	As at 31st March, 2024	As at 31st March, 2023
Contingent provision on standard assets	8,837.86	13,828.80
Provision for Tax	9,533.91	11,498.80
<b>Total</b>	<b>18,371.77</b>	<b>25,327.60</b>

**16 Long Term Borrowings**

Rs. In Hundred

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured Loan (car)	69,558.72	88,240.86
<b>Total</b>	<b>69,558.72</b>	<b>88,240.86</b>

**17 Deferred tax liability**

Rs. In Hundred

Particulars	As at 31st March, 2024	As at 31st March, 2023
<b>Deferred tax relates to the following:</b>		
-Disallowance under Income Tax Act	140.00	140.00
-Depreciation	.	.
-Other temporary differences	.	.
<b>Total</b>	<b>140.00</b>	<b>140.00</b>

**18 Other non financial liabilities**

Rs. In Hundred

Particulars	As at 31st March, 2024	As at 31st March, 2023
TDS payable		
Other current liabilities		
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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ARC FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2024

7

Loans

Years	( 2023-24 )					( 2022-23 )				
	Amortised Cost	Through Other Comprehensive Income	Through Profit or Loss	Others	Total	Amortised Cost	Through Other Comprehensive Income	Through Profit or Loss	Others	Total
	44,57,362.75	-	-	-	44,57,362.75	54,20,942.72	-	-	-	54,20,942.72
<b>Total</b>	<b>44,57,362.75</b>				<b>44,57,362.75</b>	<b>3,37,026.02</b>				<b>54,20,942.72</b>

DETAILS AS PER LIST ATTACHED.

Receivable of loan or advance from related party is Nil

impairment loss on loans and advances recognised is Nil as per the estimation made by the management of the company.

8

Investments

Years	( 2023-24 )					( 2022-23 )				
	Amortised Cost	Through Other Comprehensive Income	Through Profit or Loss	Others	Total	Amortised Cost	Through Other Comprehensive Income	Through Profit or Loss	Others	Total
	30,400.85	-	-	-	30,400.85	35,100.85	-	-	-	35,100.85
<b>Total</b>	<b>30,400.85</b>				<b>30,400.85</b>	<b>35,100.85</b>				<b>35,100.85</b>



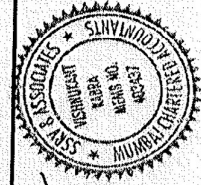


ARC FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2024

11. Property, plant and equipment and Intangible assets

Particulars	Vehicles owned	Air conditioner	Computer	Mobile	Furniture	Rs. In Hundred	
						Total	Total
Gross carrying amount							
As at March 31, 2022	4385.48	0.00	0.00	601.90	5061.57		49518.95
Additions	132785.56	1435.00	250.00	0.00	2542.28		137012.84
Disposal/Adjustments	0.00	0.00	0.00	0.00	0.00		0.00
As at March 31, 2023	176641.04	1435.00	250.00	601.90	7603.85		186531.79
Additions	0.00	0.00	141.60		0.00		
Disposal/Adjustments	0.00	0.00	0.00				
As at March 31, 2024	176641.04	1435.00	391.60	601.90	7603.85		186531.79
Accumulated Depreciation							
As at March 31, 2022	16838.41	0.00	0.00	484.36	5037.30		22360.07
Depreciation for the year	7143.88	60.50	0.00	47.64	0.00		7252.02
Disposal/reversal	0.00	0.00	0.00				
As at March 31, 2023	23982.29	60.50	0.00	532.00	5037.30		29612.09
Depreciation for the year	19575.11	272.65	38.53	66.41	243.82		20196.52
Disposal/reversal	0.00	0.00	0.00				
As at March 31, 2024	43557.40	333.15	38.53	598.41	5281.12		49808.61
Net Carrying amount							
As at March 31, 2023	152658.75	1374.50	250.00	69.90	2566.55		156920.30
As at March 31, 2024	133084.24	1101.85	353.07	3.49	2322.73		136865.38





**ARC FINANCE LIMITED**  
Notes forming part of financial statements for the year ended March 31, 2024

**19 Equity share capital**

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Rs. In Hundred		Rs. In Hundred	
	No. of shares	Amt in Rupees	No. of shares	Amt in Rupees
Authorized 51,00,00,000 Shares of Rs. 1/- each				
Total	51,00,00,000	51,00,000.00	51,00,00,000	51,00,000.00
Issued, subscribed and fully paid up Equity shares of 1/- each				
Total	50,49,50,000	50,49,500.00	50,49,50,000	50,49,500.00

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

Particulars	As at 31st March, 2024	As at 31st March, 2023
	Number of shares	Number of shares
Shares at the beginning of the year	50,49,50,000	50,49,50,000
Movement during the year		
NIL		
Shares outstanding at the end of the year	50,49,50,000	50,49,50,000

(b) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of 1/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Number	% holding	Number	% holding
Equity shares of 1 each fully paid				
VAIHAVLAXMI VANIJYA PRIVATE LIMITED	6,00,00,000	11.88%	6,00,00,000	11.88%

Shares held by promoters at the end of the year 31st March 2024

Sr. No.	Promoter Name	No. of Shares	% of total shares	% Change during the year
1	S.R. CHOWTHI FUND PVT LTD	7,16,750	0.14	0
2	VAIHAVLAXMI VANIJYA PRIVATE LIMITED	6,00,00,000	11.88	0
	Total	6,07,16,750	12.02	0

Equity shares of the company has been split from Rs. 10/- each to Rs. 1/- each

Shares held by promoters at the end of the year 31st March 2023

Sr. No.	Promoter Name	No. of Shares	% of total shares	% Change during the year
1	S.R. CHOWTHI FUND PVT LTD	7,16,750	0.14	0
2	VAIHAVLAXMI VANIJYA PRIVATE LIMITED	6,00,00,000	11.88	0
	Total	6,07,16,750	12.02	0

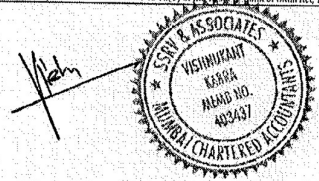
**ARC FINANCE LIMITED**  
Notes forming part of financial statements for the year ended March 31, 2024

**20 Other equity**

Particulars	Reserve and Surplus				Total
	Rs. In Hundred				
	Securities Premium	Retained Earnings	Equity Instruments through OCI	Statutory Reserve	
Balance as at April 1, 2023		56,305.73		56,114.05	1,12,420.50
Profit for the year					
Balance as at March 31, 2024		56,305.73		56,114.05	1,12,420.50
Profit for the year		81,744.16		-13,256.15	67,988.01
Deferred tax due to implementation of IND AS Other comprehensive income (expense) net of tax					
Balance as at March 31, 2024		1,38,049.89		42,857.90	1,80,907.59

Nature and purpose of other equity:

- (i) **Securities Premium**  
Securities premium is used to record the premium on issue of shares. It can be utilized only for linked purposes in accordance with the provisions of the Companies Act, 2013.
- (ii) **Retained Earnings**  
Retained earnings represents the surplus in profit and loss account and appropriations.
- (iii) **Reserve fund in terms of section 45-1C (1) of the Reserve Bank of India Act, 1934**  
Reserve fund is created as per the terms of section 45-1C(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.



ARC FINANCE LIMITED  
Notes forming part of financial statements for the year ended March 31, 2024

21 Interest Income

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Interest on loans	3,07,178.25	3,86,686.13
<b>Total</b>	<b>3,07,178.25</b>	<b>3,86,686.13</b>

22 Dividend Income

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Dividend on equity instruments	75.26	1,294.41
<b>Total</b>	<b>75.26</b>	<b>1,294.41</b>

23 Sale of product/service

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Sale of shares	6,16,319.97	2,62,924.99
Income from futures	-	40,696.11
<b>Total</b>	<b>6,16,319.97</b>	<b>3,03,621.10</b>

24 Other Income

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Insurance claim received	633.16	-
Profit(loss) on sale on investment	-	-
<b>Total</b>	<b>633.16</b>	<b>-</b>

25 Finance Cost

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
On financial liabilities measured at amortised cost:		
Interest & Other Expense	8,222.53	1,31,603.42
Demat Charges	664.86	649.97
<b>Total</b>	<b>8,887.39</b>	<b>1,32,253.39</b>

26 Impairment on financial assets

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Loans		
Expected credit loss	-	-
Write off (net of recoveries)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

27 Purchase of stock in trade

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Purchase of Shares	19,55,829.59	5,16,075.71
<b>Total</b>	<b>19,55,829.59</b>	<b>5,16,075.71</b>



ARC FINANCE LIMITED  
Notes forming part of financial statements for the year ended March 31, 2024

28 Changes in inventory of finished goods

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Opening Stock of equity instruments		
Less: Closing stock of equity instruments	11,55,142.35	9,81,760.04
	23,23,527.30	11,55,142.35
<b>Total</b>	<b>-11,68,384.95</b>	<b>-1,73,382.31</b>

29 Employee benefits expense

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Salaries & wages including bonus	20,341.68	29,459.37
<b>Total</b>	<b>20,341.68</b>	<b>29,459.37</b>

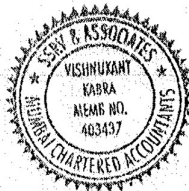
30 Payment to Auditors

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
(I) Auditors' remuneration		
a) Statutory audit fee & tax audit	1,674.00	450.00
<b>Total payment to auditors</b>	<b>1,674.00</b>	<b>450.00</b>

31 Other expenses

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Advertisement Exp.		728.79
Annual Listing Fees	322.38	
Bank Charges	13,371.21	18,801.89
E-voting expenses	27.31	40.19
Car Expenses	472.00	236.00
Printing and stationary	-	2,568.57
Rent	624.89	500.75
Bad Debts	1,800.00	1,900.00
Business Promotion expenses		52,315.75
Car Insurance	1,482.17	893.33
Commission Expenses	650.52	405.60
Filing Fees	10,000.00	30,400.00
General Expense	189.00	102.50
Postage & Telegram Expense	409.65	652.42
Professional Fees	472.90	352.50
Repairs & Maintenance Expense	11,030.66	21,915.76
TDS Interest Expense	3,261.57	450.79
Telephone Expense	10.25	27.71
Travelling & Conveyance Expense	571.05	409.72
Website Maintenance Exp	1,964.75	2,582.57
Equifax annual fees	82.60	82.60
Transunion Registration fees	59.00	-
Annual Custody Fees (NSDL)	177.00	-
Round off	2,014.60	-
<b>Total</b>	<b>48,993.53</b>	<b>1,35,267.44</b>

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ARC FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2024

32 Income tax expense

Particulars	Rs. In Hundre	
	As at 31st March, 2024	As at 31st March, 2023
Current tax	9,533.91	11,498.80
Deferred tax		
<b>Total tax expenses</b>	<b>9,533.91</b>	<b>11,498.80</b>

33 Earnings per share

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Indian Accounting Standard (Ind AS) 33 on "Earning Per Share" given as under: -

Particulars	Rs. In Hundred	
	As at 31st March, 2024	As at 31st March, 2023
Profit/(Loss) attributable to equity shareholders (C) (A) [Rupees in thousands]	27,134.97	32,727.22
Weighted average number of outstanding equity shares (B)	50,49,500	50,49,500
Nominal value per equity share (C)	0.01	0.01
Basic EPS (in `) (A/B)	0.01	0.01
Diluted EPS (in `) (A/B)	0.01	0.01

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34 Related party disclosures #

Rs. In Hundred

The related party disclosures in accordance with the requirements of Ind AS - 24 "Related Party Disclosures" has been given below:

(a) Name and nature of related party relationships

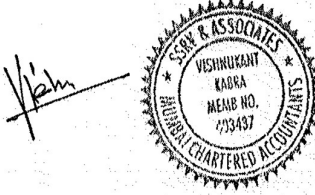
Name of Related Party	Relationship
ASIS BANERJEE	Director
GOPAL SINGH	Director
APARNA SHARMA	Director
DINESH AGARWAL	Director
DINESH AGARWAL	CFO(KMP)
VIRENDRA KUMAR SONI	Director
SOMNATH CHITRAKAR	Director
ROHIT JAIN	Company Secretary

(b) Description of the nature of transactions with the related parties

Particulars	Enterprises over which KMP is able to exercise significant influence	
	Financial Year 2023-24	Financial Year 2022-23
1) Salary and Remuneration Paid ROHIT JAIN	780.00	1,560.00

# Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the auditors.

35 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.





36 Financial Risk Management Objectives and Policies

(A) Financial risk management

The company has a risk management committee which has the responsibility to identify the risk and suggest the management the mitigation plan for the identified risks in accordance with the risk management policy of the Company. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency.

These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using derivative financial instruments, credit limit to exposures, etc., to hedge risk exposures.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk, investment risk.

(ii) Interest rate risk

Arising from:

Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.

Measurement, monitoring and management of Risk:

Interest rate risk is measured, monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities.

(iii) Liquidity risk management

Arising from:

Liquidity risk arises from mismatches in the timing of cash flows, whereas funding risk arises when long term assets cannot be funded at the expected term resulting in cashflow mismatches.

Measurement, monitoring and management of Risk:

Liquidity and funding risk is measured by identifying gaps in the structural and dynamic liquidity statements. Monitored by assessment of the gap between visibility of funds and the near term liabilities given under current liquidity conditions and evolving regulatory directions for NBFCs.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

As at 31st March, 2024	Upto 1 year	1-2 years	> 2 years	Total
Financial liabilities				
Long term borrowings	2,44,695.44	6,28,196.96	7,35,168.74	16,08,061.14
Current maturities of long term debt				
Trade payables	9,390.79			9,390.79
Other payables				
Other financial liabilities	2,34,300.00	1,61,026.88		3,95,326.88
Total financial liabilities	4,88,386.23	7,89,223.84	7,35,168.74	20,12,778.81

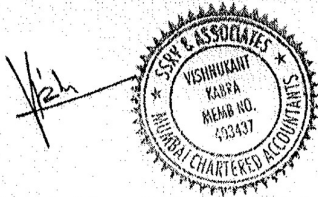
(iv) Credit risk management

Arising from:

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the company.

Measurement, monitoring and management of Risk:

Credit risk is measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans, etc. are used as leading indicators to assess credit risk.





ARC FINANCE LIMITED  
Notes forming part of financial statements for the year ended March 31, 2024

37 Fair value measurement

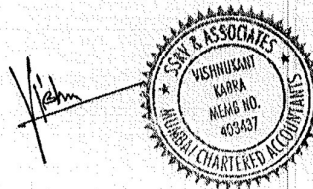
(a) Financial assets

Particulars	Rs. In Hundred			
	As at 31st March, 2024		As at 31st March, 2023	
	Amortised Cost	Carrying value	Amortised Cost	Carrying value
<b>(i) Measured at amortised cost</b>				
Trade receivables	1,24,068.78	1,24,068.78	1,27,979.45	1,27,979.45
Cash and cash equivalents	15,831.51	15,831.51	15,217.72	15,217.72
Bank balances other than cash and cash equivalents	14,685.04	14,685.04	72,333.58	72,333.58
Loans	44,57,362.75	44,57,362.75	54,20,942.72	54,20,942.72
Investments	30,400.85	30,400.85	35,100.85	35,100.85
<b>Total financial assets at amortised costs (A)</b>	<b>46,42,348.93</b>	<b>46,42,348.93</b>	<b>56,71,574.32</b>	<b>56,71,574.32</b>
<b>(ii) Measured at fair value through other comprehensive income</b>				
Non-current Investments				
<b>Total financial assets at fair value through other comprehensive income (B)</b>				
<b>Total financial assets</b>	<b>46,42,348.93</b>	<b>46,42,348.93</b>	<b>56,71,574.32</b>	<b>56,71,574.32</b>

(b) Financial liabilities

Particulars	Rs. In Hundred			
	As at 31st March, 2024		As at 31st March, 2023	
	Amortised Cost	Carrying value	Amortised Cost	Carrying value
<b>(i) Measured at amortised cost</b>				
Trade payables	9,390.79	9,390.79	4,17,387.39	4,17,387.39
Other payables				
Other financial liabilities	3,97,003.16	3,97,003.16	13,536.58	13,536.58
<b>Total financial liabilities</b>	<b>4,06,393.95</b>	<b>4,06,393.95</b>	<b>4,30,923.97</b>	<b>4,30,923.97</b>

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties in an orderly market transaction, other than in a forced or liquidation sale.



ARC FINANCE LIMITED

Notes to Financial Statements for the year ended 31st March,2024

Note : Calculation of Important Financial Ratios			
Particulars		2023-24	2022-23
<b>1) Current Ratio</b>			
<u>Current Assets</u>			
Cash & Cash Equivalents		30,516.55	87,551.30
Other Current Assets		47,713.27	1,10,564.82
Trade Receivables		1,24,068.78	1,27,979.45
	Total	2,02,298.60	3,26,095.57
<u>Current Liabilities</u>			
Other Current Liabilities		19,35,505.58	14,01,185.36
Trade Payables		9,390.79	4,17,387.39
	Total	19,44,896.37	18,18,572.75
Current Ratio		0.10	0.18

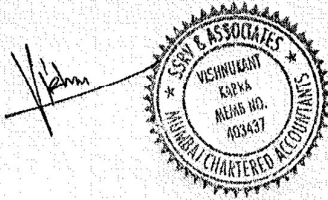
Remarks:

<b>2) Debt Equity Ratio</b>			
<u>Total Liability</u>			
		71,50,454.87	70,94,201.79
<u>Shareholder's Equity</u>			
Equity Share Capital		50,49,500.00	50,49,500.00
Reserves & Surplus		67,988.01	1,12,420.58
	Total	51,17,488.01	51,61,920.58
Debt Equity Ratio		1.40	1.37

**3) Debt Service Coverage Ratio**

<b>4) Return on Equity Ratio</b>			
<u>Net Income</u>			
Profit after Tax		27,134.97	32,727.22
<u>Shareholder's Equity</u>			
Equity Share Capital		50,49,500.00	50,49,500.00
Reserves & Surplus		67,988.01	1,12,420.58
	Total	51,17,488.01	51,61,920.58
Return on Equity Ratio		0.0053	0.0063

<b>5) Inventory Turnover Ratio</b>			
COGS		19,55,829.59	5,16,075.71
<u>Average Inventory</u>		17,39,334.83	10,68,451.20
Inventory Turnover Ratio		1.12	0.48



<b>6) Trade Receivables Turnover Ratio</b>			
	Net credit Sales	1,28,000.00	3,10,235.35
	<u>Average Receivables</u>		
	Average account receivables	1,24,068.78	1,27,979.45
	Trade Receivable Turnover Ratio	1.03	2.42

<b>7) Trade Payables Turnover Ratio</b>			
	Net credit Purchase	65,573.29	-
	<u>Average Payables</u>		
	Average account payables	9,390.79	-
	Trade Payable Turnover Ratio	6.98	-

<b>8) Net Capital Turnover Ratio</b>			
	Net Annual Sales	6,16,319.97	3,03,621.10
	<u>Total Assets</u>		
	Assets	71,50,454.87	70,94,201.79
	Net Capital Turnover Ratio	0.09	0.04

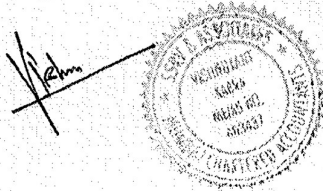
Remarks:

<b>9) Net Profit Ratio</b>			
	Net Profit after Tax	27,134.97	32,727.22
	Revenue	6,16,319.97	3,03,621.10
	Net Profit Ratio	4.40	10.78

Remarks:

<b>10) Return on Capital Employed</b>			
	<u>Earnings Before Interest and Tax</u>		
	Profit after Tax	27,134.97	32,727.22
	Add: Interest	-	-
	Add: Tax	9,533.91	11,498.80
	Total	36,668.88	44,226.02
	<u>Capital Employed</u>		
	Total Assets	71,50,454.87	70,94,201.79
	Less: Current Liabilities	19,44,896.37	18,18,572.75
		52,05,558.50	52,75,629.04
	Return on Capital Employed	0.0070	0.0084

Remarks:



## CAPITALISATION STATEMENT

The following table sets forth our capitalization and total debt as of March 31, 2024 (based on our Audited Financial Statements) and as adjusted to give effect to the Issue. This table should be read in conjunction with the section titled ‘*Financial Statements*’, ‘*Risk Factors*’, ‘*Management’s Discussion and Analysis of Financial Position and Results of Operations*’ and ‘*Other Financial Information*’.

(Rs in Lakhs)

Particulars	PRE ISSUE 31 <sup>st</sup> March, 2024	POST ISSUE*
<b>Borrowings:</b>		
Short term Debt (A)	1538.50	[1538.50]
Long-term Debt (B)	69.56	[69.56]
<b>Total debts (C)</b>	<b>1608.06</b>	[1608.06]
<b>Shareholders’ funds</b>		
Equity Share capital	5049.50	[9089.1]
Reserve and surplus	67.99	[875.91]
<b>Total shareholders’ funds (D)</b>	<b>5117.49</b>	[9965.01]
<b>Long term debt / shareholders’ funds (B/D)</b>	<b>0.01</b>	[0.01]
<b>Total debt / shareholders’ funds (C/D)</b>	<b>0.31</b>	[0.16]

\* To be updated in the Letter of Offer:

1. All Borrowings having maturity over 12 Months at initial recognition date are Long Term in nature.
2. Short Term Borrowings are debts repayable within 12 months from origination of debt.
3. The amounts disclosed above are based on the Audited Financial Statements of the Company for the year ended March 31, 2024.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the "**Financial Statements**" beginning on page 79 of this Letter of Offer.

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "**Risk Factors**" and "**Forward Looking Statements**" beginning on pages 22 and 16 respectively of this Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for three months ended 30<sup>th</sup> June, 2024, and Fiscal 2024 and 2023 included herein is based on the Financial Statements, included in this Letter of Offer. For further information, see "**Financial Statements**" beginning on page 79 of this Letter of Offer.

Neither we, any of their affiliates or advisors, nor any other person connected with the Issue has independently verified such information. For further information, see "**Presentation of Financial and other Information**" beginning on page 14 of this Letter of Offer.

### OVERVIEW OF OUR BUSINESS

Our company was originally incorporated with the Registrar of Companies on 23rd September, 1982 as ARC Modellors & Services Limited with registration no. 035283. The name was changed to ARC Finance Limited. A fresh certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Kolkata, dated 19th day of February, 1993. The corporate identification number of our Company is L51909WB1982PLC035283. The Registered office of our Company is located at 18, Rabindra Sarani, Poddar Court Gate No.4, 4<sup>th</sup> Floor, Room No. 3, Kolkata, West Bengal-700001, India.

Our company is a NBFC registered with the RBI to carry out NBFC activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration No. 05.01915 dated 30-04-1998. We operate as a Non Deposit taking Non Banking Finance Company engaged primarily in the business of advancing loans and investing/trading in securities.

Our total income for the three months ended on June 30, 2024 and for the financial year ended March 31, 2024 is ₹ 60.05 Lakhs and ₹ 924.21 Lakhs respectively. Whereas our profit after tax for the three months ended on June 30, 2024 and financial year ended on March 31, 2024 was ₹ 305.77 Lakhs and ₹ 27.13 lakhs respectively. EBITDA of the company for the three months ended on June 30, 2024 and for the financial year ended March 31, 2024 is ₹ 419.54 Lakhs and ₹ 65.75 Lakhs respectively. For further details, please refer to the chapter titled 'Business Overview' beginning on page 63 of this Letter of Offer.

### SIGNIFICANT DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

To the knowledge of our Company and except as disclosed herein, since the date of the last balance sheet contained in this Letter of Offer i.e. 30<sup>th</sup> June 2024, no other circumstances have arisen which would materially and adversely affect or which would be likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 (twelve) months.

1. Resignation of Mrs. Neha Gandhi, Company Secretary w.e.f. close of business hours of 26<sup>th</sup> April, 2024.
2. The Board of Directors of our Company has approved to raise funds through Rights Issue in the board meeting held on September 02<sup>nd</sup>, 2024.
3. The Board of Directors of our Company has, at its meeting held on September 02<sup>nd</sup>, 2024, approved the constitution of Right Issue Committee.

## **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF THE OPERATIONS**

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section entitled 'Risk Factors' on page 22 of this Letter of Offer. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Any adverse changes in central or state government policies;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Our ability to successfully execute our expansion strategy in a timely manner.
- Any qualifications made by our statutory auditors which may affect our results of operations;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our reliance on third party suppliers for our products;
- Our dependence on few clients for a significant portion of our revenues
- Loss of one or more of our key customers and/or suppliers;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the regulatory proceedings in which we are involved;
- Our ability to retain and hire key employees or maintain good relations with our workforce
- Market fluctuations and industry dynamics beyond our control;
- An increase in the productivity and overall efficiency of our competitors;
- Occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Our inability to successfully diversify our product offerings may adversely affect our growth and negatively impact our profitability.
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry and,
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.



## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies have been applied consistently to the periods presented in the Audited Financial Statements. For details of our significant accounting policies, please refer to the section titled '*Financial Information*' beginning on page 79 of this Letter of Offer.

## **CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 2 YEARS**

There has been no change in accounting policies for the period which has been included in this Letter of Offer. For further details of our significant accounting policies, please refer to the section titled '*Financial Information*' beginning on page 79 of this Letter of Offer.

## **RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS**

The Auditors' Report and Secretarial Auditors' Report do not contain any qualifications, reservations or adverse remarks. For details, please refer section titled '*Financial Information*' beginning on page 79 of this Letter of Offer.

## **PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS**

The following descriptions set forth information with respect to the key components of the Audited Financial Statements for the Fiscals 2024 and 2023 and Unaudited Financial Statements for the three months ended 30<sup>th</sup> June, 2024.

### **Income**

Our total income comprises (i) revenue from operations, (ii) other income.

#### ***Revenue from operations***

Our revenue from operations is predominantly from interest income on loans.

#### ***Other income***

Other income comprises of Finance Income.

### **Expenses**

Our total expenses comprise (i) Purchase expense; (ii) changes in inventories; (iii) employee benefit expense; (iv) finance costs; (v) depreciation and amortisation expense; and (vi) other expenses.

#### ***Purchase Expense***

Purchase expense comprises of purchase of shares.

#### ***Changes in inventories***

Changes in inventories comprises changes in the position of shares;

#### ***Employee benefits expense***

Employee benefits expense comprises salaries and wages including bonus.

#### ***Finance costs***

Finance costs comprise Interest on Borrowings and Demat charges;

#### ***Depreciation and amortisation expense***

Depreciation and amortisation expense comprises of depreciation on fixed assets.

#### ***Other expenses***

Other expenses comprise of Auditors Remuneration, Annual Listing Fees, Custody Fees, Legal and Professional Fees, Printing and Stationery, Rent, Business Promotion Expenses, Travelling & Conveyance Expenses, Telephone Expenses, Repairs & Maintenance Expenses and Other Miscellaneous Expenditure.

#### ***Tax expenses***

Tax expense comprises of current tax, deferred tax and also Tax on earlier years. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax is provided on temporary differences at the reporting date between the tax bases

of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is certain that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Tax on earlier years includes difference between the provision for tax made in books and actual tax paid.

## DISCUSSION ON RESULT OF OPERATION

The following discussion on results of operations should be read in conjunction with the unaudited financial statement for the period ending 30<sup>th</sup> June 2024 and audited financial statement of our company for the financial years ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

(₹ in lakhs)

Particulars	For the period ended							
	30 <sup>th</sup> June 2024	% of Total Revenue	30 <sup>th</sup> June 2023	% of Total Revenue	31 <sup>st</sup> March 2024	% of Total Revenue	31 <sup>st</sup> March 2023	% of Total Revenue
<b>(1) Revenue</b>								
(a) Revenue from Operations	60.05	100.00%	40.21	100.00%	923.57	99.93%	691.60	100.00%
(b) Other Income	0.00	0.00%	0.00	0.00%	0.63	0.07%	0.00	0.00%
<b>Total Revenue (1)</b>	<b>60.05</b>	<b>100.00%</b>	<b>40.21</b>	<b>100.00%</b>	<b>924.21</b>	<b>100%</b>	<b>691.60</b>	<b>100%</b>
<b>(2) Expenses</b>								
Purchases	0.00	0.00%	710.64	1767.32%	1955.83	211.62%	516.08	74.62%
Change in Inventories	(387.05)	-644.55%	(710.64)	-1767.32%	(1168.38)	-126.42%	(173.38)	-25.07%
Employee Benefit Expenses	3.69	6.14%	3.07	7.63%	20.34	2.20%	29.46	4.26%
Finance Cost	1.43	2.38%	2.39	5.94%	8.89	0.96%	132.25	19.12%
Depreciation & Amortisation Expenses	4.91	8.18%	5.74	14.28%	20.20	2.19%	7.25	1.05%
Other Expenses	23.87	39.75%	16.62	41.33%	50.67	5.48%	135.72	19.62%
<b>Total Expenses (2)</b>	<b>(353.15)</b>	<b>-588.09%</b>	<b>27.82</b>	<b>69.19%</b>	<b>887.54</b>	<b>96.03%</b>	<b>647.38</b>	<b>93.61%</b>
<b>Profit/(Loss) before extraordinary items and tax</b>	<b>413.20</b>	<b>688.09%</b>	<b>12.39</b>	<b>30.81%</b>	<b>36.67</b>	<b>3.97%</b>	<b>44.23</b>	<b>6.39%</b>
Extraordinary items	0.00	-	0.00	-	0.00	0.00%	0.00	0.00%
<b>Tax Expenses</b>								
(a) Current Tax	107.43	178.90%	3.22	8.01%	9.53	1.03%	0.00	0.00%
(b) Deferred Tax	0.00	-	0.00	-	0.00	0.00%	11.50	1.66%
(c) Income tax for earlier years	0.00	-	0.00	-	0.00	0.00%	0.00	-
<b>Total Tax Expenses</b>	<b>107.43</b>	<b>178.90%</b>	<b>3.22</b>	<b>8.01%</b>	<b>9.53</b>	<b>1.03%</b>	<b>11.50</b>	<b>1.66%</b>
<b>Profit/(Loss) for the period/ year</b>	<b>305.77</b>	<b>509.19%</b>	<b>9.17</b>	<b>22.81%</b>	<b>27.13</b>	<b>2.94%</b>	<b>32.73</b>	<b>4.73%</b>

## **COMPARISON OF THREE MONTHS ENDED JUNE 30, 2024 WITH THREE MONTHS ENDED JUNE 30, 2023**

The total income for three months ended June 30, 2024 has increased by 19.84 lakhs from Rs.40.21 lakhs for three months ended June 30, 2023 to Rs.60.05 lakhs for three months ended June 30, 2024. An increase of 49.34%, mainly due to increase in revenue from operations as detailed below.

### *Revenue from Operations*

Revenue from operations has increased from Rs. 40.21 lakhs for three months ended June 30, 2023 to Rs. 60.05 lakhs for three months ended June 30, 2024, an increase of 19.84 lakhs or 49.34%. This was mainly due to an increase in interest income during the three months ended June 30, 2024.

### *Purchases*

Purchases decreased from Rs. 710.64 lakhs for three months ended June 30, 2023 to Rs. Nil for three months ended June 30, 2024, a decrease of 100.00%. This substantial decrease in purchases was due to no purchase of shares during the period.

### *Employee Benefit Expenses*

Employee Benefit Expense has been increased from Rs. 3.07 lakhs for the three months ended June 30, 2023 to Rs. 3.69 lakhs for three months ended June 30, 2024. An increase of 0.62 lakhs or 20.20%, mainly due to increase in salary expenses during the period.

### *Finance Costs*

Finance Costs for the three months ended June 30, 2024 was Rs 1.43 lakhs compared to Rs 2.39 lakhs for the three months ended June 30, 2023. This was a decrease of Rs 0.96 lakhs i.e. 40.17% over the previous period. This was due to an decrease in interest on borrowings.

### *Depreciation & Amortisation Expenses*

Depreciation & Amortisation expense in the three months ended June 30, 2023 was Rs. 5.74 lakhs and for the three months ended June 30, 2024 was Rs.4.91 lakhs.

### *Other Expenses*

Other Expenses has been increased from Rs. 16.62 lakhs for three months ended June 30, 2023 to Rs. 23.87 lakhs for three months ended June 30, 2024. An increase of 43.62%, this was mainly due to increase in the Depository charges and Professional fees during the period.

### *Profit before tax*

Profit before tax has increased from Rs. 12.39 lakhs for the three months ended June 30, 2023 to Rs. 413.20 lakhs for three months ended June 30, 2024. An increase of 3234.95%, was due to no purchase of shares during the period the three months ended June 30, 2024.

### *Tax Expense*

Tax Expense has increased from 3.22 lakhs for three months ended June 30, 2023 while in three months ended June 30, 2024 tax expense was 107.43 lakhs. An increase of 3236.34%, This increase was primarily due to increase in taxable profit during the three months ended June 30, 2024.

### *Profit after tax*

Due to all the combined reasons stated above the Profit after tax has increased from Profit of Rs.9.17 lakhs for three months ended June 30, 2023 to profit of Rs. 305.77 lakhs for three months ended June 30, 2024. An increase of 3234.46%.

## **COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2024 WITH FINANCIAL YEAR ENDED MARCH 31, 2023**

The total income for FY 2022-23 has increased from Rs. 691.60 lakhs for F.Y. 2022-23 to Rs. 924.21 lakhs for F.Y. 2023-24. An increase of 33.63%, mainly due to increase in revenue from operations as detailed below.

### *Revenue from Operations*

Revenue from operations in the F.Y. 2022-23 was Rs. 691.60 lakhs and in the F.Y. 2023-24 revenue from operations was Rs 923.57 lakhs, an increase of 33.54%. This increase is due to the increase in Sale of shares by the company.

### *Other income*

Other income in the F.Y. 2022-23 was Rs. Nil as compared to Rs. 0.63 lakhs in F.Y. 2023-24. An increase of 100%, This increase was mainly due to insurance claim received for the year.

### *Purchases*

Purchases of Shares increased to Rs. 516.08 lakhs in the FY 2022-23 as compared to Rs. 1955.83 lakhs in the F.Y. 2023-24. An increase of 278.98%, as there is increase in investments in equity shares by the company.

### *Employee Benefit Expenses*

Employee Benefit Expenses has been increased from Rs.29.46 lakhs for F.Y. 2022-23 to Rs. 20.34 lakhs for FY 2023-24. A decrease of 30.95%, mainly due to decrease in Salary & Bonus expenses.

### *Finance Costs*

Finance Costs for FY 2022-23 was Rs 132.25 lakhs compared to Rs 8.89 lakhs in the year ended FY 2023-24. This was a decrease of Rs 123.37 lakhs i.e. 93.28% over the previous year. This was due to a decrease in interest and other expense.

### *Depreciation & Amortisation*

Depreciation & Amortisation expense for the F.Y. 2023-24 has been increased to Rs. 20.20 lakhs as compared to Rs. 7.25 in the F.Y. 2022-23. An increase of 178.50%, as there was increase in Fixed Assets in F.Y. 2022-23.

### *Other Expenses*

Other Expenses has been decreased from Rs.135.72 lakhs in F.Y. 2022-23 to Rs. 50.67 lakhs in F.Y. 2023-24. A decrease of 62.67%, which was mainly due to decrease in Bad debts, Commission expenses and Professional fees.

### *Profit before tax*

Profit before tax has decreased from profit of Rs.44.23 lakhs in F.Y. 2022-23 to profit of Rs. 36.67 lakhs in FY 2023-24, i.e., a decrease of 17.09%, on account of increase in expenses during the FY 2023-24.

### *Tax Expense*

Tax Expense increased from F.Y.2022-23 was Rs. 9.53 lakhs to Rs. 11.50 lakhs in FY 2023-24. A decrease of 17.09%, The decrease was primarily due to decrease in taxable profit during the FY 2023-24.

### *Profit after tax*

Due to all the combined reasons stated above the Profit after tax has decreased from Profit of Rs.32.73 lakhs in the F.Y. 2022-23 to profit of Rs. 27.13 lakhs in the F.Y. 2023-24. A decrease of 17.09%.

## Summary of cash Flows

(₹ In Lakhs)

Particulars	For 3 months ended June 30, 2024	For the Financial Year ended March 31	
		2024	2023
Net Cash flow (used in)/ from Operating Activities:	(117.02)	(1157.34)	(904.22)
Net Cash flow (used in)/ from Investing Activities:	0.26	968.14	698.84
Net Cash flow (used in)/ from Financing Activities:	112.90	132.17	72.84
Net Increase/ (decrease) in cash/ cash equivalents	(3.86)	(57.03)	(132.54)
Cash and Cash equivalents at the beginning	30.52	87.55	220.09
Cash and Cash equivalents at the end	26.66	30.52	87.55

### *Cash Flows from Operating Activities*

#### **Three months ended June 30, 2024**

In the three months ended June 30, 2024, net cash used in operating activities was Rs. (117.02) Lakhs and the net profit before tax was Rs. 413.20 Lakhs. This difference is primarily on account of Depreciation, decrease in Trade Receivables, increase in Inventories and decrease in Trade Payables.

#### **Financial Year 2023-2024**

Our net cash used in operating activities for the financial year ended March 31, 2024 was Rs. (1157.34) lakhs as compared to the net profit before tax of Rs. 36.67 lakhs for the same period. This difference is primarily on account of Depreciation, Balance of asset written off, decrease in Trade Receivables, increase in Inventories, decrease in other financial assets and decrease in Trade Payables.

#### **Financial Year 2022-2023**

Our net cash used in operating activities for the financial year ended March 31, 2023 was Rs. (904.22) lakhs as compared to net profit before tax of Rs. 44.23 lakhs for the same period. This difference is primarily on account of Depreciation, decrease in Trade Receivables, increase in Inventories, increase in other financial assets and increase in Trade Payables.

### *Cash Flows from Investing Activities*

#### **Three months ended June 30, 2024**

In the three months period ended June 30, 2024, net cash flow from investing activities was Rs. 0.26 Lakhs. This was primarily on account of increase in Unsecured Loans provided.

#### **Financial Year 2023-2024**

For the F.Y. 2023-24, net cashflow from investing activities was Rs. 968.14 Lakhs. This was primarily on account of Purchase of Property, plant and equipment, decrease in Unsecured Loans provided and decrease in Investments.

#### **Financial Year 2022-2023**

For the F.Y. 2022-23, net cashflow from investing activities was Rs. 698.84 Lakhs. This was primarily on account of Purchase of Property, plant and equipment and decrease in Unsecured Loans provided.

### *Cash Flows from Financing Activities*

#### **Three months ended June 30, 2024**

In the three months period ended June 30, 2024, net cash flow from financing activities was Rs. 112.90 Lakhs. This was on account of proceeds of borrowings.

#### **Financial Year 2023-2024**



For the F.Y. 2023-24, net cashflow from financing activities was Rs. 132.17 Lakhs. This was on account of proceeds from borrowings.

**Financial Year 2022-2023**

For the F.Y. 2022-23, net cashflow from financing activities was Rs. 72.84 Lakhs. This was on account of proceeds from borrowings.

## ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the Audited Financial Information for the Financial Years ended on March 31,2024 and March 31, 2023 and unaudited limited review financials statement for the 3 months ending June 30, 2024. For further details please refer to the section titled '*Financial Information*' beginning on page 79 of this Letter of Offer.

### ACCOUNTING RATIOS

Particulars	Based on Financial Statements for the		
	Unaudited Three months ended June 30, 2024	Audited F.Y.2023-24	Audited F.Y.2022-23
Basic earnings per Equity Share (₹)	0.06	0.01	0.01
Diluted earnings per Equity Share (₹)	0.06	0.01	0.01
Return on Net Worth (%)	5.64	0.53	0.63
Net Asset Value per Equity Share (₹)	1.07	1.01	1.02
EBITDA (₹)	419.54	65.75	183.73

The formula used in the computation of the above ratios are as follows:

Particular	Computation of Formulas
Basic earnings per Equity Share (₹)	(Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders after exceptional item, as applicable) / (Weighted Average number of Equity Shares);
Diluted earnings per Equity Share (₹)	(Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders after exceptional item, as applicable) / (Weighted Average number of Equity Shares (including convertible securities));
Return on Net Worth (%)	(Profit for the Year as per Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income))/ (Net worth at the end of the year);
Net Asset Value per Equity Share (₹)	(Net Worth)/ (Number of Equity Shares outstanding for the year);
EBITDA (₹)	Profit for the year before finance costs, tax, depreciation and amortization as presented in the statement of profit and loss

### Calculation of Return on Net Worth (%)

(₹ In Lakhs)

Particulars	Based on Financial Statements for the		
	Unaudited Three months ended June 30, 2024	Audited F.Y.2023-24	Audited F.Y.2022-23
Profit for the Year as per Statement of Profit and Loss attributable to Equity Shareholders (₹) (A)	305.77	27.13	32.73
Net worth at the end of the year (₹) (B)	5423.25	5117.49	5161.92
<b>Return on Net Worth (%) [(A)/(B)]</b>	<b>5.64%</b>	<b>0.53%</b>	<b>0.63%</b>

### Calculation of Net asset value per Equity Share

(₹ In Lakhs)

Particulars	Based on Financial Statements for the		
	Unaudited Three months ended June 30, 2024	Audited F.Y.2023-24	Audited F.Y.2022-23
Net Worth (₹) (A)	5423.25	5117.49	5161.92
Number of issued, subscribed and fully paid-up Equity Shares outstanding as at the year ended (Numbers) (B)	5049.5	5049.5	5049.5
<b>Net Asset Value per Equity Share (₹) [(A)/(B)]</b>	<b>1.07</b>	<b>1.01</b>	<b>1.02</b>

**Calculation of Net Worth****(₹ In Lakhs)**

Particulars	Based on Financial Statements for the		
	Unaudited Three months ended June 30, 2024	Audited F.Y.2023-24	Audited F.Y.2022-23
Equity Share capital (₹) (A)	5049.5	5049.5	5049.5
Reserves and Surplus (₹) (B)	373.75	67.99	112.42
<b>Net Worth (₹) [(A)+(B)]</b>	<b>5423.25</b>	<b>5117.49</b>	<b>5161.92</b>

**Calculation of EBITDA****(₹ In Lakhs)**

Particulars	Based on Financial Statements for the		
	Unaudited Three months ended June 30, 2024	Audited F.Y.2023-24	Audited F.Y.2022-23
Net Profit/ (loss) after tax (₹) (A)	305.77	27.13	32.73
Income tax expenses (₹) (B)	107.43	9.53	11.5
Finance Cost (₹) (C)	1.43	8.89	132.25
Depreciation and amortization expense (₹) (D)	4.91	20.20	7.25
<b>EBITDA (₹) (A+B+C+D)</b>	<b>419.54</b>	<b>65.75</b>	<b>183.73</b>

## STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Company's Equity Shares are listed on BSE Limited, and the Rights Shares issued pursuant to this Issue will be listed on the said Stock Exchange. For further details, please refer to the section titled '*Terms of the Issue*' on page 142 of this Letter of Offer.

Our Company shall make an application for being in receipt of the in-principle approval for listing of the Rights Shares on BSE Limited to be issued pursuant to this Issue. In pursuance of which, our Company is in receipt of in-principle approval from the Stock Exchange vide its letter bearing reference number [LOD/RIGHT/MV/FIP/1011/2024-25] dated [September 27, 2024]. Our Company shall also make applications to the Stock Exchange to obtain trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

For the purpose of this section, unless otherwise specified:

- i. Year is a Financial Year;
- ii. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- iii. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- iv. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

## STOCK MARKET DATA OF THE EQUITY SHARES

1. The following tables set out the reported high, low, and average of the closing prices of our Equity Shares on the BSE Limited and number of Equity Shares traded on the days on which such high and low prices were recorded for, and the volume of Equity Shares traded in the preceding 3 (Three) Financial Years:

Financial Year ending on March 31	High (₹)	Date of High	Number of Equity Shares traded on date of High	Total turnover of Equity Shares traded on date of High (₹ in Lakhs)	Low (₹)	Date of Low	Number of Equity Shares traded on date of Low	Total turnover of Equity Shares traded on date of Low (₹)	Average Market Price for the Year (₹)	Total volume of Equity Shares traded in the Financial Year (in number)	
										(in number)	(₹ in Lakhs)
2024	1.23	09/01/2024	2241838	27.57	0.56	06/06/2023	4481417	24.66	0.76	689180541	5414.69
2023	3.17	05/04/2022	67744014	2147.41	0.61	28/03/2023	2600378	15.83	1.11	1544424729	25833.07
2022	6.40	23/02/2022	1280465	818.86	0.38	09/04/2021	2058	0.079	1.28	171876783	19032.71

\* The Company has done Stock Split From Rs.10/- to Rs.1/- w.e.f. 30<sup>th</sup> March, 2022. The above price is written considering the effect of split in the price of the Company.

Source: [www.bseindia.com](http://www.bseindia.com)

2. The following tables set out the reported high, low, and average of the closing prices of our Equity Shares on BSE number of Equity Shares traded on the days on which such high and low prices were recorded for, and the volume of Equity Shares traded in each of the last 6 (Six) Months:

Month	High (₹)	Date of High	Number of Equity Shares traded on date of High	Total turnover of Equity Shares traded on date of High (₹ in Lakhs)	Low (₹)	Date of Low	Number of Equity Shares traded on date of Low	Total turnover of Equity Shares traded on date of Low (₹ in Lakhs)	Average Market Price in the Month (₹)	No. of trading days in the period	Total volume of Equity Shares traded in the Month (in number)	
											(in number)	(₹ in Lakhs)
September 2024	3.06	26/09/2024	3277568	100.29	1.52	02/09/2024	26437788	423.04	2.20	21	181447007	3383.07
August 2024	1.57	30/08/2024	14593274	226.24	1.08	09/08/2024	2357991	25.61	1.24	21	171327551	2238.98
July 2024	1.35	08/07/2024	4948277	66.75	1.14	24/07/2024	2047068	23.38	1.19	22	97211026	1169.69
June 2024	1.30	13/06/2024	8433448	109.42	0.91	05/06/2024	3941195	35.81	1.10	19	117655239	1318.89
May 2024	0.95	31/05/2024	3164068	29.60	0.87	10/05/2024	1158164	10.04	0.90	22	46465528	423.75

Month	High (₹)	Date of High	Number of Equity Shares traded on date of High	Total turnover of Equity Shares traded on date of High (₹ in Lakhs)	Low (₹)	Date of Low	Number of Equity Shares traded on date of Low	Total turnover of Equity Shares traded on date of Low (₹ in Lakhs)	Average Market Price in the Month (₹)	No. of trading days in the period	Total volume of Equity Shares traded in the Month (in number)	
											(in number)	(₹ in Lakhs)
April 2024	0.98	05/04/2024	1997894	19.61	0.85	01/04/2024	1480300	12.44	0.90	20	30200999	275.08

3. The Board has approved the Issue at their meeting held on September 02<sup>nd</sup>, 2024. The following table sets forth the market prices of our Equity Shares on the BSE on August 30<sup>th</sup>, 2024 the first working day immediately preceding the date of the Board meeting

Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in Lakhs)
1.53	1.57	1.48	1.57	1,45,93,274	226.24

4. The high, low and average prices recorded on BSE, during the last 4 (Four) weeks and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

Week ended on	Closing Price (₹)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
Friday, October 04, 2024	2.79	3.00	September 27, 2024	2.79	October 04, 2024
Friday, September 27, 2024	3.00	3.06	September 26, 2024	2.54	September 20, 2024
Friday, September 20, 2024	2.54	2.54	September 20, 2024	1.97	September 13, 2024
Friday, September 13, 2024	02.00	2	September 13, 2024	1.56	September 06, 2024

The Issue Price of ₹[1].20/- per Equity Share has been determined by the Board of Directors of our Company.



## SECTION VIII- OTHER INFORMATION

### OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigations involving our Company whose financial statements are included in the Letter of Offer, in a Standalone form including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, we have considered all pending litigations involving our Company, including criminal proceedings, statutory or regulatory actions as 'Material' in the opinion of the Board of directors under Regulation 30 of the SEBI Listing Regulations for the purpose of litigation disclosure in this Letter of Offer:

Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer.

#### I. CONTINGENT LIABILITIES OF OUR COMPANY:

##### a) Classification of Contingent liabilities: (₹ in Lakhs)

- Claims against the company not acknowledged as debts	Nil
- Disputed liabilities in respect of Income Tax	17.73*#
- Guarantees given in favour of company	Nil
- Other money for which the company is contingently liable.	Nil

##### b) Classification of Commitments into:

- Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil
- Uncalled liability on shares and other investments partly paid	Nil
- Other commitments (specifying nature)	Nil

\* Excluding interest on disputed demand and amount involved in litigations for which the tax amount is unascertainable.

# The Company has submitted the response on the demand notice issued by the authority to waive the demand and the reply is awaited from authority.

#### II. LITIGATION INVOLVING OUR COMPANY

##### I. LITIGATION AGAINST OUR COMPANY

1. Litigation Involving Criminal matters:  
As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated against the Company.
2. Litigation Involving Civil matters:  
As on the date of this Letter of Offer, there are no outstanding civil proceedings initiated against the Company.
3. Litigation Involving Actions by Statutory/Regulatory Authorities:  
As on the date of this Letter of Offer, there are no outstanding actions by statutory or regulatory authorities initiated against the Company.
4. Litigation involving Tax Liabilities

(₹ in Lakhs)

Nature of Proceedings	Number of cases	Amount involved
Direct Tax	6	17.73*#
Indirect Tax	0	0

\* Excluding interest on disputed demand and amount involved in litigations for which the tax amount is not ascertainable.

# The Company has submitted the response on the demand notice issued by the authority to waive the demand and the reply is awaited from authority.

5. Other Pending Litigations:  
As on the date of this Letter of Offer, there are no other pending material litigations against the Company.

## II. CASES FILED BY OUR COMPANY

1. Litigation Involving Criminal matters:  
As on the date of this Letter of Offer, there are no outstanding criminal proceedings filed by the Company.
2. Litigation Involving Civil matters:  
As on the date of this Letter of Offer, there are no outstanding civil proceedings filed by the Company.
3. Litigation Involving Actions by Statutory/Regulatory Authorities:  
As on the date of this Letter of Offer, there are no outstanding actions initiated by our company against any statutory or regulatory authorities.
4. Other Pending Litigations:  
As on the date of this Letter of Offer, there are no other pending material litigations filed by the Company.

## III. LITIGATION INVOLVING OUR DIRECTORS, PROMOTER AND PROMOTER GROUP

### A. LITIGATION AGAINST OUR DIRECTORS, PROMOTER AND PROMOTER GROUP

1. Litigation Involving Criminal matters:  
As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated against the Promoter & Directors of the company.
2. Litigation Involving Civil matters:  
As on the date of this Letter of Offer, there are no outstanding civil proceedings initiated against the Promoter & Directors of the company.
3. Litigation Involving Actions by Statutory/Regulatory Authorities:  
As on the date of this Letter of Offer, there are no outstanding actions by statutory or regulatory authorities initiated against the Promoter & Directors of the company.
4. Litigation involving Tax Liabilities

(₹ in Lakhs)

Nature of Proceedings	Number of cases	Amount involved
Direct Tax	2	0*
Indirect Tax	0	0

\* Amount is unascertainable.

5. Other Pending Litigations:  
As on the date of this Letter of Offer, there are no other pending material litigations against the Promoter & Directors of the company.

### B. LITIGATION FILED BY OUR DIRECTORS, PROMOTER AND PROMOTER GROUP

1. Litigation Involving Criminal matters:  
As on the date of this Letter of Offer, there are no outstanding criminal proceedings filed by the Promoter & Directors of the Company.
2. Litigation Involving Civil matters:  
As on the date of this Letter of Offer, there are no outstanding civil proceedings filed by the Promoter & Directors of the company.

3. Litigation Involving Actions by Statutory/Regulatory Authorities:  
As on the date of this Letter of Offer, there are no outstanding actions filed by Promoter & Directors of the company against the statutory or regulatory authorities.
4. Other Pending Litigations:  
As on the date of this Red Herring Letter of Offer, there are no other pending material litigations filed by the Promoter & Directors of the company.

**IV. LITIGATION INVOLVING OUR GROUP ENTITIES**

1. Litigation Involving Criminal matters: **Not Applicable**
2. Litigation Involving Civil matters: **Not Applicable**
3. Litigation Involving Actions by Statutory/Regulatory Authorities: **Not Applicable**
4. Litigation involving Tax Liabilities
  - a. Direct Tax Liabilities: **Not Applicable**
  - b. Indirect Taxes Liabilities: **Not Applicable**
5. Other Pending Litigations: **Not Applicable**

**V. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

There are no disputes with such entities in relation to payments to be made to our Creditors. The details pertaining to amounts due towards such creditors are available on the website of our Company.

Below are the details of the Creditors where outstanding amount as on March 31, 2024:

Name	Balance as on March 31, 2024
Total Outstanding dues to Micro and Small & Medium Enterprises (MSME)	-
Total Outstanding dues to Creditors other than MSME#	<b>9.39</b>

# As per audited balance sheet.

**Material Developments occurring after last balance sheet date**

Except as disclosed in Chapter titled “*Management’s Discussion & Analysis of Financial Conditions & Results of Operations*” beginning on page 118 of this Letter of Offer, there have been no material developments that have occurred after the Last Balance Sheet Date.

## GOVERNMENT AND OTHER APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required by us to undertake this Issue and for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Letter of Offer.*

*The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.*

### I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

- a. The Board of Directors in its meeting held on 02<sup>nd</sup> September, 2024 has approved / authorized the issue.;
- b. In-principle approval from [Bombay Stock Exchange] dated [September 27, 2024], to use their name for listing of Equity Shares issued by our Company.
- c. The ISIN of the Company is INE202R01026;

### II. Approvals Related to Incorporation of Company

Sr. No.	Description	CIN/Registration No.	Registrar	Date of Certificate	Date of Expiry
1.	Certificate of Incorporation in the name of ARC Modellers & Services Limited	035283	Registrar of Companies, West Bengal	September 23, 1982	Valid until Cancelled
2.	Certificate of commencement of Business	35283 of 1982	Registrar of Companies, West Bengal	October 05, 1982	Valid until Cancelled
3.	Fresh Certification of Incorporation consequent change in the name from ARC Modellers & Services Limited to ARC Finance Limited	L51909WB1982PLC035283	Registrar of Companies, West Bengal	March 03, 1993	Valid until Cancelled
4.	Certificate of Registration of Non-banking financial institution of the Reserve Bank of India Act, 1934	05.01915	Department of Non-Banking Supervision Calcutta Regional officer	April 13, 1998	Valid until Cancelled


### III. Tax Approvals in relation to our Company

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
a)	Permanent Account Number	Income Tax Department	AACCA1941K	NA	Valid until cancelled
b)	Tax Deduction Account Number	Income Tax Department	CALA19650B	NA	Valid until cancelled

**IV. Approvals Obtained in relation to business operations**

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
a.	Shops and Establishment Registration Certificate	The Kolkata Municipal Corporation	010581034045	09/07/2024	31/03/2025

**V. Intellectual property related approvals**

Sr. No.	Logo	Class	Trademark Type	Owner of Trademark	Application No.	Date of Application	Status
1		36	Device Mark- Logo	ARC Finance Limited	6605176	03/09/2024	Formalities Chk Pass

**VI. Details of the domain name in the name of our Company**

Domain Name
<a href="http://www.arcfinance.in">www.arcfinance.in</a>

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The Issue has been authorized by a resolution of the Board passed at its meeting held on 02<sup>nd</sup> September, 2024, pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

Our Board in its meeting held on [Friday, 04<sup>th</sup> October, 2024], has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders, at an issue price of ₹ [1].20/- per Rights Equity Shares. The Issue Price of ₹[1].20/- per Rights Share has been arrived at, prior to determination of the Record Date.

This Draft Letter of Offer has been approved by our Rights Issue Committee, at its meeting held on 04<sup>th</sup> September, 2024.

Investor has to pay full amount payable on Application i.e [Rs. 1.20/-]

Our Company has received 'in-principle' approvals from the BSE Limited vide its letter bearing reference number '[LOD/RIGHT/MV/FIP/1011/2024-25]' dated '[September 27, 2024]', pursuant to Regulation 28 (1) of the SEBI (LODR) Regulations, for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

Our Company will also make applications to Stock Exchange to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circular.

Our Company has been allotted the ISIN [INE202R20018] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. Our Company has been allotted the ISIN [INE202R20018] by the Depositories for the Rights Equity Shares to be issued pursuant to this Issue. For further details, kindly refer to the section titled '*Terms Of The Issue*' beginning on page 142 of this Letter of Offer.

### PROHIBITION BY SEBI OR RBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoter, our Directors, and persons in control of our Company have not been and are not debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/ court as on the date of this Letter of Offer.

None of the companies with which our Promoter or our Directors are associated with as promoter or directors have been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither our Promoter nor any of our Directors, have been declared a Wilful Defaulter or Fraudulent Borrower or Fugitive Economic Offender as defined under SEBI (ICDR) Regulations.

### DIRECTORS ASSOCIATED WITH THE SECURITIES MARKET

None of our Directors are, in any manner, associated with the securities market.

There are no outstanding action(s) initiated by SEBI against our Directors in the 5 (Five) years preceding the date of this Letter of Offer.

### PROHIBITION BY RBI

Neither our Company, nor our Promoter or any of our Directors, have been categorized or identified or declared as a Wilful Defaulter or Fraudulent Borrower.

### CONFIRMATION UNDER COMPANIES (SIGNIFICANT BENEFICIAL OWNERS) RULES, 2018

Our Company and our Promoter are in compliance with the requirements of the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable, as on the date of this Letter of Offer.



## **ELIGIBILITY FOR THE ISSUE**

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the the SEBI ICDR Regulations.

## **COMPLIANCE WITH REGULATION 61 AND 62 OF THE SEBI (ICDR) REGULATIONS**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Our Company undertakes to make an application for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the purpose of the Issue.

## **COMPLIANCE WITH CLAUSE (1) OF PART B OF SCHEDULE VI OF SEBI (ICDR) REGULATIONS**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with SEBI;
2. The reports, statements and information referred to above are available on the website of BSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

## **DISCLAIMER CLAUSE OF SEBI**

The Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to Rs. 4900.00 lakhs. The present Issue being of less than Rs. 5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

## **DISCLAIMER CLAUSES FROM OUR COMPANY**

Our Company accepts no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue. Our Company accepts no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

## **CAUTION**

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI (ICDR) Regulations and no selective or additional information would be

available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlements, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

#### **DISCLAIMER WITH RESPECT TO JURISDICTION**

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in West Bengal, India only.

#### **DESIGNATED STOCK EXCHANGE**

The Designated Stock Exchange for the purpose of this Issue will be BSE Limited.

#### **DISCLAIMER CLAUSE OF BSE LIMITED**

As required, a copy of this Letter of Offer has been submitted to the BSE Limited. BSE Limited has given vide its letter dated [September 27, 2024] to use its name in this Letter of Offer. The Disclaimer Clause as shall be intimated by the BSE Limited to us, post-scrutiny of this Letter of Offer, shall be included in the Letter of Offer prior to filing with BSE Limited.

#### **DISCLAIMER CLAUSE OF CSE**

As required, a copy of the Letter of Offer has been submitted to CSE. The disclaimer clause, as intimated by CSE to us, post scrutiny of the Letter of Offer will be inserted, prior to filing of the Letter of Offer with the Stock Exchange.

Further, BSE Limited does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
2. Warrant that our Company's Equity Shares will be listed or will continue to be listed on BSE Limited; or
3. Take any responsibility for the financial or other soundness of our Company, its management or any scheme or project of our Company;

And it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the BSE Limited.

Every Investor who desires to apply for or otherwise acquires any Equity Shares of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE Limited whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **SELLING RESTRICTIONS**

The distribution of this Issue Documents and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come, are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and in accordance with the SEBI (ICDR) Regulations, our Company will send / dispatch the Issue

Materials only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlements and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders` have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials.

## **LISTING**

Our Company will apply to BSE Limited for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

## **CONSENTS**

Consents in writing of our Directors, Company Secretary, Compliance Officer, Chief Financial Officer, Statutory Auditors, Independent Chartered Accountant, Legal Counsels, the Registrar to the Issue and Experts to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

## **EXPERT OPINION**

Our Company has received written consent dated 02<sup>nd</sup> September, 2024, from M/s. SSRV & Associates, the Statutory Auditors of our Company, to include its name as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in this Letter of Offer to the extent and in their capacity as our Statutory Auditor in respect of their Statement of Special Tax Benefits available to our Company and its shareholders dated 02<sup>nd</sup> September, 2024 included in this Letter of Offer and such consent has not been withdrawn as of the date of this Letter of Offer.

The term ‘expert’ and ‘consent’ thereof shall not be construed to mean an ‘expert’ or ‘consent’ as defined under the U.S. Securities Act.

Except for the abovementioned documents, provided by our Statutory Auditors, our Company has not obtained any expert opinions.

## **PERFORMANCE VIS-À-VIS OBJECTS – PUBLIC / RIGHTS ISSUE OF OUR COMPANY<sup>0</sup>**

Our Company has not undertaken any rights issues or public issues during the 5 years immediately preceding the date of this Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

## **STOCK MARKET DATA OF THE EQUITY SHARES**

Our Equity Shares are listed and traded on BSE. For details in connection with the stock market data of the Stock Exchanges, see ‘*Stock Market Data for equity shares of our Company*’ on page 129 of this Letter of Offer.

## **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

Our Company has made adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the SEBI (LODR) Regulations as well as a well-arranged correspondence system developed for letters of routine nature. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular bearing reference number ‘CIR/OIAE/2/2011 dated June 3, 2011’. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Skyline Financials Services Limited is our Registrar to the Issue. All investor grievances received by us have been handled by the Registrar in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 7 (Seven) days from the date of receipt of the complaint.

The average time taken by the Registrar to the Issue, Skyline Financials Services Limited for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue, or our Company Secretary, or our Compliance Officer for any Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole / first holder, folio number or demat account number, serial number of the Application Form, number of the Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please refer to the section titled '*Terms of the Issue*' on page 142 of this Letter of Offer.

The contact details of the Registrar and the Company Secretary and Compliance Officer of our Company are as follows:

Company Secretary and Compliance Officer	Registrar to the Issue
<b>Sweety Agarwal</b> <b>Address:</b> 84P, Bhairab Dutta Lane, Howrah, Haora (M.Corp), West Bengal- 711106, India <b>Contact Number :</b> +91 9748680726 <b>Email-ID:</b> <a href="mailto:arcfinancelimited@gmail.com">arcfinancelimited@gmail.com</a>	<b>Skyline Financial Services Private Limited</b> <b>Address :</b> D 153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi - 110 020, India. <b>Email:</b> <a href="mailto:info@skylinerta.com">info@skylinerta.com</a> <b>Contact Number:</b> +91 9953022028 <b>Contact Person :</b> Mr. Anuj Rana,

## SECTION IX – ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained the Issue Materials, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.*

*Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see ‘Application By Eligible Equity Shareholders Holding Equity Shares In Physical Form’ on page 159 of this Letter of Offer.*

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI (ICDR) Regulations, the SEBI (LODR) Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

#### IMPORTANT

##### 1. Dispatch and availability of Issue materials

In accordance with the SEBI (ICDR) Regulations , ASBA Circular, SEBI Rights Issue Circulars , our Company will send/dispatch at least 3 (Three) days before the Issue Opening Date, the Letter of Offer, the Abridged Letter of Offer, the Entitlement Letter, Application Form and other applicable Issue Materials only to the Eligible Shareholders who have provided an India address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the India addresses provided by them. Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Shareholders who have provided their Indian addresses and have made a request in this regard. In case such Eligible Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Investors can access the Letter of Offer, the Abridged Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

Access of Documents on the website of	URL of websites
Company	<a href="http://www.arcfinance.in">www.arcfinance.in</a>
Registrar to the Issue	<a href="http://www.skylinerta.com">www.skylinerta.com</a>

Eligible Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue's website at [www.skylinerta.com](http://www.skylinerta.com) by entering their DP-ID, Client-ID, or Folio Number (for Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date) and PAN. The link for the same shall also be available on the website of our Company at [www.arcfinance.in](http://www.arcfinance.in).

Further, our Company will undertake all adequate steps to reach out the Eligible Shareholders who have provided their Indian address through other means, as may be feasible.

**Please note that, our Company and the Registrar to the Issue will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit. Resident Eligible Equity Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.**

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter, and the issue of Rights Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI, BSE Limited. Accordingly, the Rights Entitlements and Rights Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, or the Application Form (including by way of electronic means) will not constitute an offer, invitation to, or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, or the Application Form should not, in connection with the issue of the Rights Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Shares offered in the Issue will be deemed to have declared, represented, and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail address and an Indian address to our Company.



The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

## 2. Process of making an Application in this Issue

**In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI - Rights Issue Circulars, and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA detailed under the Paragraph titled 'Procedure for Application through the ASBA Process' on page 154 of this Letter of Offer.**

Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Please note that subject to SCSBs complying with the requirements of SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, please see the section entitled '*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*' on page 145 of this Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI (ICDR) Regulations, such Investors will have to apply for the Rights Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Entitlements by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect**

**depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see the paragraph titled ‘Grounds for Technical Rejection’ on page 163 of this Letter of Offer. Our Company, the Registrar to the Issue, and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI (ICDR) Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI (ICDR) Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, please see the section entitled ‘*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*’ on page 157 of Letter of Offer.

### **3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**

In accordance with Regulation 77A of the SEBI (ICDR) Regulations, read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to:

- (i) The demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and
- (ii) A demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to:
  - (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or
  - (b) Equity Shares held in the account of IEPF authority; or
  - (c) The demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or
  - (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or
  - (e) Credit of the Rights Entitlements returned/reversed/failed; or
  - (f) The ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable
  - (g) Eligible Equity Shareholders who have not provided their Indian addresses.

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc. details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, *i.e.*, by [18<sup>th</sup> November, 2024] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (*i.e.* [www.skylinerta.com](http://www.skylinerta.com)) by entering their DP ID and Client ID or Folio Number (in case of

Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. [www.arcfinance.in](http://www.arcfinance.in))

### Other important links and helpline

The Investors can visit following links for the below-mentioned purposes:

Particulars	Website Links
Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors	<a href="http://www.skylinerta.com">www.skylinerta.com</a>
Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders	<a href="mailto:info@skylinerta.com">info@skylinerta.com</a>
Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company	
Updation of demat account details by Eligible Equity Shareholders holding shares in physical form	

### Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

### Basis for this Issue

The Rights Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date, i.e. [10<sup>th</sup> October, 2024].

### Rights Entitlements

Eligible Equity Shareholders whose name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, i.e. [10<sup>th</sup> October, 2024], you may be entitled to subscribe to the number of Rights Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Common Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. [www.skylinerta.com](http://www.skylinerta.com)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. [www.arcfinance.in](http://www.arcfinance.in)).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited

to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, please refer to the section titled '*Notice to Investors*' on page 12 of this Letter of Offer.

## PRINCIPAL TERMS OF THIS ISSUE

<b>Face Value</b>	Each Rights Equity Share will have the face value of ₹1.00/- (Rupees One Only).
<b>Issue Price</b>	The entire amount of the Issue Price of ₹ [1.20] /- per Rights Equity Share shall be payable at the time of Application.
<b>Rights Entitlements Ratio</b>	The Rights Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [4] ([Four]) Rights Shares for every ([5]) Equity Shares held by the Eligible Equity Shareholders as on the Record Date i.e., [Thursday, 10 <sup>th</sup> October, 2024].
<b>Renunciation of Rights Entitlements</b>	<p>This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.</p> <p>The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and <i>vice versa</i> shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.</p> <p>The renunciation of Rights Entitlements credited in your demat account can be made either by way of On Market or through off-market transfer. For details, see '<i>Procedure for Renunciation of Rights Entitlements</i>' on page 156 of this Letter of Offer.</p> <p>In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.</p>
<b>Credit of Rights Entitlements in dematerialised account</b>	In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company (namely, "[ARC Finance Limited]-ESCROW SUSPENSE ACCOUNT"), for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date, i.e. [Thursday, 10 <sup>th</sup> October, 2024]; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable; or (g) Eligible Equity Shareholders who have not provided their Indian addresses.

	<p>In this regard, our Company has made necessary arrangements with NSDL and CDSL for the credit of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [INE202R20018]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall be active for renunciation or transfer only during the Renunciation Period, i.e., from [21<sup>st</sup> October, 2024] to [18<sup>th</sup> November, 2024] (both days inclusive). It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.</p> <p>Eligible Equity Shareholders, whose Rights Entitlement are credited in demat suspense escrow account opened by our Company are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., by [18<sup>th</sup> November, 2024] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.</p> <p>Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to BSE Limited after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.</p> <p><b>PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, <i>PER SE</i>, ENTITLE THE INVESTORS TO THE RIGHTS SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS SHARES ON OR BEFORE THE ISSUE CLOSING DATE I.E., [18<sup>TH</sup> NOVEMBER, 2024] AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE ‘PROCEDURE FOR APPLICATION’ ON PAGE 152 OF THIS LETTER OF OFFER.</b></p>
<p><b>Trading of the Rights Entitlements</b></p>	<p>In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on BSE Limited under Rights Entitlement ISIN [INE202R20018]. Prior to the Issue Opening Date, our Company will obtain the approval from BSE Limited for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.</p> <p>The On Market Renunciation shall take place electronically on the secondary market platform of Stock Exchanges on T+1 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is One Rights Entitlement.</p> <p>The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [21<sup>st</sup> October, 2024] to [12<sup>th</sup> November, 2024]</p>

	<p>(both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date. For details, see '<b>Procedure for Renunciation of Rights Entitlements – On Market Renunciation</b>' and '<b>Procedure for Renunciation of Rights Entitlements – Off Market Renunciation</b>' on page 156 of this Letter of Offer. Once the Rights Entitlements are credited to the demat account of the Renounees, application in the Issue could be made until the Issue Closing Date. For details, see '<b>Procedure for Application</b>' on page 152 of this Letter of Offer.</p> <p><b>Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.</b></p>
<b>Terms of Payment</b>	The entire amount of the Issue Price of ₹ [1.20] /- per Rights Equity Share shall be payable at the time of Application.
<b>Fractional Entitlements</b>	<p>The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio [4] ([Four]) Rights Equity Share for every [5] ([Five]) Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.</p> <p>For example, if an Eligible Equity Shareholder holds [5] ([Five]) Equity Share(s) or not in the multiple of [5][Five]), Equity Shares, such Shareholder will be entitled to ([one]) Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares. Also, those Equity Shareholders holding less than [5] ([Five]) Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. Application Forms with zero entitlement will be non-negotiable/non-renounceable.</p>
<b>Credit Rating</b>	As this Issue is a rights issue of Rights Shares, there is no requirement of credit rating for this Issue.
<b>Ranking</b>	The Rights Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with BSE the terms and conditions as stipulated in the Allotment advice. The Rights Shares to be issued and allotted under this Issue shall, upon being fully paid up, rank <i>pari passu</i> with the existing Equity Shares, in all respects including dividends. In respect of the Rights Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid up equity capital of our Company.
<b>Listing and trading of the Rights Shares to be issued</b>	Subject to receipt of the listing and trading approvals, the Rights Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE Limited. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion



<p><b>pursuant to this Issue</b></p>	<p>of necessary formalities for listing and commencement of trading in the Rights Shares will be taken within such period prescribed under the SEBI (ICDR) Regulations. Our Company has received in-principle approval from the BSE Limited vide its letter bearing reference number [LOD/RIGHT/MV/FIP/1011/2024-25] dated [September 27, 2024] respectively. Our Company will apply to BSE Limited for final approvals for the listing and trading of the Rights Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Shares or the price at which the Rights Shares offered under this Issue will trade after the listing thereof.</p> <p>For an applicable period, the trading of the Rights Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount.</p> <p>The existing Equity Shares are listed and traded on BSE Limited (Scrip Code: 540135) (Symbol: ARCFIN) under the ISIN: INE202R01026. The CSE Scrip Code is 11278. The Rights Shares shall be credited to a temporary RE ISIN which will be frozen until the receipt of the final listing/ trading approvals from BSE Limited Scrip Code: 540135. Upon receipt of such listing and trading approvals, the Rights Shares shall be debited from such temporary RE ISIN and credited to the new ISIN for the Rights Shares and thereafter be available for trading and the temporary RE ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.</p> <p>The listing and trading of the Rights Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.</p> <p>In case our Company fails to obtain listing or trading permission from BSE Limited, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/ blocked within four (4) days of receipt of intimation from Stock Exchanges, rejecting the application for listing of the Rights Shares, and if any such money is not refunded/ unblocked within four (4) days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.</p> <p>For details of trading and listing of partly paid-up Rights Shares, please refer to the heading 'Terms of Payment' at page 149 of this Letter of Offer.</p>
<p><b>Subscription to this Issue by our Promoter</b></p>	<p>For details of the intent and extent of subscription by our Promoter, please refer to the chapter titled '<i>Capital Structure – Intention and extent of participation by Our promoter</i>' on page 49 of this Letter of Offer.</p>
<p><b>Rights of Holders of Rights equity Shares of our Company</b></p>	<p>Subject to applicable laws, Rights Equity Shareholders shall have the following rights:</p> <ol style="list-style-type: none"> <li>a) The right to receive dividend, if declared;</li> <li>b) The right to vote in person, or by proxy;</li> <li>c) The right to receive surplus on liquidation;</li> <li>d) The right to free transferability of Rights Shares;</li> <li>e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and</li> <li>f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.</li> </ol>

	Subject to applicable law and Articles of Association, holders of Rights Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Shares in this Issue
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#### GENERAL TERMS OF THE ISSUE

<b>Market Lot</b>	The Rights Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Shares in dematerialised mode is one (1) Equity Share.
<b>Joint Holders</b>	Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Shares offered in this Issue.
<b>Nomination</b>	Nomination facility is available in respect of the Rights Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose. Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Shares to be Allotted in this Issue. Nominations registered with the respective Depository Participants of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.
<b>Arrangements for Disposal of Odd Lots</b>	The Rights Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be 1 (one) Rights Share and hence, no arrangements for disposal of odd lots are required.
<b>New Financial Instruments</b>	There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.
<b>Restrictions on transfer and transmission of shares and on their consolidation/splitting</b>	There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI (LODR) Regulations, with effect from April 1, 2019 and as amended vide SEBI Notification bearing No. SEBI/LAD-NRO/GN/2022/66 on January 24, 2022, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository. Provided further that transmission or transposition of securities held in physical or dematerialized form shall be effected only in dematerialized form.
<b>Notices</b>	<p>In accordance with the SEBI (ICDR) Regulations and the SEBI Rights Issue Circulars, our Company will send / dispatch the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter, Common Application Form and other issue materials ('Issue Materials') only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.</p> <p>Further, the Letter of Offer will be sent/ dispatched by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of</p>

	<p>Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.</p> <p>All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English language national daily newspaper with wide circulation; (ii) one Hindi language national daily newspaper with wide circulation; and (iii) one Bengali language daily newspaper with wide circulation (Bengali being the regional language of West Bengal, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company. This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Common Application Form shall also be submitted with BSE Limited for making the same available on their websites.</p>
<p><b>Offer to Non-Resident Eligible Equity Shareholders/Investors</b></p>	<p>As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional rights shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar by email on <a href="mailto:info@skylinerta.com">info@skylinerta.com</a> or physically/postal means at the address of the Registrar mentioned on the cover page of the Letter of Offer. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Company will not be responsible for any such allotments made by relying on such approvals.</p> <p>The Abridged Letter of Offer, the Rights Entitlement Letter and Common Application Form shall be sent/dispatched to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Shares under applicable securities laws) from the websites of the Registrar, our Company and Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to their patriation as are applicable to the original Equity Shares against which Rights Shares are issued on rights basis.</p> <p>In case of change of status of holders, <i>i.e.</i>, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.</p>

**PROCEDURE FOR APPLICATION**

**How to Apply**

**In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required**

**to use either the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, i.e. [10<sup>th</sup> October, 2024] see '*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*' on page 159 of this Letter of Offer.

**The Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.**

### **Common Application Form**

The Common Application Form for the Rights Shares offered as part of this Issue would be sent/ dispatched (i) only to email address of the resident Eligible Equity Shareholders who have provided their email address; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis, who have not provided a valid email address to our Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions. The Common Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/ dispatched at least three days before the Issue Opening Date. The Renounees and Eligible Equity Shareholders who have not received the Common Application Form can download the same from the website of the Registrar, our Company or BSE Limited.

In case of non-resident Eligible Equity Shareholders, the Common Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions.

**Please note that neither our Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Common Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Common Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).**

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit website of the Registrar. Investors can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Shares under applicable securities laws) from the websites of:

<b>Access of Documents on the website of</b>	<b>URL of websites</b>
Company	<a href="http://www.arcfinance.in">www.arcfinance.in</a>
Registrar to the Issue	<a href="http://www.skylinerta.com">www.skylinerta.com</a>
BSE Limited	<a href="http://www.bseindia.com">www.bseindia.com</a>

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.* [www.skylinerta.com](http://www.skylinerta.com)) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.arcfinance.in](http://www.arcfinance.in)).

The Common Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue, based on the Rights Entitlement credited in their respective demat accounts. Please note that one single Common Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. In case of Investors who have provided details of demat account in accordance with the SEBI (ICDR) Regulations, such

Investors will have to apply for the Rights Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Common Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Shares by submitting the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts

**Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Common Application Form is correctly filled up stating therein, the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Common Application Form will be blocked by the SCSB.

**Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Common Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see ‘Grounds for Technical Rejection’ on page 163 of this Letter of Offer. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see ‘*Application on Plain Paper under ASBA process*’ on page 157 of this Letter of Offer.

#### **Options available to the Eligible Equity Shareholders**

The Rights Entitlement Letter will clearly indicate the number of Rights Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) Apply for its Rights Shares to the full extent of its Rights Entitlements; or
- (ii) Apply for its Rights Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) Apply for Rights Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) Apply for its Rights Shares to the full extent of its Rights Entitlements and apply for additional Rights Shares; or
- (v) Renounce its Rights Entitlements in full.
- (vi) In accordance with the SEBI Rights Issue Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e., [18<sup>th</sup> November] 2024, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode. Such resident Eligible Equity Shareholders must check the procedure for Application in ‘*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*’ on page 159 of this Letter of Offer.

#### **PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS**

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Common Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Common Application Form, as the case may be, at the time of submission of the Application.

### ***Self-Certified Syndicate Banks***

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Common Application Form, please refer the above-mentioned link.

**Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.**

The Company, its directors, employees, affiliates, associates and their respective directors and officers, and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

### **Acceptance of this Issue**

Investors may accept this Issue and apply for the Rights Shares (i) by submitting the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date for Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

**Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.**

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section '*Application on Plain Paper under ASBA process*' on page 157 of this Letter of Offer.

### **Additional Rights Shares**

Investors are eligible to apply for additional Rights Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Shares under applicable law and they have applied for all the Rights Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section '*Basis of Allotment*' on page 168 of this Letter of Offer.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Shares**



Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Rights Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Shares while submitting the Application through ASBA process.

## **PROCEDURE FOR RENUNCIATION OF RIGHTS ENTITLEMENTS**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/ her own demat account prior to the renunciation. In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, , the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state, or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Company accepts no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

### **On Market Renunciation**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on BSE Limited under RE ISIN [INE202R20018] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by BSE Limited from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [21<sup>st</sup> October, 2024] to [12<sup>th</sup> November, 2024] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the RE ISIN [INE202R20018] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date

of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of Stock Exchanges and SEBI.

### **Off Market Renunciation**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the RE ISIN [INE202R20018], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.**

### **APPLICATION ON PLAIN PAPER UNDER ASBA PROCESS**

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper, in case of non-receipt of Common Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Common Application Form for any purpose including renunciation even if it is received subsequently. For details of the mode of payment, see “Modes of Payment” on page 159.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being ARC Finance Ltd;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Registered Folio Number/ DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Shares entitled to;
7. Number of Rights Shares applied for within the Rights Entitlements;
8. Number of additional Rights Shares applied for, if any;
9. Total number of Rights Shares applied for;
10. Total amount paid at the rate of ₹ [1.20] /- per Rights Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

*I/ We understand that neither the Rights Entitlements nor the Rights Shares have been, or will be, registered under the US Securities Act of 1933, as amended (the 'US Securities Act'), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the 'United States'), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/we understand the Rights Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ('Regulation S') to existing shareholders located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar to the Issue or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the Rights Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing*

*for the Rights Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer.*

*I/ We understand and agree that the Rights Entitlements and Rights Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/ We acknowledge that we, the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.'*

In cases where multiple Common Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Common Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar.

Our Company, and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

#### **MODE OF PAYMENT**

All payments against the Common Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Common Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the amount payable on Application with the submission of the Common Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Common Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Common Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Common Application Form.

The SCSB may reject the application at the time of acceptance of Common Application Form if the ASBA Account, details of which have been provided by the Investor in the Common Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Common Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

#### **APPLICATION BY ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. In the event, the relevant details of the demat accounts of such Eligible Equity Shareholders are not received during the Issue Period, then their Rights Entitlements kept in the suspense escrow demat account shall lapse.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit website of Registrar.

**PROCEDURE FOR APPLICATION BY ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM**

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, i.e. [10<sup>th</sup> October, 2024] and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Common Application Form from:

Access of Documents on the website of	URL of websites
Company	<a href="http://www.arcfinance.in">www.arcfinance.in</a>
Registrar to the Issue	<a href="http://www.skylinerta.com">www.skylinerta.com</a>
BSE Limited	<a href="http://www.bseindia.com">www.bseindia.com</a>

- (d) Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., [www.skylinerta.com](http://www.skylinerta.com)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. [www.arcfinance.in](http://www.arcfinance.in));
- (e) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, submit the Common Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

**In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020,**

**PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE, i.e. [10<sup>TH</sup> OCTOBER, 2024] AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

## ALLOTMENT OF THE RIGHTS SHARES IN DEMATERIALIZED FORM

**PLEASE NOTE THAT THE RIGHTS SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.**

### GENERAL INSTRUCTIONS FOR INVESTORS

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Common Application Form sent to you.
- (c) The Common Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (d) Application should be made only through the ASBA facility.
- (e) Application should be complete in all respects. The Common Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form are liable to be rejected. The Common Application Form must be filled in English.
- (f) In case of non-receipt of Common Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section '*Application on Plain Paper under ASBA process*' on page 157 of this Letter of Offer.
- (g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (i) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date for Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by BSE Limited. Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.
- (j) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Common Application Form.
- (k) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be 'suspended for credit' and no Allotment and credit of Rights Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Common Application Form.**
- (l) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.



- (m) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (n) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Common Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (o) All communication in connection with Application for the Rights Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Common Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (p) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (q) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (r) Investors are required to ensure that the number of Rights Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (s) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.
- (t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

***Do's:***

- (a) Ensure that the Common Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (***'Demographic Details'***) are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- (e) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Shares will be allotted in the dematerialized form only.
- (f) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

- (g) Ensure that there are sufficient funds (equal to {number of Rights Shares (including additional Rights Shares) applied for} X {Application Money of Rights Equity Shares} available in ASBA Account mentioned in the Common Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (h) Ensure that you have authorised the SCSB for blocking funds equivalent to the amount payable on application mentioned in the Common Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (i) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (j) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Common Application Form in physical form or plain paper Application.
- (k) Ensure that the name(s) given in the Common Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Common Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Common Application Form and the Rights Entitlement Letter.

***Dont's:***

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.
- (f) Do not submit the Common Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (g) Do not send your physical Application to the Registrar to the Issue, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (h) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

**Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Sending an Application to the Registrar to the Issue and Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Common Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one Common Application Form for Rights Entitlements available in a particular demat account.

- (g) Multiple Common Application Forms, including cases where an Investor submits Common Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Common Application Forms which are not submitted by the Investors within the time periods prescribed in the Common Application Form and the Letter of Offer.
- (l) Physical Common Application Forms not duly signed by the sole or joint Investors.
- (m) Common Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) does not include the certifications set out in the Common Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Common Application Form is incomplete or acceptance of such Common Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Shares in respect of any such Common Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

**Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue**

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE COMMON APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE COMMON APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE COMMON APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE COMMON APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

**Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Common Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.**

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Common Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Common Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

**The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar to the Issue shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Common Application Forms are liable to be rejected.

## **MODES OF PAYMENT**

All payments against the Common Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Common Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the amount payable on Application with the submission of the Common Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Common Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Common Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Common Application Form.

The SCSB may reject the application at the time of acceptance of Common Application Form if the ASBA Account, details of which have been provided by the Investor in the Common Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Common Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

### ***Mode of payment for Resident Investors***

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Shares (including additional Rights Shares) applied for} X {Application Money of Rights Shares}) available in ASBA Account mentioned in the Common Application Form before submitting the Application to the respective Designated Branch of the SCSB.

- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the amount payable on application mentioned in the Common Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Common Application Form in physical form or plain paper Application.

Ensure that the name(s) given in the Common Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Common Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Common Application Form and the Rights Entitlement Letter. All payments on the Common Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

***Mode of payment for Non-Resident Investors***

As regards the Application by non-resident Investors, payment must be made only through the ASBA facility and using permissible accounts in accordance with the FEMA, FEMA Rules and requirements prescribed by the RBI and subject to the following conditions:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Shares by applicable local securities laws can obtain Common Application Forms on the websites of the Registrar, our Company.

*Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions (other than the United States and India) where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering such jurisdiction. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions and in each case who make a request in this regard.*

2. Common Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

**Notes:**

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Shares cannot be remitted outside India.
3. In case of a Common Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Common Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Shares.

### Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see '*Procedure for Applications by Mutual Funds*' on page 172 of this Letter of Offer.

In cases where multiple Common Application Forms are submitted, including cases where an Investor submits Common Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected.

### Last date for Application

The last date for submission of the duly filled in the Common Application Form or a plain paper Application is [18<sup>th</sup> November, 2024], *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Common Application Form is not submitted with an SCSB, uploaded with BSE Limited the Application Money is not blocked with the SCSB or not received by the Bankers to the Issue or the Registrar on or before, the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Shares hereby offered, as provided under the paragraph titled '*Basis of Allotment*' on page 168 of this Letter of Offer.

Please note that on the Issue Closing Date for Applications through ASBA process shall be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by Stock Exchanges.

Please ensure that the Common Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

### Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

### Issue Schedule

<b>LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS</b>	[On or before Monday, 21 <sup>st</sup> October, 2024]
<b>ISSUE OPENING DATE</b>	[Monday, 21 <sup>st</sup> October, 2024]
<b>LAST DATE FOR ON MARKET RENUNCIATION*</b>	[Tuesday, 12 <sup>th</sup> November, 2024]
<b>ISSUE CLOSING DATE#</b>	[Monday, 18 <sup>th</sup> November, 2024]
<b>FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)</b>	[Thursday, 21 <sup>st</sup> November, 2024]
<b>DATE OF ALLOTMENT (ON OR ABOUT)</b>	[Thursday, 21 <sup>st</sup> November, 2024]
<b>DATE OF CREDIT (ON OR ABOUT)</b>	[Tuesday, 03 <sup>rd</sup> December, 2024]
<b>DATE OF LISTING (ON OR ABOUT)</b>	[Tuesday, 03 <sup>rd</sup> December, 2024]



*\* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.*

*#Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date, i.e. [Monday, 18<sup>th</sup> November, 2024].*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, i.e. [10<sup>th</sup> October, 2024], have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., [Monday, 18<sup>th</sup> November, 2024] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e. [Monday, 18<sup>th</sup> November, 2024].

For details, please see the section titled ‘**General Information - Issue Schedule**’ on page 45 of this Letter of Offer.

## **BASIS OF ALLOTMENT**

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board or duly authorized committee will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renounee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part as adjusted for fractional entitlement.
- (b) As per SEBI Rights Issue Circular, Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, i.e. [10<sup>th</sup> October, 2024], provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or our duly authorized committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renounees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board or a duly authorized committee may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board or a duly authorized committee in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’ for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

#### **ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS**

Our Company will send/ dispatch Allotment advice, refund intimations (or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at 15% p.a. or such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds /refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

#### **PAYMENT OF REFUND**

##### ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct
- (c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered

their nine digit MICR number and their bank account number with the Registrar, to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

- (d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

#### ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA account of FCNR/NRE Account of the non-resident Applicants, details of which were provided in the Common Application Form.

#### **Allotment Advice or Demat Credit of Securities**

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (in case of credit of the Rights Equity Shares returned/ reversed/ failed) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

#### ***Receipt of the Rights Equity Shares in Dematerialized Form***

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS WHERE THE CREDIT OF THE RIGHTS EQUITY SHARES RETURNED/REVERSED/FAILED.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated 15<sup>th</sup> October, 2015 with NSDL and an agreement dated 2<sup>nd</sup> September, 2015 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for

such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Common Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Common Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Common Application Form, the Investor will not get any Rights Equity Shares and the Common Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Common Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

**Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue for further details, please refer to 'Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form' on page 159 of this Letter of Offer .**

#### **Procedure for Applications by FPIs**

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv)

compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) Prior consent of the FPI is obtained for such transfer, except when the persons to whom the off shore derivative instruments are to be transferred to are pre – approved by the FPI.

#### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

**As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.**

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centers where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

#### **Applications will not be accepted from FPIs in restricted jurisdictions.**

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lacs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lacs.

#### **Procedure for Applications by NRIs**

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ('OCI') may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ('**Restricted Investors**'), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

#### **Procedure for Applications by Mutual Funds**

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights

#### **Procedure for Applications by Systemically Important Non-Banking Financial Companies ('NBFC-SI')**

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 451A of the RBI Act, 1934 and (b) net worth certificates from its statutory auditors or any independent chartered accountant based on the last audited consolidated financial statements is required to be attached to the application.

#### **Impersonation**

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:**

*'Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.'*

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 millions or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

#### **Payment by stock invest**

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **DISPOSAL OF APPLICATION AND APPLICATION MONEY**

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Common Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Common Application Form would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board or our duly authorized committee reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Common Application Form carefully.

## **UTILISATION OF ISSUE PROCEEDS**

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilized; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at BSE Limited will be taken within the time limit specified by SEBI.
- 3) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 (Fifteen) days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
- 8) Our Company accepts full responsibility for the accuracy of information given in this Drat Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

## **MINIMUM SUBSCRIPTION**

The objects of the Issue are meeting the Repayment of Unsecured Loans, Augmentation of the capital base and General Corporate Purpose, and do not involve financing of capital expenditure for a project. However, our promoter has indicated that they will not subscribe fully to their portion of right entitlement. Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is applicable to the Issue.

If our Company does not receive the minimum subscription of at least 90% of the Equity Shares being offered under this Issue, on an aggregate basis, of the Issue Size, or the subscription level falls below 90% of the Issue Size, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period, at such rates as prescribed under the applicable laws.



## IMPORTANT

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Common Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Common Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Common Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Common Application Form and super scribed ‘ARC Finance Limited– Rights Issue’ on the envelope and postmarked in India or in the email) to the Registrar at the following address:

**Skyline Financial Services Private Limited**

**D 153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi - 110 020, India**

**Contact Number:** +011- 26812682/83, +91 9953022028

**Investor grievance e-mail:** [info@skylinerta.com](mailto:info@skylinerta.com)

**Website:** [www.skylinerta.com](http://www.skylinerta.com)

**Contact Person:** Mr. Anuj Rana;

**SEBI Registration Number:** INR000003241;

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar ([www.skylinerta.com](http://www.skylinerta.com)). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are : +91 810 811 4949
4. This Issue will remain open for a minimum 7 (Seven) days. However, our Board or our duly authorized committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

There are two routes through which foreign investors may invest in India. One is the 'automatic route', where no government approval is required under Indian foreign exchange laws to make an investment as long as it is within prescribed thresholds for the relevant sector. The other route is the 'government route', where an approval is required under foreign exchange laws from the relevant industry regulator, prior to the investment.

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise way such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ('**FDI Circular 2020**'), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that:

1. The activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI (SAST) Regulations;
2. The non- resident shareholding is within the sectoral limits under the FDI Policy; and
3. The pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid to make any investment in the Issue.

The Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable

laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## SECTION X – OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialised form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder, or (c) demat suspense account where the credit of the Rights Entitlements returned/reversed/failed

## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered more than 2 (Two) years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the aforementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. (Indian Standard Time) and 5 p.m. (Indian Standard Time) on all Working Days from the date of the Letter of Offer until the Issue Closing Date.

### **MATERIAL CONTRACTS FOR THE ISSUE**

1. Registrar Agreement dated 02<sup>nd</sup> September, 2024 between our Company and the Registrar to the Issue;
2. Bankers to the Issue Agreement dated [08<sup>th</sup> October, 2024] among our Company, , the Registrar to the Issue and the Bankers to the Issue;

### **MATERIAL DOCUMENTS IN RELATION TO THE ISSUE**

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company;
2. Certificate of incorporation of our Company, certificate of commencement of business and Fresh Certificate of incorporation consequent on change of name;
3. Certificate of Registration from Reserve Bank of India dated 30<sup>th</sup> April, 1998;
4. Certificate of Registration of Regional Director order for Change of State of our company;
5. Copies of annual reports for the preceding 5 (Five) Financial Years and unaudited limited reviewed financial results for the three months ended June 30, 2024.
6. Resolution of our Board of Directors dated 02<sup>nd</sup> September, 2024, approving the Issue;
7. Resolution of our Board of Directors dated 04<sup>th</sup> September, 2024, approving this Draft Letter of Offer;
8. Resolution of our Board of Directors dated [04<sup>th</sup> October, 2024], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio;
9. Resolution of our Board of Directors dated [10<sup>th</sup> October, 2024], approving the Letter of Offer;
10. Consents of our Directors, Bankers to our Company, Bankers to the Issue, and the Registrar to the Issue for inclusion of their names in the Letter of Offer to act in their respective capacities;
11. Report on Statement of Special Tax Benefits dated [02<sup>nd</sup> September, 2024], for our Company from the Statutory Auditors of our Company;
12. In-principle approval issued by BSE Limited vide their letter bearing reference number '[LOD/RIGHT/MV/FIP/1011/2024-25]' dated [September 27, 2024];
13. Tripartite Agreement dated 21<sup>st</sup> August, 2014 between our Company, National Securities Depository Ltd. (NSDL) and Registrar to the Issue;
14. Tripartite Agreement dated 3<sup>rd</sup> Septmeber, 2014 between our Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Issue;

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

### DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**Signed by the Director of our Company**

Sd/-

***Virendra Kumar Soni***  
***Managing Director***  
***DIN: 08554333***

**Place: West Bengal**

**Date: 04<sup>th</sup> September 2024**



## **DECLARATION**

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**Signed by the Director of our Company**

Sd/-

**Surojit Sarkar**  
*Executive Director*  
**DIN: 09672539**

**Place: West Bengal**

**Date: 04<sup>th</sup> September, 2024**

## **DECLARATION**

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**Signed by the Director of our Company**

**Sd/-**

***Somnath Chitrakar***

***Executive Director***

***DIN: 09678491***

**Place: West Bengal**

**Date: 04<sup>th</sup> September, 2024**

## **DECLARATION**

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**Signed by the Director of our Company**

**Sd/-**  
***Gopal Singh***  
***Independent Director***  
***DIN: 06739896***

**Place: West Bengal**  
**Date: 04<sup>th</sup> September, 2024**

## **DECLARATION**

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**Signed by the Director of our Company**

Sd/-

*Asis Banerjee*  
**Independent Director**  
**DIN: 05273668**

**Place: West Bengal**

**Date: 04<sup>th</sup> September, 2024**

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**Signed by the Director of our Company**

Sd/-

*Aparna Sharma*  
*Independent Director*  
*DIN: 07006877*

**Place: West Bengal**

**Date: 04<sup>th</sup> September, 2024**