CHARTERED ACCOUNTANTS

ROOM # 216 & 303, 7A, BENTINCK STREET, KOLKATA - 700 001
Phone : (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile : 98300 21767
E-mail : rk_agarwal@rediffmail.com

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

AUDITORS' REPORT

To the Members of ARC Finance Ltd.

We have audited the attached Balance Sheet of **ARC FINANCE LTD.** as at 31st March, 2013 and the related Profit & Loss Account & Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report.

1. These Financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) order 2004, issued by the Central Govt. of India in term of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

4. We report that :-

   a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of such books.

   c) The Balance Sheet and Profit & Loss A/c referred to in this report are in agreement with the books in account.

   d) In our opinion, the Profit & Loss A/c & Balance Sheet comply with the mandatory accounting standards referred to in Section 211(3c) of the Companies Act, 1956 to the extent applicable.

   e) On the basis of information made available to us, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

   f) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit & Loss A/c & Cash Flow Statement read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

      i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2013.

      ii. in so far as it relates to the Profit & Loss A/c, of the LOSS of the Company for the year ended on that date.

      A N D

      iii. in so far as it relates to Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Kolkata

Dated: 29/5/13

AGARWAL & ASSOCIATES Chartered Accountants

For Agarwal & Associates
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No. 52130
Firm Regn No 323210E

CHARTERED ACCOUNTANTS

ROOM # 216 & 303, 7A, BENTINCK STREET, KOLKATA - 700 001
Phone : (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile : 98300 21767
E-mail : rk_agarwal@rediffmail.com

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

ARC Finance Ltd.

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

1. In respect of its fixed assets –
   (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) All the assets have been physically verified by the Management during the year and there is regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No discrepancies were noticed on such verification.
   (c) During the year, the company has not disposed off any part of its fixed Assets.
2. Being a Finance Company, the matters relating to inventory are not applicable.
3. (a) The company had taken unsecured loans from the parties covered in the register maintained under section 301 of the Companies Act. There were three such parties and amount involved was Rs 7.65 lacs.
4. (b) The rate of interest and other terms & conditions were prima facie not prejudicial to the interest of the company.
5. The company had not given unsecured loans to the party covered in the register maintained under section 301 of the Companies Act.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and purchase and sale of securities. Further on the basis of our examination of the books and records of the company and according to the information and explanation given to us we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
7. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register, have been so entered.
8. In our opinion and according to the information and explanations given to us, the company has not accepted public deposits other than temporary loan during the year. The company is a non-banking financial company registered under RBI Act and directions issued by Reserve Bank of India under the said Act have largely been complied with.
9. The company has no internal Audit System.
10. In our opinion as the company is a finance company the maintenance of cost records under section 209(1)(d) of the Companies Act is not applicable to the company.
11. According to the information and explanations given to us in respect of Statutory and other dues, it appears that the company is regular in payment of statutory and other dues and there were not any disputed statutory dues during the year.
12. The company does not have accumulated losses as at the end of the year. However, the company has incurred cash loss during the year as well as in preceding year.
13. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to any financial institutions, banks, etc.
14. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

Contd. .....

R. AGARWAL & ASSOCIATES Chartered Accountants

CHARTERED ACCOUNTANTS

ROOM # 216 & 303, 7A, BENTINCK STREET, KOLKATA - 700 001
Phone : (O) 2243-0534, 6459-0340 (R) 3290 6661, Mobile : 98300 21767
E-mail : rk_agarwal@rediffmail.com

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

Contd. .....

15. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the Company.

16. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper records of the transactions and contracts of dealing in shares and securities and that timely entries have been made in these records.

    (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the company in its own name.

17. According to the information and explanations given to us the company has not taken any term loan during the year.

18. According to the records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investments and vice versa.

19. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.

20. The company has not issued any debenture during the year.

21. The company has not raised monies by public issues during the year.

22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

Place : Kolkata
Dated: 29/5/13

AGARWAL & ASSOCIATES
Chartered Accountants

For Agarwal & Associates
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No. 52130
FR No 323210E

A R C FINANCE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2013

	Note No	31.03.2013	31.03.2012
I. **EQUITY & LIABILITIES**			
(1) Shareholders' Fund			
(a) Share Capital	A	4,950,000.00	4,950,000.00
(b) Reserves & Surplus	B	3,386,559.93	4,054,862.16
(2) Non-current Liabilities			
(a) Long-term Provisions	C	807,258.00	807,258.00
(3) Current Liabilities			
(a) Other Current Liabilities	D	19,158.00	123,676.82
TOTAL :-		9,162,975.93	9,935,796.98
II. **ASSETS**			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	E	1,101,603.37	1,232,497.37
(b) Non-current Investments	F	6,903,018.67	7,524,518.85
(2) Current Assets			
(a) Trade Receivables	G	807,362.25	809,058.00
(a) Cash & Cash Equivalents	H	75,843.64	84,221.76
(b) Short-term Loans & Advances	I	20,891.00	22,641.00
© Other Current Assets	J	254,257.00	262,860.00
TOTAL :-		9,162,975.93	9,935,796.98
NOTES ON ACCOUNTS	o	-	-

As per our report of even date attached to Balance Sheet

PLACE : KOLKATA

DATED : 29/5/13

For AGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

RAJ KUMAR AGARWAL
PARTNER

For ARC FINANCE LIMITED

Director

For ARC FINANCE LIMITED

Director

A R C FINANCE LIMITED

Notes to Balance Sheetas on 31.03.13

		31.03.2013	31.03.2012
A)	SHARE CAPITAL		
	Authorised		
	1000,000 Equity shares of Rs. 10/- each	10,000,000.00	10,000,000.00
	Issued, Subscribed & Paid Up		
	495,000 Equity shares of Rs. 10/- each	4,950,000.00	4,950,000.00

Name of Shareholders holding 5 or more % of Share	No of Shares	% of Holding
Smt. Alka Kothari	35000	7.07
M/s SK Growth Fund Pvt. Ltd.	71875	14.52
Sri Ashok V. Kothari	47075	9.51
Sri Jagmohan Kothari	53900	10.89
Sri Siddharth Kothari	45000	9.09
Mrs. Deepika Maheswari	45800	9.25
Smt. Kashi Devi Kothari	120400	24.32
	419050	84.65

B)	RESERVES & SURPLUS		
	General Reserve as per Last Account	1,456,832.00	1,456,832.00
	Profit & Loss Account		
	Balance brought forward from last year	2,598,030.16	3,243,376.13
	Profit (Loss) for the year	(668,302.23)	(645,345.97)
	Surplus	1,929,727.93	2,598,030.16
		3,386,559.93	4,054,862.16
C)	LONG TERM PROVISIONS		
	Provisions for Sub-standard, Doubtful and Loss Assets	807,258.00	807,258.00
D)	OTHER CURRENT LIABILITIES		
	Liability for Expenses	11,177.00	115,787.82
	Due to Staff	-	1,500.00
	Income-tax Payable	6,389.00	6,389.00
	Interest Payable	1,592.00	-
		19,158.00	123,676.82
E)	FIXED ASSETS	AS PER SEPARATE SHEET ATTACHED	

AGARWAL & ASSOCIATES Chartered Accountants

For ARC FINANCE LIMITED

Director

For ARC FINANCE LIMITED

Deepika Maheswari

Director