

AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

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

Branch Office : 18, Netaji Subhas Road, Kolkata - 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, 2012 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, 2012 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, 2012.
 - 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: 29/5/12

Certified to be True Copy
For ARC FINANCE LIMITED

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Director



For Agarwal & Associates
Chartered Accountants

Raj Kumar Agarwal
Partner

Membership No. 52130
Firm Regn No 323210E

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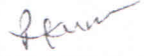
15. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the Company.
16. (a) Based on the records examined by us and according to the information and explanations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

Place : Kolkata

Dated: 29/5/12



For Agarwal & Associates
Chartered Accountants


Raj Kumar Agarwal
Partner
Membership No. 52130

A R C FINANCE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2012

| | <u>Note No</u> | 31.03.2012 | 31.03.2011 |
|---|----------------|---------------------|----------------------|
| I. <u>EQUITY & LIABILITIES</u> | | | |
| (1) Shareholders' Fund | | | |
| (a) Share Capital | A | 4,950,000.00 | 4,950,000.00 |
| (b) Reserves & Surplus | B | 4,054,862.16 | 4,700,208.13 |
| (2) Non-current Liabilities | | | |
| (a) Long-term Provisions | C | 807,258.00 | 913,439.00 |
| (2) Current Liabilities | | | |
| (a) Short-term Borrowings | D | - | 20,000.00 |
| (b) Other Current Liabilities | E | 123,676.82 | 136,432.00 |
| TOTAL :- | | <u>9,935,796.98</u> | <u>10,720,079.13</u> |
| II. <u>ASSETS</u> | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| Tangible Assets | F | 1,232,497.37 | 1,398,713.37 |
| (b) Non-current Investments | G | 7,524,518.85 | 7,951,910.23 |
| (2) Current Assets | | | |
| (a) Trade Receivables | H | 809,058.00 | 968,239.00 |
| (a) Cash & Cash Equivalents | I | 84,221.76 | 130,818.53 |
| (b) Short-term Loans & Advances | J | 22,641.00 | 16,141.00 |
| © Other Current Assets | K | 262,860.00 | 254,257.00 |
| TOTAL :- | | <u>9,935,796.98</u> | <u>10,720,079.13</u> |
| NOTES ON ACCOUNTS | P | - | - |

As per our report of even date attached to Balance Sheet

PLACE : KOLKATA

DATED 29/5/12

For AGARWAL & ASSOCIATES
 CHARTERED ACCOUNTANTS

RAJ KUMAR AGARWAL
 PARTNER

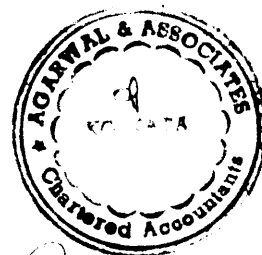


A R C FINANCE LIMITED
Notes to Balance Sheet as on 31.03.12

| | 31.03.2012 | 31.03.2011 |
|---|--------------------------------|----------------|
| A) <u>SHARE CAPITAL</u> | | |
| <u>Authorised</u> | | |
| 1000,000 Equity shares of Rs. 10/- each | 10,000,000.00 | 10,000,000.00 |
| <u>Issued, Subscribed & Paid Up</u> | | |
| 495,000 Equity shares of Rs. 10/- each | 4,950,000.00 | 4,950,000.00 |
| B) <u>RESERVES & SURPLUS</u> | | |
| <u>General Reserve as per Last Account</u> | 1,456,832.00 | 1,456,832.00 |
| <u>Profit & Loss Account</u> | | |
| Balance brought forward from last year | 3,243,376.13 | 4,376,273.55 |
| Profit (Loss) for the year | (645,345.97) | (1,132,897.42) |
| Surplus | 2,598,030.16 | 3,243,376.13 |
| | 4,054,862.16 | 4,700,208.13 |
| C) <u>LONG TERM PROVISIONS</u> | | |
| Provisions Sub-standard, Doubtful and Loss Assets | 807,258.00 | 913,439.00 |
| D) <u>SHORT TERM BORROWINGS</u> | | |
| <u>Unsecured</u> | | |
| From Directors | - | 20,000.00 |
| | - | 20,000.00 |
| E) <u>OTHER CURRENT LIABILITIES</u> | | |
| Liability for Expenses | 115,787.82 | 12,177.00 |
| Due to Staff | 1,500.00 | - |
| Advance from Customers | - | 116,000.00 |
| FBT Payable | - | 770.00 |
| Income-tax Payable | 6,389.00 | 6,389.00 |
| Interest Payable | - | 1,096.00 |
| | 123,676.82 | 136,432.00 |
| F) <u>FIXED ASSETS</u> | | |
| | AS PER SEPARATE SHEET ATTACHED | |

For ARC FINANCE LIMITED

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Director



For AGARWAL & ASSOCIATES
12/03/12