



AAR Commercial Company Limited

Annual Report 2017-18

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Anupam Khetan
Mrs. Uma Sharma
Mr. Rajendra Yadav
Mr. Udit Agarwal
Mr. Kumar Deepak

CHIEF FINANCIAL OFFICER

Mr. Avijit Das

COMPANY SECRETARY

Mr. Arvind Kumar Modi

CORPORATE IDENTIFICATION NUMBER

L63090WB1982PLC035019

REGISTERED OFFICE

1, British India Street (Old Complex),
Mezzanine Floor, Room No. 20,
Kolkata- 700 069
Phone No : 033-46003498
Email : investors.commercial@rediffmail.com

WEBSITE

www.aarcl.in

BANKERS

Canara Bank

AUDITORS

M/s. R. K. Tapadia & Co.
Chartered Accountants
1/1, Sevak Baidya Street
New Indrapuri, 4th Floor
Kolkata – 700 029

REGISTRAR & SHARETRANSFER AGENT

M/s. Niche Technologies Pvt. Ltd.
D – 115, Bagree Market, 5th Floor
71, B. R. B. Basu Road
Kolkata - 700 001
Phone : 033-2235 7270
Email : nichetechpl@nichetechpl.com

CONTENTS

Directors' Report	02
Corporate Governance Report	20
Management Discussion and Analysis	33
Standalone Accounts	35
Consolidated Accounts	55

DIRECTORS' REPORT

ToThe Members,

Your Directors have pleasure in submitting 36th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

1. FINANCIAL RESULTS

The Company's financial performance for the year under review alongwith previous year's figures are given hereunder :

(Rs. in lacs)		
Particulars	F.Y. 2017 - 18	F.Y. 2016 - 17
Net Sales / Income from Business Operations	--	69.38
Other Income	21.26	34.87
Total Income	21.26	104.25
Total Expenditure	9.69	76.32
Profit Before Tax	11.57	27.92
Less:Tax Expenses	(0.64)	-
Profit/(Loss) After Tax	10.93	27.92
Basic & Diluted Earnings per Equity Share	0.11	0.28

2. OPERATIONAL REVIEW

Gross revenues for this financial year stood atRs. 21,25,889 as against Rs. 1,04,24,597in the previous year. Profit before depreciation and taxation was Rs. 11,56,478 as against Rs. 27,92,110 in the previous year. After providing for depreciation and taxation the net profit of the Company for the year under review was placed at Rs. 10,92,693 as compared to Rs. 27,92,110 in the previous year.

3. DIVIDEND

No Dividend was declared for the current financial year due to conservation of Profits incurred by the Company.

The provisions of Section 125(2) of the Companies Act, 2013 relating to transfer of Unclaimed Dividend to Investor Education and Protection Fund do not apply as there was no dividend declared and paid by the Company.

4. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The details of the investments made by company are given in the notes to the financial statements.

5. DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

6. SHARE CAPITAL

The paid-up equity capital as on March 31, 2018 was Rs. 100,140,000. No Bonus Shares were issued neither company bought back any of its securities during the year under review. The company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

7. EXTRACTS OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in prescribed Form – MGT 9 is furnished in **Annexure A** and is attached to this Report.

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

DIRECTORS' REPORT *(Contd.)*

However, the Board has adopted this Policy in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Regulations) to ensure that all Related Party Transactions shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The Policy on Related Party Transactions is uploaded in the Company's website www.aarcl.in under the link <http://www.aarcl.in/images/pdf-reports/other-corporate-announcements/Policy-On-Related-Party-Transactions.pdf>

9. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Management and Business Risk Evaluation is an ongoing process within the Organization. Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Board has framed a Risk Management Policy for the Company. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. At present the Company has not identified any element of risk which may threaten the business or existence of the Company.

10. CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "model code of conduct". The Code has been posted on the Company's website www.aarcl.in. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

11. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.

12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure B** and is attached to this report.

13. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company held 6 Board meetings during the financial year under review. Detailed information is given in the Corporate Governance Report.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company **Mrs. Uma Sharma (DIN: 06862354)** will retire by rotation at the ensuing AGM of the Company and being eligible, offers herself for re-appointment.

In terms of the provisions of Section 149, 152 of the Companies Act, 2013 which came into effect from 1st April, 2014, Schedule IV and other applicable provisions, if any, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors can hold office for a term of up to five (5) consecutive years on the Board of Directors of the Company and are not liable to retire by rotation. **Mr. Udit Agarwal (DIN: 07036864)** and **Mr. Kumar Deepak (DIN: 07052877)** were appointed as Independent Directors of the Company. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

DIRECTORS' REPORT (Contd.)

Pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 framed thereunder, read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, **Mr. Rajendra Yadav (DIN: 06980909)**, who was appointed as an Independent Director and who holds the office of Independent Director up to September 29, 2019 and who meets the criteria for Independence, being eligible for re-appointment be and is hereby re-appointed as a non-retiring Independent Director on the Board of the Company for Second Term of 5 (Five) consecutive years w.e.f. September 30, 2019."

Pursuant to provisions of Section 203 of the Companies Act, 2013 which came into effect from April 1, 2014, the Company has appointed **Mr. Avijit Das (PAN: AHXPD4883E)** as Chief Financial Officer and **Mr. Arvind Kumar Modi (PAN: AUHPM5239Q)** as Company Secretary with effect from 20th January, 2015 and 1st December, 2016 respectively.

15. PARTICULARS OF MANAGERIAL REMUNERATION

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

I. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year :

DIRECTORS	RATIO TO MEDIAN REMUNERATION
Mr. Anupam Khetan	2.91
Mrs. Uma Sharma	0.07
Mr. Rajendra Yadav	0.21
Mr. Udit Agarwal	0.21
Mr. Kumar Deepak	0.20

II. There was no increase in remuneration of directors, chief financial officer, company secretary in the financial year so the percentage increase in remuneration cannot be expressed. Moreover some appointments were made during the financial year and hence information is for part of the year, the same is not comparable.

Percentage increase in remuneration of directors, chief financial officer, company secretary in the financial year, if any.

III. Percentage increase in the median remuneration of employees in the financial year : Nil

IV. Number of permanent employees on the rolls of Company : 5

V. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was no increase in remuneration during the financial year.

VI. The key parameters for any variable component of remuneration availed by the directors: N.A.

VII. Affirmation that the remuneration is as per the remuneration policy of the company : The Company affirms remuneration is as per the remuneration policy of the Company.

VIII. There is no employee whose remuneration exceeds the limits prescribed under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

16. REMUNERATION OF DIRECTORS

The details regarding remuneration to Directors are shown separately in MGT-9 attached as Annexure A which forms part of the Directors Report.

17. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

In terms of the Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause

DIRECTORS' REPORT *(Contd.)*

49(II)(B)(7)(b) of the erstwhile Listing Agreements, the Company has adopted a familiarization programme for the Independent Directors. The details of the said programme is available on the website of the Company i.e. www.aarccl.in under the link http://www.aarccl.in/images/pdf-reports/other-corporate-announcements/aar_comm_familiarisation_programme_of_independent_directors.pdf

18. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following three Independent Directors :

(a) **Mr. Rajendra Yadav - Chairman**

(b) **Mr. Udit Agarwal**

(c) **Mr. Kumar Deepak**

The Company has established a vigil mechanism and oversees through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company.

The policy on vigil mechanism is attached with this report as **Annexure C** and is also available on the website of the company i.e. www.aarccl.in under the link <http://www.aarccl.in/images/pdf-reports/other-corporate-announcements/Whistle-Blower-Policy.pdf>

19. BOARD EVALUATION

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors, at its meeting held on 13th February, 2018 has carried out an annual performance evaluation of its own performance, the individual directors' performance including that of independent directors.

The parameters based on which the evaluation process is being carried out is fixed by the Board in terms of the provisions of Companies Act, 2013.

In a separate meeting of independent Directors held on 28th March, 2018, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

20. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its Responsibility Statement :-

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating efficiently.

Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to 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.

- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS' REPORT *(Contd.)*

21. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Presently Company has only one Wholly Owned Subsidiary viz. Camellia Tradelink Private Limited engaged in same line of business as that of commercial and trading activities.

During the year under review, Board of Directors of the Company at their meeting held on 13th February, 2018 has approved the Scheme of Amalgamation of M/s. Camellia Tradelink Private Limited with the Company.

The Transferor Company is a Wholly Owned Subsidiary of the Company. Hence, in accordance with Section 233 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Company has filed Scheme of Amalgamation with Registrar of Companies, West Bengal (hereinafter referred to as "ROC") and Official Liquidator, Calcutta High Court (hereinafter referred to as "OL"). In response to the above filing ROC and OL had given their Observation Letters bearing Reference no. ROC/LEGAL/233/2018/50 dated 10.04.2018 and OL-Misc./Amalg/S233/62/6905/G dated 21.02.2018 respectively. Both the said observations were placed before the meeting. The letter of OL had given no objection for the proposed scheme, however, observation letter of ROC were with few suggestions as under:

1. *The share capital clause of the scheme shall include the class and category of company which enters into the scheme of amalgamation i.e. holding company and its wholly owned subsidiary company.*
2. *The Scheme shall include the clause related to providing "purchase of share held by the descending shareholders/debtors, Creditors"; "cancellation or extinguish of shares on demerger", if applicable.*
3. *This Office has scrutinised the scheme of Amalgamation for its limited internal purpose/in-principle approval for deciding on the matter of Amalgamation of the transferor and transferee companies and it should not for any reason affects the interest of public.*

The Board of Directors of the Company duly modified the Scheme of Amalgamation by incorporating the suggestions of ROC and OL.

In accordance with Section 233 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Company convened and held meeting of Equity Shareholders of the Company on June 25, 2018 and the said Scheme was approved by shareholders at the meeting.

Pursuant to the provisions of Section 129(3) of the Companies Act 2013, a statement containing performance and salient features of the financial statements of the Company's subsidiary in Form AOC – 1 is attached as **Annexure -D**.

22. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

23. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or outflow during the year under review.

25. STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s R.K. Tapadia & Co., Chartered Accountants (ICAI Firm Registration No. 318166E) were appointed as Statutory Auditors at the 35th Annual General Meeting held on September 22, 2017 to hold office until the conclusion of the 40th Annual General Meeting, subject to ratification by shareholders at each Annual General Meeting.

26. SECRETARIAL AUDIT REPORT

Mr. Anurag Fatehpuria, Practicing Company Secretary, having office at 23/1, Sita Nath Bose Lane, Salkia, Howrah – 711 101 has been appointed as Secretarial Auditors of the Company for financial year ended 31st March, 2018. The Secretarial Audit Report

DIRECTORS' REPORT *(Contd.)*

received from the Secretarial Auditor is annexed to this report marked as **Annexure – E** and forms part of this report.

27. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

Certain observations made in the Secretarial Audit Report with regard to few lapses under the Companies Act, 2013 relating to maintenance of statutory registers were mainly due to ambiguity and uncertainty of the applicability. However, the company would ensure in future that all the provisions are complied to the fullest extent.

28. LISTING OF SHARES

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai and Calcutta Stock Exchange Limited, Kolkata.

Pursuant to the notification of the regulations, your Company has entered into new Listing Agreement with the aforesaid Stock Exchanges respectively as mandated under the said Regulations.

29. CORPORATE GOVERNANCE

The Company is committed to maintain transparency in its operations & hence it complies with the Corporate Governance requirements.

The Corporate Governance Report as per Schedule V(C) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and requisite Certificate of Compliance from Statutory Auditor regarding compliance of conditions of Corporate Governance are annexed and forms part of the Annual report.

30. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report of the Company comprising of management perception, risks and concerns, internal control systems are annexed and forms part of the Annual report.

31. ACKNOWLEDGEMENTS

The Board takes this opportunity to express their gratitude for the assistance and support extended by its bankers, business associates, stakeholders and various Government Authorities during the year under review.

Your Directors thank the shareholders for their support and confidence reposed on your Company and also appreciates the dedicated services rendered by the employees at all levels.

For and on Behalf of the Board of Directors

Place : Kolkata
Date : 14th August, 2018

Anupam Khetan
Director
DIN : 07003797

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

1	CIN	L63090WB1982PLC035019
2	Registration Date	28.06.1982
3	Name of the Company	AAR COMMERCIAL COMPANY LIMITED
4	Category/Sub-Category of the Company	Company limited by shares
5	Address of the Registered office and contact details	1, British India Street (Old Complex), Mezzanine Floor, Room No. 20 Kolkata – 700 069 Contact No: 033-46003498
6	Whether listed company	Listed
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	NICHE TECHNOLOGIES PVT. LTD. D-511, Bagree Market, 5th Floor, 71, B.R.B. Basu Road, Kolkata – 700 001 Contact No: 033-2235 7270/7271/3070, 2234-3576

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Trading in cotton or fabrics	51491	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
NOT APPLICABLE					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

I. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER									
1) Indian									
a) Individual/ HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non Institutions									
a) Bodies Corp.	398009	13900	411909	4.113	398063	13900	411963	4.114	0.001
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	92	110250	110342	1.102	1038	110250	111288	1.111	0.009
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	9375899	115850	9491749	94.785	9374899	115850	9490749	94.775	(0.010)
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Overseas Corporate Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2)	9774000	240000	10014000	100.00	9774000	240000	10014000	100.00	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	9774000	240000	10014000	100.00	9774000	240000	10014000	100.00	Nil
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	9774000	240000	10014000	100.00	9774000	240000	10014000	100.00	Nil

II. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
NOT APPLICABLE								

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**III. Change in Promoters' Shareholding**

SN	Name of Promoter	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

NOT APPLICABLE

IV. Shareholding of top ten shareholders (other than Directors, Promoters and holders of ADRs and GDRs)

Sl. No.	For Each of the Top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Kamal Kumar Jain				
	At the beginning of the year	500000	4.993	500000	4.993
	Change during the year	-	-	500000	4.993
	At the end of the year	500000	4.993	500000	4.993
2.	Sushila Jain				
	At the beginning of the year	500000	4.993	500000	4.993
	Change during the year	-	-	500000	4.993
	At the end of the year	500000	4.993	500000	4.993
3.	Sheetal Jalan				
	At the beginning of the year	499500	4.988	499500	4.988
	Change during the year	-	-	499500	4.988
	At the end of the year	499500	4.988	499500	4.988
4.	Sushil Kumar Jalan				
	At the beginning of the year	499500	4.988	499500	4.988
	Change during the year	-	-	499500	4.988
	At the end of the year	499500	4.988	499500	4.988
5.	Naresh Chandra Agarwal				
	At the beginning of the year	499000	4.983	499000	4.983
	Change during the year	-	-	499000	4.983
	At the end of the year	499000	4.983	499000	4.983
6.	Sumitra Jain				
	At the beginning of the year	498000	4.973	498000	4.973
	Change during the year	-	-	498000	4.973
	At the end of the year	498000	4.973	498000	4.973
7.	Nidhi Jain				
	At the beginning of the year	498000	4.973	498000	4.973
	Change during the year	-	-	498000	4.973
	At the end of the year	498000	4.973	498000	4.973
8.	Shivang Kumar Pansari				
	At the beginning of the year	497000	4.963	497000	4.963
	Change during the year	-	-	497000	4.963
	At the end of the year	497000	4.963	497000	4.963

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Sl. No.	For Each of the Top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9.	Rounak Pansari				
	At the beginning of the year	496000	4.953	496000	4.953
	Change during the year	-	-	496000	4.953
	At the end of the year	496000	4.953	496000	4.953
10.	Sanjana Agarwal				
	At the beginning of the year	495000	4.943	495000	4.943
	Change during the year	-	-	495000	4.943
	At the end of the year	495000	4.943	495000	4.943

V. Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For Each of the Top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Anupam Khetan				
	At the beginning of the year	360000	3.595	360000	3.595
	Change during the year	-	-	-	-
	At the end of the year	360000	3.595	360000	3.595

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment : NIL**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration Name of Whole-time Director: Mr. Anupam Khetan	Total Amount (Rs. in lacs)
1.	Gross Salary	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.18
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as% of profit	-
5.	Others, please specify	-
	Total	1.18
	Ceiling as per the Act: 10% of the profits calculated under section 198 of the Companies Act, 2013	

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**B. Remuneration to other directors :**

SN.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. in lacs)
		Mr. Udit Agarwal	Mr. Kumar Deepak	Mr. Rajendra Yadav	
1	Independent Directors				
	Fee for attending board committee meetings	0.09	0.08	0.09	0.26
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	0.09	0.08	0.09	0.26
2	Other Non-Executive Directors				
		Mrs. Uma Sharma		Total Amount (Rs. in lacs)	
	Fee for attending board committee meetings	0.03		0.03	
	Commission	-		-	
	Others	-		-	
Total (2)	0.03		0.03		
	Ceiling as per the Act	1% of the profits calculated under section 198 of the Companies Act, 2013.			

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD :

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total Amount (Rs. in lacs)
		Mr. Arvind Kumar Modi	Mr. Avijit Das	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.70	0.33	1.48
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission as % of profit	--	--	--
5	Others	--	--	--
	Total	0.70	0.33	1.03

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL

ANNEXURE TO THE DIRECTORS' REPORT *(Contd.)*

ANNEXURE - B

POLICY FOR REMUNERATION TO DIRECTORS/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel :

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non- Executive / Independent Director :

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include :

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include :

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

REVIEW AND AMENDMENT

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

ANNEXURE - C

WHISTLE BLOWER POLICY**PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES**

A Protected Disclosure should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower. Letters can be submitted by hand-delivery, courier or by post addressed to the Whistle Officer appointed by the Board of Directors of AAR Commercial Company Limited. Emails can be sent to the email id of the Whistle Officer.

The contact details of the Whistle Officer are as under:

DESIGNATION	Compliance Officer
ADDRESS	1, British India Street (Old Complex), Mezzanine Floor, Room No. 20, Kolkata – 700 069
CONTACT NO.	033-46003498
E-MAIL	investors.commercial@rediffmail.com

If a protected disclosure is received by any executive of the Company other than Whistle Officer, the same should be forwarded to the Whistle Officer for further appropriate action.

While there is no specific format for submitting a Protected Disclosure, the following details must be mentioned:

- Name, address, employee ID and contact details of the Whistleblower.
- Brief description of the malpractice/violation, giving the names of those alleged to have committed or about to commit a malpractice/violation. Specific details such as time and place of occurrence are also important.
- Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

In case of letters, the Protecting disclosure should be sealed in an envelope marked "Protected Disclosure" and addressed to the Whistle Officer, depending on position of the person against whom the protected disclosure is made.

- The Whistle Officer shall acknowledge receipt of the Protected Disclosure as soon as practical (preferably within 07 days of receipt of a Protected Disclosure), where the Whistleblower has provided his/her contact details.
- The Whistle Officer will proceed to determine whether the allegations (assuming them to be true only for the purpose of this determination) made in the Protected Disclosure constitute a malpractice/violation with the assistance of such Investigators comprising of Senior Level Officers of Personnel & Admin., Internal Audit and a representative of the Division/ Department where the alleged malpractice/violation has occurred, as he/she deems necessary. If the Whistle Officer determines that the allegations do not constitute a malpractice/violation, he/she will record this finding with reasons and communicate the same to the Whistleblower.
- If the Whistle Officer determines that the allegations constitute a malpractice/violation, he/she will proceed to investigate the Protected Disclosure with the assistance of such Investigators comprising of Senior Level Officers of Personnel & Admin., Internal Audit and a representative of the Division/ Department where the breach has occurred, as he/she deems necessary. If the alleged malpractice/violation is required by law to be dealt with under any other mechanism, the Whistle Officer shall refer the Protected Disclosure to the appropriate authority under such mandated mechanism and seek a report on the findings from such authority.
- The decision to conduct an investigation taken by the Whistle Officer is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- The investigation may involve study of documents and interviews with various individuals. Any person who is required to provide documents, access the systems and other information by the Whistle Officer for the purpose of such investigation shall do so.

ANNEXURE TO THE DIRECTORS' REPORT *(Contd.)*

Individuals with whom the Whistle Officer or Whistle Committee requests an interview for the purposes of such investigation shall make themselves available for such interview at reasonable times and shall provide the necessary cooperation for such purpose.

- If the malpractice/violation constitutes a criminal offence, the Whistle Officer will bring it to the notice of the Executive Directors of AAR Commercial Company Limited and take appropriate action including reporting the matter to the police.
- The Investigators shall conduct such investigations in a timely manner and shall submit a written report containing the findings and recommendations to the Whistle Officer as soon as practically possible and in any case, not later than 90 days from the date of receipt of the Protected Disclosure. The Whistle Officer may allow additional time for submission of the report based on the circumstances of the case.
- Whilst it may be difficult for the Whistle Officer to keep the Whistleblower regularly updated on the progress of the investigations, he/she will keep the Whistleblower informed of the result of the investigations and its recommendations subject to any obligations of confidentiality.
- The Whistle Officer will ensure action on the recommendations of the Whistle Committee/ Officer and keep the Whistleblower informed of the same. Though, no timeframe is being specified for such action, the Company will endeavor to act as quickly as possible in cases of proved malpractice/violation.

RETALIATORY ACTION

If you face any retaliatory action or threats of retaliator action as a result of making a Protected Disclosure, please inform the Whistle Officer in writing immediately. He/She will treat reports of such actions or threats as a separate Protected Disclosure and investigate the same accordingly and may also recommend appropriate steps to protect you from exposure to such retaliatory action and ensure implementation of such steps for your protection.

ACCESS TO REPORTS AND DOCUMENTS

All reports and records associated with Protected Disclosures are considered confidential information and access will be restricted to the Whistleblower and Whistle Officer. Protected Disclosures and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

RETENTION OF DOCUMENTS

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of 3 years.

REPORTS

A quarterly status report on the total number of complaints received during the period, with summary of the findings of the Whistle Officer and the corrective actions taken will be sent to the Chief Executive Officer and the Managing Director of the Company.

BOARD'S POWER

The Board of Directors of AAR Commercial Company Limited is entitled to amend, suspend or rescind this policy at any time. Whilst best efforts have been made to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance.

FORM NO. AOC.1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures*(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)***Part "A": Subsidiaries**

Rs. in Lacs

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sl. No.	Name of the Company	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of share-holding
1	Camellia Tradelink Private Limited	NA	NA	144.18	2504.28	2648.70	2648.70	Nil	7.92	6.33	Nil	6.33	Nil	100%

Part "B": Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associate	Not Applicable
-------------------	----------------

As per our report of even date

For **R. K. Tapadia & Co**

Chartered Accountants

FRN. 324666E

(Ramesh Kumar Tapadia)

Partner

Membership No. 053927

Place : Kolkata

Date : 14.08.2018

(Anupam Khetan)

Director

(Avijit Das)

Chief Financial Officer

(Uma Sharma)

Director

(Arvind Kumar Modi)

Company Secretary

Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

ANNEXURE - E

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON 31st March, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
AAR Commercial Company Limited
1, British India Street (Old Complex)
Mezzanine Floor, Room No. 20
Kolkata – 700 069

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AAR Commercial Company Limited**, hereinafter called the company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2018 according to the provisions of :

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) 2009;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- v. Other laws applicable to the company as per the representations made by the management.

We have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s).

ANNEXURE TO THE DIRECTORS' REPORT *(Contd.)*

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to few lapses under the Companies Act, 2013 relating to investments held by the company, maintenance of statutory registers.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda we resent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that during the audit period the Company at its Board Meeting held on 13th February, 2018 as well as the shareholders of the Company at the Extra-Ordinary General Meeting held on 25th June, 2018 has approved the amalgamation of its Wholly Owned Subsidiary Company viz. M/s Camellia Tradelink Private Limited.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Anurag Fatehpuria
Company Secretary

Place : Kolkata
Date : 14.08.2018

ACS No. 34471
C P No. 12855

This Report is to be read with my testimony of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**Annexure A**

To,
The Members
AAR Commercial Company Limited
1, British India Street (Old Complex)
Mezzanine Floor, Room No. 20
Kolkata – 700 069

Our report of even date is to be read along with this testimony.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on my audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Anurag Fatehpuria
Company Secretary

Place : Kolkata
Date : 14.08.2018

ACS No. 34471
C P No. 12855

CORPORATE GOVERNANCE REPORT

Pursuant to Schedule V(c) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('The Regulations')

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to good corporate governance which enjoins the highest standard of ethical and responsible conduct of business to create value for all stake holders. The philosophy of your Company is to enhance the long-term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices which not only ensures that the Company operates within the regulatory framework but also strive to achieve more transparency in management and institutional soundness. The Company's philosophy on Corporate Governance is based on the following principles :

- Lay solid foundations for management.
- Promote ethical and responsible decision-making.
- Structure the Board to add value.
- Encourage enhanced performance.
- Safeguard integrity in financial reporting.
- Respect the right of the shareholders.
- Recognise the legitimate interest of shareholders.
- Remunerate fairly and responsibly.
- Recognise and manage business risks.
- Make timely and balanced disclosures.
- Legal and statutory compliances in its true spirit.

Your Company is following transparent and fair practices of good Corporate Governance and its constant endeavor is to continually improve upon those practices. The Company recognizes communication as key element in the overall Corporate Governance framework and therefore, emphasizes on keeping abreast its stakeholders including investors, lenders, vendors and customers on continuous basis by effective and relevant communication through Annual Reports, quarterly results, corporate announcements and reflecting the same on the Company's official website i.e. www.aarccl.in

2. BOARD OF DIRECTORS

The Board of directors of your Company consists of Five (5) members, the Chairman of the Board is an Executive Director and half of the strength of the Board consists of Non-Executive Independent Directors. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on the Company's present requirements. There is no Nominee Director in the Company.

A. Board's definition of Independent Director

Independent Director means a non-executive director, other than a nominee director of the listed entity:

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company;
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (v) none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (vi) who, neither himself, nor whose relative(s) —
 - (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

CORPORATE GOVERNANCE REPORT *(Contd.)*

- (B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
- (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
 - (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or
- (D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;
- (E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;
- (vii) who is not less than 21 years of age.

The Board of Directors of the Company has decided that the materiality/significance shall be ascertained on the following basis:

- The concept of 'materiality' is relevant from the total revenue inflow and/or outflow from and/or to a particular individual/body, directly or indirectly, during a particular financial year.
- The term 'material' needs to be defined in percentage. One percent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.

It has been confirmed by all the Independent Directors of the Company that as on the date, they fulfill the criteria of being "Independent Director" as stipulated in Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The following Table gives Composition of the Board, Attendance record of the Directors at the Board Meetings and at the last Annual General Meeting (AGM); Number of their outside Directorships and their Memberships/Chairmanships in Board Committees.

Name of Director	Category	No. of other Directorship held ¹	No. of Board Committees of which Member/ Chairman		Board Meetings held during the FY 2017-18		Attendance at the last AGM
			Member	Chairman	Held	Attended	
Anupam Khetan DIN: 07003797	Executive Director	Nil	Nil	Nil	6	6	Yes
Uma Sharma DIN: 06862354	Non-Executive Director	Nil	Nil	Nil	6	6	Yes
Rajendra Yadav DIN: 06980909	Non-Executive Independent Director	Nil	2	1	6	6	Yes
Udit Agarwal DIN: 07036864	Non-Executive Independent Director	Nil	2	1	6	6	Yes
Kumar Deepak DIN: 07052877	Non-Executive Independent Director	1	4	1	6	5	Yes

Notes: 1. This number excludes the directorships/ committee memberships held in private limited companies, foreign companies, companies registered under section 8 of the Companies Act, 2013 and that of the company. It includes Membership/ Chairmanship of Audit Committee and Stakeholders' Relationship Committee only.

In terms of Regulation 25(1) of the Regulations, none of the Independent Director of the Company holds the position of the Independent Director in more than 7 (Seven) listed Companies, including Independent Directorship in AAR Commercial Company Limited and any such Director serving as a whole time Director in a listed Company is not serving as an Independent Director in more than 3 (Three) listed Companies including AAR Commercial Company Limited.

CORPORATE GOVERNANCE REPORT *(Contd.)*

No Non-Executive Director is related to any other Director inter-se and has any material pecuniary relationships/ transactions vis-à-vis the Company other than the sitting fees for attending the Board/Committee meetings.

In terms of Regulation 25(7) of the Regulations, the Company has adopted a familiarization programme for the Directors that covers familiarizing the Directors about the nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities, and other relevant details. The details of familiarization programme are available on the official website of the Company i.e. www.aarcl.in under the link i.e. http://www.aarcl.in/images/pdf-reports/other-corporate-announcements/aar_comm_familiarisation_programme_of_independent_directors.pdf

B. Board Meetings

During the financial year 2016-17, Six Board Meetings were held on the following dates :-

30th May, 2017; 28th June, 2017; 11th August, 2017; 14th September, 2017; 13th November, 2017; 13th February, 2018.

C. Information supplied to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes the following, extent to the applicability during the year as per the Regulations.

- Annual Operating Plans and Budgets and any updates.
- Capital budgets and any updates.
- Quarterly, Half Yearly and Yearly Results of the Company.
- Minutes of the Meetings of Audit Committee and other Committees of the Board.
- The information on recruitment of Senior Officers just below the Board level.

The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company along with the declaration made by all the respective departmental heads and by the Chairman and Managing Director regarding compliance with all applicable laws.

3. BOARD COMMITTEES

A. Audit Committee

I. Constitution and Composition

The "Audit Committee" comprises of the following three (3) Non-Executive and Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures. All the members are financially literate and have accounting and financial management expertise. The following table gives the composition of the Audit Committee and the attendance record of members of the Committee :

Sl. No.	Name of Member	Designation	No. of Meetings Attended
1.	Mr. Rajendra Yadav	Chairman	4
2.	Mr. Udit Agarwal	Member	4
3.	Mr. Kumar Deepak	Member	4

In addition to the Members of the Audit Committee, the Statutory Auditors attended the meetings of the Committee as invitees. Members held discussions with Statutory Auditors during the meetings of the Committee. The Audit Committee reviewed the quarterly, half-yearly and year to date un-audited and annual audited financials of the Company before submission to the Board of Directors for its consideration and approval. The Committee also reviewed the internal control systems of the company.

Company Secretary of the Company acted as Secretary to the Audit Committee Meetings as aforesaid.

II. Audit Committee Meetings

During the year, Four (4) meetings of the Audit Committee were held on the following dates :

30th May, 2017; 14th September, 2017; 13th November, 2017; 13th February, 2018.

III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in Regulation 18 of The Regulations, which includes the following :

CORPORATE GOVERNANCE REPORT *(Contd.)*

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.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

IV. Role of Audit Committee

The role of the Audit Committee includes the following :

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- (3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any Related Party Transactions.
 - g. modified opinion(s) in the Draft Audit Report.
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) 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 utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) 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;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) 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;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

CORPORATE GOVERNANCE REPORT *(Contd.)*

- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

B. SHAREHOLDERS'/ INVESTORS' GRIEVANCES COMMITTEE

The "Shareholders'/Investors' Grievance Committee" has been empowered to look into the Shareholders'/Investors' grievances i.e. Non-receipt of Annual Reports, Dividend payments, other miscellaneous complaints and redressal of the same. The said Committee is also authorised to effect transfers/transmissions of Equity Shares/Debentures and other securities and also to issue Duplicate Share Certificates and other securities and matters related or incidental thereto.

The following table gives the composition of the Shareholders'/Investors' Grievance Committee and the attendance record of Members of the Committee :

Sl. No.	Name of Member	Designation	No. of Meetings Attended
1.	Mr. Udit Agarwal	Chairman	4
2.	Mr. Rajendra Yadav	Member	4
3.	Mr. Kumar Deepak	Member	4

The Securities Transfer & Investor Grievance Committee, as a committee of the Board, inter alia, reviews shareholders'/investors grievances. Company Secretary of the Company acted as Secretary to the Shareholder/Investor Grievance Committee Meetings as aforesaid.

During the year, Four (4) meetings of the Shareholders'/Investors' Grievance Committee were held on the following dates: 30th May, 2017; 14th September, 2017; 13th November, 2017; 13th February, 2018.

Status of Investor Complaints :

Number of complaints received during financial year 2017-18 - Nil

Number of complaints resolved to the satisfaction of stakeholders during year 2017-18 – N.A.

Number of pending complaints as on 31st March, 2018 – Nil

C. NOMINATION AND REMUNERATION COMMITTEE

In accordance with provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the Regulations, the Nomination and Remuneration Committee of the Board constitutes of three Independent Directors and gives the composition of the Nomination and Remuneration Committee and the attendance record of members of the Committee as shown in the table below :

Sl. No.	Name of Member	Designation	No. of Meetings Attended
1.	Mr. Rajendra Yadav	Chairman	NA
2.	Mr. Udit Agarwal	Member	NA
3.	Mr. Kumar Deepak	Member	NA

No Nomination and Remuneration Committee meeting was held during the year 2017-18.

Company Secretary of the Company acted as Secretary to the Nomination and Remuneration Committee meetings as aforesaid.

Performance Evaluation :

In terms of Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors in its meeting held on 13th February, 2018 evaluated the performance of Independent Directors in terms of criteria of performance evaluation as laid down by Nomination and Remuneration Committee which covers the area relevant to their role as Independent Director in the Company.

During the Financial Year 2017-18, a separate meeting of the Independent Directors of the Company was held on 28th March, 2018 in terms of Regulation 25 of the Regulations.

CORPORATE GOVERNANCE REPORT (Contd.)

The Independent Directors in their separate meeting :

- i. reviewed the performance of non-independent Directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- iii. assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

4. DIRECTORS

Mrs. Uma Sharma is liable to retire by rotation at the forth coming Annual General Meeting and being eligible, has offered herself for re-appointment.

5. REMUNERATION OF DIRECTORS

(a) Disclosures on remuneration and shareholding of directors :

NAME OF MEMBER	FIXED COMPONENT (Rs. in lacs)		PERFORMANCE LINKED INCENTIVES	SHARES HELD
1. Anupam Khetan (Executive Whole-time Director)	Basic	1.18	NIL	360000 3.56 %
	Allowances	Nil		
	Commission	Nil		
	Other Benefits	Nil		
	TOTAL	1.18		

(b) Terms of Service Contract :

Sl. No.	Particulars	Tenure of Appointment
1.	Anupam Khetan	21 st March, 2017 – 20 th March, 2022
2.	Uma Sharma	Not applicable
3.	Rajendra Yadav	30 th September, 2014 – 29 th September, 2019
4.	Udit Agarwal	6 th December, 2014 – 5 th December, 2019
5.	Kumar Deepak	30 th December, 2014 – 29 th December, 2019

There is a notice period of 1 (one) month for severance from the services of the Company but there is no severance fee in respect of any of the above directors of the company.

(c) **Stock Option Details :** The Company does not have any Stock Option Scheme.

(d) **Criteria of making payments to Non-Executive Directors :** Non-Executive Directors of the Company are paid sitting fees for attending board meetings, committee meetings as held from time to time. Except this no monetary/other benefits are given to non-executive directors of the Company. Details of fees paid to non-executive directors are given in MGT-9 as annexure to the board's report.

(e) Shareholding of Non-Executive Directors

SL. NO.	NAME OF MEMBERS	SHARES HELD	% OF HOLDING
1.	Uma Sharma	Nil	Nil
2.	Rajendra Yadav	Nil	Nil
3.	Udit Agarwal	Nil	Nil
4.	Kumar Deepak	Nil	Nil

CORPORATE GOVERNANCE REPORT *(Contd.)*

6. GENERAL BODY MEETING

Annual General Meetings

The Details of Last Three Annual General Meeting are as follows :

Financial Year	Date	Time	Locations	Details of Special Resolutions passed and postal ballot conducted during the year.
2016-17	22.09.2017	10:30 A.M.	Registered office	No Special resolution passed at the AGM and no postal ballot was conducted during the F.Y 2016-17.
2015-16	28.09.2016	10:30 A.M.	Registered office	No Special resolution passed at the AGM and no postal ballot was conducted during the F.Y 2015-16.
2014-15	30.09.2015	10:00 A.M.	Registered office	No Special resolution passed at the AGM and no postal ballot was conducted during the F.Y 2014-15.

Extra-ordinary General Meetings

An Extraordinary General Meeting of the Company was held on June 25, 2018 to consider and approve the resolution of Amalgamation of Camellia Tradelink Private Limited (Transferor Company) with AAR Commercial Company Limited (Transferee Company). Resolution was passed with specified majority as required under Section 233 of the Companies Act, 2013 read with relevant rules of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. during the Financial Year ended March 31, 2018.

Postal Ballot

There are no special resolutions passed during 2017-18 through postal ballot and no special resolution is proposed to be conducted through postal ballot.

7. MEANS OF COMMUNICATION

The Company publishes the Quarterly, Half Yearly and Annual Financial Results in Business Standard in English and Sukhabar in Vernacular language and also posts the results in the Company's website i.e. www.aarcl.in

8. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

The forthcoming AGM of the Company shall be held at 11.00 A. M. on Monday, the 24th Day of September 2018 at registered office of the company at 1, British India Street (Old Complex), Mezzanine Floor, Room No. 20, Kolkata – 700 069.

Financial Year

Financial year of the Company commences on April 1 and ends on March 31. The four Quarters of the Company ends on June 30; September 30; December 31 and March 31 respectively.

Date of Book Closure

18th September, 2018 to 24th September, 2018 (Both Days inclusive). No dividend is proposed by board of directors for payment.

Listed on Stock Exchanges

The Shares of the Company are listed on the following Stock Exchanges :

1. Bombay Stock Exchange Limited (BSE), Scrip Code: 539632
2. Calcutta Stock Exchange Limited (CSE), Scrip Code: 11145

The Annual Listing Fees for the year 2018-19 has been paid in advance to the aforesaid Stock Exchanges.

Market Price Data :

Equity Shares of the company were listed on BSE Limited with effect from 5th February, 2016. Since no trading of shares being done on BSE Limited and Calcutta Stock Exchange during the financial year therefore we are unable to present any market price data and graphical comparison of movement of closing share prices of the company with BSE Sensex.

Registrar & Transfer Agent

Niche Technologies (P) Ltd is the Registrar and Transfer agent for handling both the share registry work relating to shares held in physical and electronic form at single point. The Share Transfers were duly registered and returned in the normal course within stipulated period, if the documents were clear in all respects.

CORPORATE GOVERNANCE REPORT *(Contd.)*

The Shareholders are therefore advised to send all their correspondences directly to the Registrar and Transfer Agent of the Company at the below mentioned address:

Niche Technologies (P) Ltd

D-511, Bagree Market, 5th Floor, 71, B R B Basu Road, Kolkata-700 001

Tel No: 033-22357270, Email: nichetechpl@nichetechpl.com

However, for the convenience of Shareholders, correspondences relating to Shares received by the Company are forwarded to the Registrar and Transfer Agent for action thereon.

Share Transfer System

Presently, the share transfers in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt of the document, subject to the documents being clear in all respects. The Board has delegated the authority for approving the transfers to the RTA subject to approval by Shareholders'/Investors' Grievance Committee. Shareholders Grievances and other miscellaneous correspondence on change of address, mandates etc., received from members are generally processed by RTA of the company within 15 days. The Shareholders'/Investors' Grievance Committee considers the transfer proposal as and when required depending upon the requirements.

Shareholding pattern of the Company as per category of shareholders as on March 31, 2017 :

Category	No. of Shares	Percentage (%)
Promoter & Promoter Group	Nil	Nil
Public Shareholding	10014000	100.00 %
Others	Nil	Nil

Distribution of Shareholding as on March 31, 2018 :

Sl. No.	No. of Shares	No. of Holders	% to Total	Total Shares	% to Total
1.	1 - 500	423	87.9418	23,551	0.2352
2.	501 - 1,000	10	2.0790	9,300	0.0929
3.	1,001 - 5,000	5	1.0395	11,000	0.1098
4.	5,001 - 10,000	9	1.8711	83,400	0.8328
5.	10,001 - 50,000	8	1.6632	1,15,850	1.1569
6.	50,001 - 1,00,000	1	0.2079	66,000	0.6591
7.	1,00,001 - And Above	25	5.1975	97,04,899	96.9133
	Total	481	100.00	1,00,14,000	100.00

Share Dematerialisation System :

The requests for dematerialisation of shares are processed by Registrar & Transfer Agent (RTA) expeditiously and the confirmation in respect of dematerialisation is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

Dematerialization of Shares and Liquidity :

The Company's Equity Shares are compulsorily traded in the Stock Exchanges in the dematerialized mode and are available for trading under both the Depository Systems in India i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

Demat / Physical Form as on March 31, 2017	No. of Shares	Percentage
Physical	240000	2.397
Demat	9774000	97.603

As on March 31, 2018 a total of 9774000 equity shares of the Company of Rs 10/- each, which form 97.603 % of the paid up Equity Share Capital, stand dematerialized.

CORPORATE GOVERNANCE REPORT *(Contd.)*

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not Applicable

Addresses for Correspondence :

For Share transfer/demat/remat of shares or any other query relating to shares: -
Niche Technologies (P) Ltd, D-511, Bagree Market, 5th Floor, 71, B R B Basu Road, Kolkata-700 001, Tel No: 033-22357270, Email: nichetechpl@nichetechpl.com

For Investor Assistance :

Mr. Anupam Khetan, Whole-time Director,
1, British India Street (Old Complex), Mezzanine Floor, Room No. 20, Kolkata- 700069, Phone: 033-46003498, Email: investors.commercial@rediffmail.com

Email for investors :

The Company has designated investors.commercial@rediffmail.com as email address especially for investors' grievances.

SEBI has commenced processing of investor complaints in a centralized web based complaints redress system i.e. SCORES. The Company has supported SCORES by using it as a platform for communication between SEBI and the Company.

Nomination facility :

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014, to the Company's RTA. The said form can be obtained from the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

Updation of Shareholders information :

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company. The duly filled form for Updation of information may either be sent to the Company at its Registered Office or be hand-delivered at the Annual General Meeting of the Company.

9. OTHER DISCLOSURES

Basis of Related Party Transactions:

During the year 2017-18, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis. The statements in summary form of transactions with Related Parties in the ordinary course of business, if any, are placed periodically before the Audit Committee for its consideration and review. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions, if any, during the year are given in the Notes forming part of financial statements.

Further, the Company has formulated a policy on materiality of Related Party Transactions in accordance with the Regulation 23 of the Regulations and the same is available on the website of the Company i.e. www.aarcl.in under the link http://www.aarcl.in/images/pdf-reports/other-corporate-announcements/aar_policy-on-related-party-transactions.pdf

Risk Management Framework :

In pursuance to the Companies Act, 2013 and Regulation 17(9) of the Regulations, the Board of Directors of the Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework. A note on Risk Management is given in the Management Discussion and Analysis section forming part of the Directors Report.

Compliance by the Company :

There were no instances of any non-compliance by the Company or any penalties imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to the Capital Markets, during the last three years.

CORPORATE GOVERNANCE REPORT *(Contd.)*

Whistle Blower Policy/Vigil Mechanism:

The Whistle Blower policy/Vigil Mechanism of the Company has been formulated as per Regulation 22 of the Regulations and Section 177 of the Companies Act, 2013. The mechanism under the Policy has been appropriately communicated within the organization. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees. It protects the employees who wish to raise a concern about serious irregularities, unethical behaviour, actual or suspected fraud within the Company by reporting the same to the Audit Committee.

During the year, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

The Whistle Blower Policy of the Company is available on the website i.e. [www.aarcl.in](http://www.aarcl.in/images/pdf-reports/other-corporate-announcements/aar_whistle-blower-policy.pdf) under the link http://www.aarcl.in/images/pdf-reports/other-corporate-announcements/aar_whistle-blower-policy.pdf

Policy on criteria for Determining Materiality of Events :

The Policy on criteria for determining Materiality of Events has been framed in accordance with Regulation 30 of the Regulations which defines the criteria for determining the materiality of events or information related to the Company provides that such information should be adequately disseminated in pursuance with the Regulations and further provides for the overall governance framework for such determination of materiality. The said policy is available on the website of the Company i.e. www.aarcl.in under the link http://www.aarcl.in/images/pdf-reports/other-corporate-announcements/aar-commercial_policy-on-materiality-of-events.pdf

Code of Conduct and Corporate Ethics:

Company believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any Company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability by adhering to commitment, ethical business conduct, a high degree of transparency thereby unlocking the individual intellectual capabilities and enabling its Board of Directors to conduct its duties under a moral authority, which ultimately leads to enhance legitimate needs and value of the stakeholders. A copy of "Model Code of Conduct" formulated in terms of Regulation 17 of the Regulations has been posted at Company's official website i.e. www.aarcl.in.

Compliance of Mandatory Requirements:

The Company has complied with all the mandatory requirements of Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Regulations. Details of compliances are given below:

I. Disclosure on website in terms of Listing Regulations	Compliance Status (Yes/No/NA)
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/ Whistle Blower policy	Yes
Criteria of making payments to non-executive directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
E-mail address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	N.A.
New name and the old name of the listed entity	N.A.

CORPORATE GOVERNANCE REPORT (Contd.)

II ANNUAL AFFIRMATIONS		
Particulars	Regulation Number	Compliance Status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1), (2), (3), (4)	NA
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1), (5), (6), (7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	NA
Approval for material related party transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5) & (6)	NA
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

On Behalf of the Board of Directors

Place : Kolkata
Date : August 14, 2018

Anupam Khetan
Whole-time Director
DIN: 07003797

CORPORATE GOVERNANCE REPORT *(Contd.)*

COMPLIANCE CERTIFICATE AS PER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

CEO/CFO CERTIFICATE

We have reviewed financial statements and the cash flow statement for the year 2017 - 18 and that to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- 3) No transaction entered into by the Company during the above said period, which is fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed to the Auditors and the Audit Committee, wherever applicable :

- i. Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- ii. Significant changes in internal control over financial reporting during the year 2017-18;
- iii. Significant changes in accounting policies during the year 2017-18 and that the same have been disclosed in the notes to the financial statements;
- iv. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **AAR Commercial Company Limited**

Place : Kolkata
Date : August 14, 2018

Avijit Das
CFO

Anupam Khetan
Whole-time Director

COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted "Code of Business Conduct and Ethics". This code deals with the Good Governance and ethical Practices, which the Company, the Board members and the Senior Management of the Company are expected to follow.

It is hereby affirmed that during the year 2017-18, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

For **AAR Commercial Company Limited**

Place : Kolkata
Date : August 14, 2018

Anupam Khetan
Whole-time Director
DIN: 07003797

CORPORATE GOVERNANCE REPORT *(Contd.)*

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members

AAR COMMERCIAL COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by **AAR COMMERCIAL COMPANY LIMITED**, for the year ended March 31, 2018 as stipulated in clause 49 of the erstwhile Listing Agreement, Regulation 17 to 27 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the said Company.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Director and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required by the Guidance Note Issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investors' grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **R. K. Tapadia & Co.**
(Chartered Accountants)
F. R. No. 318166E

Place : Kolkata
Date : 14th August, 2018

(R.K. Tapadia)
Proprietor
M.No. 053927

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

As per the Central Statistics Office (CSO), GDP growth during the financial year is estimated at 6.5 % as compared to the growth rate of 7.1 % in 2016-17.

Indian economy is on a recovery path after slowdown in the first quarter of 2017-18 and it has made a growth of 6.3% in the September Quarter from 5.7% in the previous quarters, a likely fallout due to the implementation of Goods and Services Tax (GST). The Indian economy is further expected to consolidate in the coming financial year, as the benefits of GST and other reforms gain traction.

The slowing momentum in GDP growth rate is expected to improve in the coming financial year due to likely recovery in investment levels and ongoing structural reforms.

OPPORTUNITIES AND THREATS

(a) Opportunities

The global economy is finally showing some signs of improvement in investment, manufacturing and trade since the last quarter of the financial year 2017 – 18 but it is expected to improve more in the coming financial year under the backdrop of new reforms and macro-economic developments. Such a scenario will give our Company the opportunity to increase our stakeholder values and build a expansive, lasting relationship with them. The Company has already started taking initiatives and implementing strategies to diversify its business into other areas.

(b) Threats

The constant fluctuations in the stock market and excessive competition from fellow competitors are some of the hindrances affecting our business.

OUTLOOK, RISK AND CONCERNS

Your Company has been trying to make use of available opportunities in the market for trading of cotton/fabrics and spread its business in other lucrative businesses too for increasing its profitability and size of business. The Company successfully listed its equity shares with BSE in February 2016 which strengthened the credibility of the company among the stakeholders.

The underlying strength of Indian consumption and demand, continues to remain robust. The country's fabric and clothing markets remain a favorite of global consumers. The growth tendencies for 2017-18 are expected to be mostly reflective of the developments in these areas. Your Company is cautiously optimistic in the current scenario and will focus on a well adjusted expansion of business in other related business, resourceful cost management and risk containment measures in order to sustain profitability.

The company is a trading company deals in trading of cotton/ fabrics. However company also invests its funds in capital and debt market and creates an additional source of income in form of dividends and returns receivables on investment made and held by it in other Companies and the capital appreciation of investments. Any adverse financial impact on the operation / business of the invested companies may impact the revenues of the company and also result in diminution in the value of investments.

FINANCIAL PERFORMANCE AND ACCOUNTING TREATMENT

Gross revenues for this financial year comes to Rs. 21,25,889 as against Rs. 1,04,24,597 in the previous year. Profit before depreciation and taxation was Rs. 11,56,478 against Rs. 27,92,110 in the previous year. After providing for depreciation and taxation the net profit of the Company for the year under review was placed at Rs. 10,92,693 as compared to Rs. 27,92,110 in the previous year.

However the Company is looking forward to grasp the available opportunities and focusing on permitted avenues. The uncertain state of the global economy however remains a cause of concern.

In the preparation of financial statements, provisions of prescribed accounting standards has been followed and financial statements produces true and fair view of the business transactions of the Company.

HUMAN RESOURCE DEVELOPMENT

The Company's relation with the employees and investors continues to be cordial which are the most valuable resources of our organization.

ADEQUACY OF INTERNAL CONTROL SYSTEM

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal financial control systems in the Company, its compliance with operating systems, accounting procedures and policies at all levelsof the Company. Significant audit observations

MANAGEMENT DISCUSSION AND ANALYSIS *(Contd.)*

and the corrective actions thereon are presented to the Audit Committee of the Board. The control framework is established and maintained by the Company. The observations by the statutory auditors isperused by the Management, the Audit Committee as well as the Board for proper implementation. The Company's internal financial controls have been found to be adequate and effective.

CAUTIONERY STATEMENT

The statements in the above analysis, describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. The actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in government regulations, tax regimes, economic developments within the country and abroad, and other related factors.

On Behalf of the Board of Directors

Place : Kolkata
Date : August 14, 2018

Anupam Khetan
Whole-time Director
DIN: 07003797

INDEPENDENT AUDITOR'S REPORT

To The Members of **AAR COMMERCIAL COMPANY LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **AAR COMMERCIAL COMPANY LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit & Loss Account including Other Comprehensive Income, the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Standalone 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 standalone 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation and fair presentation

of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at March 31, 2018 and its financial performance including comprehensive income, its cash flow and its change in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of Section 143) of the Act, we give in the Annexure "A" the matters specified in paragraph 3 and 4 of the Order, to the extent applicable to the Company.
2. As required by section 143(3) of the Act, we report that:
 - 2.1. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - 2.2. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books.
 - 2.3. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of the account.
 - 2.4. In our opinion, the standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - 2.5. On the basis of written representations received from the directors, as on 31st March, 2018 taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2018 from being appointed as Director in terms of Section 164(2) of the Act.
 - 2.6. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B".
 - 2.7. 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **R. K. TAPADIA & CO.**
 (Chartered Accountants)
 Firm Regn No. 318166E

Ramesh Kumar Tapadia
 (Proprietor)
 M. No. 053927

Place : Kolkata
 Dated : 30th day of May, 2018

Annexure - A to the Auditors' Report

(Referred to in paragraph 1 of the Report on other legal and regulatory requirements of the Independent Auditor's Report to the Members of the Company of even date) :

- 1) The Company does not have any fixed or Immovable Assets Consequently the provision of clause 3(i)(b) to 3(i)(c) of the order are not applicable to the company and hence not commented upon.
- 2) The Company does not have any inventory of any kind of goods or raw material and hence no reporting on this account is required.
- 3) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership and other parties listed in the Register maintained under Section 189 of the Companies Act, 2013 and therefore provisions on clauses 3(iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the Company has neither given any loans nor has any investments and therefore provisions of clause (iv) of the Order are not applicable to the Company.
- 5) In our opinion and according to information and explanation given to us, during the year, the Company has not accepted any deposits from the public as defined under sections 73 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under and therefore provisions on clauses 3(v) of the Order are not applicable to the Company.
- 6) The Company has maintained the cost records as prescribed by the Central Government under sub section (1) of section 148 of the Act.
- 7) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues applicable to it except for few cases where there was delay in depositing of Provident Fund and Employees State Insurance Contribution with the appropriate authorities. According to information and explanations given to us, there are no undisputed amounts payable in respect of aforesaid dues which were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.
- b) The disputed statutory dues aggregating Rs. 8,81,44,040, that have not been deposited on account of matters pending before appropriate authorities are as under:

Nature of Statute	Nature of Dues	Amount (in INR)	Period to which the amount relates	Forum where dispute is pending
INCOME TAX ACT	INCOME TAX	8,81,44,040	A.Y. -2015-2016	DCIT, CIRCLE3(1), KOLKATA

- 8) The Company has not defaulted in payment Loan borrowed from financial institutions or bank or government or by way of issue of debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon. In our opinion and according to information and explanations given to us, during the year, no material fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
- 10) According to information and explanations given to us and based on our examination of records of the Company, the Company has paid/provided for Managerial Remuneration in accordance with requisite approval mandated by provisions of section 197 read with schedule V of the Act.
- 11) The Company is not a Nidhi Company and therefore provisions of clause 3(xii) of the order are not applicable to the Company.
- 12) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- 13) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and therefore provisions of clause 3(xiv) of the order are not applicable to the Company.
- 14) According to information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year and therefore provisions of clause 3(xv) of the order are not applicable to the Company.
- 15) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **R. K. TAPADIA & CO.**
(Chartered Accountants)
Firm Regn No. 318166E

Ramesh Kumar Tapadia
(Proprietor)
M. No. 053927

Place : Kolkata
Dated : 30th day of May, 2018

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **AAR COMMERCIAL COMPANY LIMITED ("the Company")**, as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure - B to the Auditors' Report

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R. K. TAPADIA & CO.**
(Chartered Accountants)
Firm Regn No. 318166E

Ramesh Kumar Tapadia
(Proprietor)
M. No. 053927

Place : Kolkata
Dated : 30th day of May, 2018

BALANCE SHEET as at 31 March 2018

(Amounts in ₹)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-Current Assets				
Financial assets				
(i) Investments	2	1,01,06,85,996	1,51,04,76,897	1,61,20,77,416
Other Non-Current Assets	3	19,43,000	19,43,000	19,43,000
Total Non-Current Assets		1,01,26,28,996	1,51,24,19,897	1,61,40,20,416
Current assets				
Financial assets				
(i) Trade Receivables	4	-	22,15,000	2,28,25,050
(ii) Cash and Cash Equivalents	5	14,11,615	5,23,280	9,68,565
(iii) Loans	6	45,78,462	43,47,269	40,76,287
(iv) Other Financial Assets	7	-	13,50,000	13,50,000
Current Tax Assets (Net)	8	12,34,982	1,94,543	1,64,434
Other Current Assets	9	48,000	56,000	22,01,60,000
Total Current Assets		72,73,059	86,86,092	24,95,44,336
Total Assets		1,01,99,02,055	1,52,11,05,989	1,86,35,64,751
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	10,01,40,000	10,01,40,000	10,01,40,000
Other Equity	11	78,17,48,370	1,09,49,50,431	1,31,79,19,149
Total Equity		88,18,88,370	1,19,50,90,431	1,41,80,59,149
Non-Current Liabilities				
Deferred Tax Assets (Net)	12	13,79,84,185	31,61,63,332	41,71,18,609
Total Non-Current Liabilities		13,79,84,185	31,61,63,332	41,71,18,609
Current liabilities				
Financial liabilities				
(i) Borrowings	13	-	77,06,808	-
(ii) Trade Payables		-	21,45,419	2,79,57,244
(ii) Other Financial Liabilities	14	29,500	-	72,250
Other Current Liabilities	15	-	-	3,57,500
Total Current Liabilities		29,500	98,52,227	2,83,86,994
Total Equity and Liabilities		1,01,99,02,055	1,52,11,05,989	1,86,35,64,751

Significant Accounting Policies

1

The accompanying Notes of Accounts are an integral part of financial statements.

As per our report of even date

For **R. K. Tapadia & Co**

Chartered Accountants

FRN. 324666E

(Ramesh Kumar Tapadia)

Partner

Membership No. 053927

Place : Kolkata

Date : 30.05.2018

(Anupam Khetan)

Director

(Avijit Das)

Chief Financial Officer

(Uma Sharma)

Director

(Arvind Kumar Modi)

Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2018

(Amounts in ₹)

Particulars	Note	For the Year 2017-18	For the Year 2016-17
Income			
Revenue from Operations	15	-	69,37,500
Other Income	16	21,25,889	34,87,097
Total Revenue		21,25,889	1,04,24,597
Expenses			
Purchases of Stock in Trade		-	62,33,000
Employee Benefits Expenses	17	2,83,050	7,03,800
Others expenses	18	6,86,360	6,95,687
Total expense		9,69,410	76,32,487
Profit/(loss) before tax		11,56,478	27,92,110
Tax Expenses			
- Current tax		(63,785)	-
- Deferred tax		-	-
Share of Profit of Associates and Joint Ventures			
Profit/(loss) for the year		10,92,693	27,92,110
Other comprehensive income			
(i) Items that will not be reclassified to Statement of Profit and Loss.			
– Investments measured at FVTOCI		(49,24,73,902)	(32,67,16,106)
– Income tax relating to Investment at FVTOCI		17,81,79,147	10,09,55,277
Total Other Comprehensive Income/Loss		(31,42,94,754)	(22,57,60,829)
Total Comprehensive Income		(31,32,02,061)	(22,29,68,719)
Earning Per equity Share-Basic & Diluted	19	0.11	0.28
Face Value Per Share (In Rs.)		10.00	10.00

Significant Accounting Policies

1

The accompanying Notes of Accounts are an integral part of financial statements.

As per our report of even date

For **R. K. Tapadia & Co**

Chartered Accountants

FRN. 324666E

(Ramesh Kumar Tapadia)

Partner

Membership No. 053927

Place : Kolkata

Date : 30.05.2018

(Anupam Khetan)

Director

(Avijit Das)

Chief Financial Officer

(Uma Sharma)

Director

(Arvind Kumar Modi)

Company Secretary

CASH FLOW STATEMENT for the year ended 31 March 2018

(Amounts in ₹)

Particulars	Year ended on 31 March 2018		Year ended on 31 March 2017	
	Rs.	P.	Rs.	P.
1 CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax	11,56,478.25		27,92,110.40	
Addition/Deduction:				
Dividend Received	(16,95,263.00)		(31,86,006.00)	
Profit on Sale of Investments	-		-	
Interest Received	(2,47,707.00)		(3,01,091.00)	
Cash Flow from Operating Activities before Working Capital changes	(7,86,491.75)		(6,94,986.60)	
Adjustments:				
Decrease/(increase) in Trade Receivables	22,15,000.40		2,06,10,049.60	
Decrease/(increase) in current financial assets	11,18,807.00		(2,70,981.90)	
Decrease/(increase) in current non financial assets	(10,96,224.00)		22,00,73,890.90	
Increase/(decrease) in financial and non financial liabilities	(98,22,726.50)		(1,81,77,267.00)	
Cash Generated From Operation	(83,71,634.85)		22,15,40,705.00	
Taxes Paid	-		-	
Cash Flow from Operating Activities	(83,71,634.85)		22,15,40,705.00	
2 CASH FLOW FROM INVESTING ACTIVITIES				
Dividend Received	16,95,263.00		31,86,006.00	
Interest Received	2,47,707.00		3,01,091.00	
Increase/Decrease of Investments	73,17,000.00		(22,51,15,587.00)	
Decrease/(increase) in other non-current assets	-		-	
Net Cash Flow from Investing Activities	92,59,970.00		(22,16,28,490.00)	
3 CASH FLOW FROM FINANCING ACTIVITIES				
Increase/Decrease in Borrowings	-		-	
Increase/Decrease in Share Capital	-		-	
Net Cash Flow from Financing Activities	-		-	
4 NET CHANGE IN CASH & CASH EQUIVALENT	8,88,335.15		(87,785.00)	
Opening Balance of Cash & Cash Equivalent	8,80,779.57		9,68,564.57	
Opening Bank Balances other than above	-		-	
CLOSING BALANCE OF CASH & CASH EQUIVALENT	17,69,114.72		8,80,779.57	
Closing Bank Balances other than above	-		-	

Note -

- 1) The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flow'.
- 2) Figures of the previous period has been rearranged/ regrouped where ever considard necessary.

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
FRN. 324666E

(Ramesh Kumar Tapadia)
Partner
Membership No. 053927
Place : Kolkata
Date : 30.05.2018

(Anupam Khetan)
Director

(Avijit Das)
Chief Financial Officer

(Uma Sharma)
Director

(Arvind Kumar Modi)
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018

(Amounts in ₹)

A. EQUITY SHARE CAPITAL

	Balance at the beginning of the year	Changes in Equity Share Capital during the year	Balance at the end of the year
For the year ended 31st March, 2017	10,01,40,000.00		10,01,40,000.00
For the year ended 31st March, 2018	10,01,40,000.00		10,01,40,000.00

B. OTHER EQUITY

Particulars	Reserves and Surplus		Other Comprehensive Income	Total
	Amalgamation Reserve	Retained Earnings	Investment measured at FVTOCI	
Balance as at 1st April, 2016	38,37,70,732.98	13,68,615.51	–	38,51,39,348.49
Changes in Accounting Policy	–	–	93,27,79,800.95	93,27,79,800.95
Restated Balance	38,37,70,732.98	13,68,615.51	93,27,79,800.95	1,31,79,19,149.44
<i>Add/(Less) :</i>				
Profit for the year		27,92,110.40		27,92,110.40
Other Comprehensive Income/(Loss) for the year			(22,57,60,828.97)	(22,57,60,828.97)
Balance as at 31st March, 2017	38,37,70,732.98	41,60,725.91	70,70,18,971.98	1,09,49,50,430.87
<i>Add/(Less) :</i>				
Profit for the year		10,92,693.25		10,92,693.25
Other Comprehensive Income/(Loss) for the year			(31,42,94,754.22)	(31,42,94,754.22)
Balance as at 31st March, 2018	38,37,70,732.98	52,53,419.16	39,27,24,217.76	78,17,48,369.90

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
FRN. 324666E

(Ramesh Kumar Tapadia)
Partner
Membership No. 053927
Place : Kolkata
Date : 30.05.2018

(Anupam Khetan)
Director

(Avijit Das)
Chief Financial Officer

(Uma Sharma)
Director

(Arvind Kumar Modi)
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

NOTE - 1

CORPORATE INFORMATION

AAR Commercials Company Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 2013. Its shares are listed in one/two/three stock exchanges in India. The registered office of the company is located in 1, British Indian Street, Mezzanine Floor, Room No. 20, Kolkata - 700069. The company is primarily engaged in Investments.

SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act with effect from 1st April, 2017. These are the first Ind-AS financial statements of the company, wherein the Company has restated its Balance Sheet as at April 1, 2016 and financial statements for the year ended and as at March 31, 2017 as per Ind-AS.

Upto the year ended 31st March, 2017, the financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP), which includes accounting standards notified under Rule 7 of the Companies (Accounts) Rules, 2014. The date of transition to Ind AS is 1st April, 2016.

b) Basis of Preparation of Financial Statements

These financial statements have been prepared on a going concern basis, using the historical cost conventions and on an accrual method of accounting except for certain assets and liabilities that are required to be measured at fair value by Ind AS.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

c) Use of Estimates

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

d) Inventories

Stock in Trade are valued at the lower of cost and net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on item-by-item basis. Cost of inventories include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on a first-in-first-out basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Packing materials are valued at cost computed on weighted average basis.

e) Classification of Assets and Liabilities as Current and Non Current

Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

An liability is treated as current when, It is expected to be settled in normal operating cycle, It is held primarily for the purpose of trading, It is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current. The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

f) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are subsequently measured at fair value through profit or loss are recognised immediately in the statement of profit or loss.

(ii) Subsequent measurement

A. Financial Assets

Financial assets are classified into the specified categories :

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premiums on acquisition and fees or costs that are an integral part of the EIR.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. However, if the company's management has made an irrevocable election to present the equity investments at fair value through other comprehensive income then there is no subsequent reclassification of fair value gains or losses to the statement of profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

B. Financial Liabilities

After initial measurement at fair value, the financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method where the time value of money is significant, except for financial liabilities at fair value through profit or loss. Amortised cost is calculated by taking into account any discount or premiums on acquisition and fees or costs that are an integral part of the EIR.

(iii) Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to lifetime expected credit losses is recognised if the credit risk has significantly increased since initial recognition.

The company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(iv) Derecognition of Financial Instruments

The company derecognises a financial assets only when the contractual rights to the cash flows from the assets expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

The company derecognises a financial liabilities only when the company's obligations are discharged, cancelled or they expire.

g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances, rebates and amounts collected on behalf of the third parties.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be reliably measured and recovery of the consideration is probable.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using effective interest rate.

Revenue from dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

h) Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amount used for taxation purpose (tax base), at the tax rates and law that are enacted or substantively enacted as on the balance sheet date.

i) Provisions, Contingent Assets and Contingent Liabilities

A provision is recognized when there is a present obligation as a result of past event, that probably requires an outflow of resources and a reliable estimate can be made to settle the amount of obligation. These are reviewed at each year end and adjusted to reflect the best current estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are not recognised but disclosed in the financial statements.

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

j) Earnings Per Share

Basic and Diluted Earnings per shares are calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

k) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

l) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 2 : NON-CURRENT INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unquoted Equity Instruments measured at cost (unless stated otherwise)			
In Subsidiary Company			
14,41,749 (P.Y.: 2017 - 14,41,750; 2016 - 1,00,050) Equity Shares of Camellia Tradelink Pvt Ltd	1,00,37,500.00	1,00,37,500.00	31,37,500.00
	1,00,37,500.00	1,00,37,500.00	31,37,500.00
Unquoted Equity Instruments measured at fair value through Other Comprehensive Income -			
In Other Company	10,79,23,000.00	11,52,40,000.00	74,94,000.00
Sub-Total	10,79,23,000.00	11,52,40,000.00	74,94,000.00
Quoted Equity Instruments measured at fair value through Other Comprehensive Income -			
In Other Company			
33,90,526 (P.Y.: 2017 - 33,90,526; 2016 - 31,86,006) Equity Share of Gallantt Ispat Ltd.	89,27,25,495.80	1,38,51,99,397.30	1,60,14,45,915.90
Sub-Total	89,27,25,495.80	1,38,51,99,397.30	1,60,14,45,915.90
Total	1,01,06,85,995.80	1,51,04,76,897.30	1,61,20,77,415.90
Aggregate book value of quoted investments	89,27,25,495.80	1,38,51,99,397.30	1,60,14,45,915.90
Aggregate market value of quoted investments	89,27,25,495.80	1,38,51,99,397.30	1,60,14,45,915.90
Aggregate book value of unquoted investments	10,79,23,000.00	11,52,40,000.00	74,94,000.00
Aggregate amount of impairment in value of investments	-	-	-

NOTE - 3 : OTHER NON-CURRENT ASSETS

(Unsecured, considered good)			
Capital Advances	13,84,000.00	13,84,000.00	13,84,000.00
Other Advances			
Capital Registration Fees	5,59,000.00	5,59,000.00	5,59,000.00
	19,43,000.00	19,43,000.00	19,43,000.00

NOTE - 4 : TRADE RECEIVABLES

(Unsecured, considered good)			
Secured, Considered Good	-	22,15,000.40	2,28,25,050.00
Less : Allowance for doubtful receivables	-	-	-
	-	22,15,000.40	2,28,25,050.00

NOTE - 5 : CASH & CASH EQUIVALENTS

Balances with bank :			
On Current Accounts	99,230.90	280,466.75	208,629.75
Cash in hand (As certified by the management)	1,312,383.82	242,812.82	759,934.82
	1,411,614.72	523,279.57	968,564.57

NOTE - 6 : LOANS - CURRENT

(Unsecured, considered good)			
Other Loans	45,78,461.90	43,47,268.90	40,76,287.00
	45,78,461.90	43,47,268.90	40,76,287.00

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 7 : OTHER CURRENT FINANCIAL ASSETS

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good)			
Advances	-	13,50,000.00	13,50,000.00
	-	13,50,000.00	13,50,000.00

NOTE - 8 : CURRENT TAX ASSETS (NET)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
TDS Receivable	12,34,982.10	1,94,543.10	1,64,434.00
	12,34,982.10	1,94,543.10	1,64,434.00

NOTE - 9 : OTHER CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	-	-	22,00,00,000.00
Advances other than capital advances			
Security Deposit with Others	48,000.00	56,000.00	1,60,000.00
	48,000.00	56,000.00	22,01,60,000.00

NOTE - 10 : EQUITY SHARE CAPITAL**Authorised Shares :**

101,40,000 (P.Y: 2017 - 101,40,000; 2016 - 101,40,000) Equity Shares of Rs.10/-each	10,14,00,000.00	10,14,00,000.00	10,14,00,000.00
---	------------------------	------------------------	------------------------

Issued, Subscribed & fully Paid - up Shares

100,14,000 (P.Y: 2017 - 100,14,000; 2016 - 100,14,000) Equity Shares of Rs.10/-each fully paid Up	10,01,40,000.00	10,01,40,000.00	10,01,40,000.00
---	------------------------	------------------------	------------------------

(a) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders except in the case of interim dividend. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount in proportion of their shareholding.

(b) Details of equity shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
	-	-	-	-	-	-
	-	-	-	-	-	-

(c) The reconciliation of the number of shares outstanding is set out below :

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Equity Shares			
Equity Shares at the beginning of the year	1,00,14,000	1,00,14,000	1,00,14,000
Equity shares at the end of the year	1,00,14,000	1,00,14,000	1,00,14,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 11 : OTHER EQUITY

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
RESERVE AND SURPLUS			
Amalgamation Reserve	38,37,70,732.98	38,37,70,732.98	38,37,70,732.98
Retained Earnings	52,53,419.16	41,60,725.91	13,68,615.51
	38,90,24,152.14	38,79,31,458.89	38,51,39,348.49
OTHER COMPREHENSIVE INCOME			
Investments measured at FVTOCI	39,27,24,217.76	70,70,18,971.98	93,27,79,800.95
	39,27,24,217.76	70,70,18,971.98	93,27,79,800.95
	78,17,48,369.90	1,09,49,50,430.87	1,31,79,19,149.44

NOTE - 12 : DEFERRED TAX ASSETS (NET)

Deferred Tax Liability			
Investment at Fair Value through OCI	13,79,84,184.62	31,61,63,331.90	41,71,18,608.53
	13,79,84,184.62	31,61,63,331.90	41,71,18,608.53

NOTE - 13 : CURRENT BORROWINGS

From Corporate	-	77,06,808.00	-
	-	77,06,808.00	-

NOTE - 14 : OTHER FINANCIAL LIABILITIES

Sundry Creditors for Exp. & Others	29,500.00	-	72,250.00
	29,500.00	-	72,250.00

NOTE - 15 : OTHER CURRENT LIABILITIES

Statutory Dues	-	-	3,57,500.00
	-	-	3,57,500.00

NOTE - 15 : REVENUE FROM OPERATION

	For the Year 2017-18	For the Year 2016-17
Sale of Fabrics	-	69,37,500.00
	-	69,37,500.00

NOTE - 16 : OTHER INCOME

Dividend Received	16,95,263.00	31,86,006.00
Interest Received	2,47,707.00	3,01,091.00
Balances written off	1,82,918.50	-
	21,25,888.50	34,87,097.00

NOTE - 17 : EMPLOYEE BENEFITS EXPENSES

Salaries,Wages & Bonus	2,83,050.00	7,03,800.00
	2,83,050.00	7,03,800.00

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 18 : OTHER EXPENSES

	For the Year 2017-18	For the Year 2016-17
Payment to Auditor (Refer details below)	29,500.00	28,750.00
Accounting Charges	24,000.00	-
Advertisement Expenses	17,689.00	15,481.00
Annual Custodian Fees	1,03,500.00	1,08,750.00
Bank Charges	3,143.75	638.00
Demat Charges	2,000.40	5,412.60
General Expenses	18,489.10	2,434.00
Filing Fees	1,800.00	-
Listing Fees	-	2,29,000.00
Office Maintainance	9,561.00	6,857.00
Postage & Stamp	4,556.00	3,319.00
Professional Fees	-	50,000.00
Printing & Stationery	14,521.00	1,430.00
Registrar Fees	31,350.00	19,490.00
Rent Paid	96,000.00	1,92,000.00
Stock Exchange Fees	3,27,750.00	28,625.00
Telephone Expenses	-	1,000.00
Secretarial Charges	2,500.00	-
Website Expenses	-	2,500.00
	6,86,360.25	6,95,686.60
Payment to Auditor		
As Auditor (Including Goods and Service Tax)		
Statutory Audit Fee	29,500.00	28,750.00
	29,500.00	28,750.00

NOTE - 19 : EARNINGS PER SHARE(EPS)

Net profit/(loss) after tax as per statement of Profit and Loss attributable to Equity Shareholders	10,92,693.25	27,92,110.40
Weighted average number of equity shares used as denominator for calculating EPS	1,00,14,000.00	1,00,14,000.00
Basic & Diluted Earning Per Share	0.11	0.28

NOTE - 20

As per information available with the Company, there are no suppliers covered under Micro, Small & Medium Enterprises Development Act, 2006. As a result, no interest provision/payment have been made by the Company to such creditors, if any, and no disclosure thereof is made in this account.

NOTE - 21 : RELATED PARTY DISCLOSURE

There is no transaction or balance outstanding at the end of the period with the related parties in terms of the provisions as per Indian Accounting Standard - 24, hence no disclosures of transactions with the related parties are given.

NOTE - 22 : INCOME TAX EXPENSES**(i) Income Tax Expense**

The major components of income tax expenses for the year ended March 31, 2018 and for the year ended March 31, 2017 are :

Particulars	For the Year 2017-18	For the Year 2016-17
Current Tax	63,785	-
Deferred Tax Charge/MAT Credit	-	-
Total Income Tax Expense recognised in Statement of Profit & Loss	63,785	-

(ii) Reconciliation of effective tax rate :

Profit before Tax	11,56,478	27,92,110
Enacted Tax Rate in India	25.750	30.900
Expected Tax Expenses	2,97,793	8,62,762
Exemption under Income Tax Act, 1961	(4,36,530)	(9,84,476)
Expenses disallowed under Income Tax Act, 1961	2,02,522	-
Losses carried forward	-	1,21,714
Income Tax Expenses	63,785	-

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

NOTE - 23 : FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(a) Capital Management

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the Balance Sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company.

(b) Categories of Financial Instruments

The carrying value and fair value of financial instruments by categories is as follows :

(Amounts in ₹)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Measured at Fair Value through Other Comprehensive Income						
Equity Investments	892,725,495.80	892,725,495.80	1,385,199,397.30	1,385,199,397.30	1,601,445,915.90	1,601,445,915.90
Equity Shares	107,923,000.00	107,923,000.00	115,240,000.00	115,240,000.00	7,494,000.00	7,494,000.00
Measured at Amortised Cost						
Equity Shares	10,037,500.00	10,037,500.00	10,037,500.00	10,037,500.00	3,137,500.00	3,137,500.00
Other Non-Current Assets	1,943,000.00	1,943,000.00	1,943,000.00	1,943,000.00	1,943,000.00	1,943,000.00
Trade Receivables	-	-	2,215,000.40	2,215,000.40	22,825,050.00	22,825,050.00
Cash and cash Equivalents	1,411,614.72	1,411,614.72	523,279.57	523,279.57	968,564.57	968,564.57
Loans - Current	-	-	1,350,000.00	1,350,000.00	1,350,000.00	1,350,000.00
Borrowings	-	-	7,706,808.00	7,706,808.00	-	-
Trade Payables	-	-	2,145,418.50	2,145,418.50	27,957,243.50	27,957,243.50
Other Financial Liabilities	29,500.00	29,500.00	-	-	72,250.00	72,250.00

(c) Fair Value Measurement and Fair Value Hierarchy

Fair Value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 : Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis :

Particulars	Fair Value Hierarchy	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial Assets				
Measured at Fair Value through Other Comprehensive Income				
Quoted Equity Shares	1	892,725,496	1,385,199,397	1,601,445,916
Unquoted Equity Shares	3	107,923,000	115,240,000	7,494,000
Measured at Amortised Cost				
Equity Shares		10,037,500	10,037,500	3,137,500

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(d) Financial Risk Management

The Company's financial liabilities comprise trade and other liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents.

(a) 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 risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, etc.

(b) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, bank deposits and other financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

Trade Receivables

In determining the allowances for credit losses of trade receivables, an impairment analysis is performed by the Company using a practical expedient by computing the expected credit loss allowance for trade receivables at each reporting date on an individual basis for all the customers. The procedure takes into account historical credit loss experience and is adjusted for forward looking information.

(c) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTE - 24 : FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS.

For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with 1st April, 2016 as the transition date and generally accepted accounting principles in India (Indian GAAP), which includes accounting standards notified under Rule 7 of the Companies (Accounts) Rules, 2014 as the previous GAAP.

The accounting policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended 31-03-2018, the comparative information presented in these financial statements for the year ended 31-03-2017 and in the preparation of opening Ind AS balance sheet as at 01-04-2016 (The Company's date of transition).

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the previous Indian GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance is set out in the following tables and notes :

A. Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards".

(i) Estimates

On assessment of estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

B. Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions :

Investment in subsidiaries, joint ventures and associates.

Under Ind AS, the Company has considered their previous GAAP carrying amount as their deemed cost.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanation and qualification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards".

- (i) Reconciliation of total equity as at April 1, 2016 and March 31, 2017
- (ii) Reconciliation of total comprehensive income for the year ended March 31, 2017
- (iii) Reconciliation of statement of cash flows for the year ended March 31, 2017.

Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with the financial statements prepared under Ind AS.

(i) Reconciliation of total equity

A reconciliation of the total equity to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follows :

(Amounts in ₹)

Particulars	Notes	As at 31-Mar-17	As at 01-Apr-16
Total equity under previous GAAP		48,80,71,459.00	48,52,79,348.00
(Add)/Less: Impact of adjustments as follows :-			
Fair Value of Investments through OCI		1,02,31,82,304.00	1,34,98,98,409.00
Tax Adjustments on above		(31,61,63,332.00)	(41,71,18,608.00)
Total Equity under Ind-AS		1,19,50,90,431.00	1,41,80,59,149.00

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

(ii) **Reconciliation of total comprehensive income**

A reconciliation of the total comprehensive income to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follows:

(Amounts in ₹)

Particulars	As at 31-Mar-17
Net Profit as per Previous GAAP	27,92,110.00
Adjustments required :	
Net Profit as per Ind AS	27,92,110.00
Other comprehensive income/(loss)	(22,57,60,829.00)
Total comprehensive income/(loss) as per Ind AS	(22,29,68,719.00)

Note : Under previous GAAP, non-current investments were stated at cost. Where applicable, provision was made to recognise a decline, other than temporary, in valuation of such investments. Under Ind AS, equity instruments (other than investments in subsidiaries and associates) have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.

(iii) **Reconciliation of statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

As per our report of even date

For **R. K. Tapadia & Co**

Chartered Accountants

FRN. 324666E

(Ramesh Kumar Tapadia)

Partner

Membership No. 053927

Place : Kolkata

Date : 30.05.2018

(Anupam Khetan)

Director

(Avijit Das)

Chief Financial Officer

(Uma Sharma)

Director

(Arvind Kumar Modi)

Company Secretary

Consolidated Accounts

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT TO THE SHAREHOLDERS

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of "AAR COMMERCIAL COMPANY LIMITED" (hereinafter referred to as "the Holding Company") its subsidiary and its associate (collectively referred to as "The Company" or "the group"), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement, the consolidated Statement of Change in Equity for the year ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of change in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in Other matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on separate financial statement of the subsidiary and associate, the aforesaid consolidated Ind AS 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 consolidated state of affairs of the Group as at 31st March, 2018, their consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of change in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

Other Matter

The consolidated financial statement includes a subsidiary company and an associate company whose financial statement and financial information are not audited by us and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amount and disclosures included in respect of the subsidiary and associate, and our report in terms of sub section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate company is based on the audited financial statements and financial information and auditor's report thereon.

Report on Other Legal and Regulatory Requirements

As required by sub-sections 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of a subsidiary and an associate, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive income, the Consolidated Cash Flow Statement and consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary and associate company, none of the directors of the Group's companies is disqualified as on 31st March, 2018 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 over financial reporting with reference to these Consolidated Ind AS Financial Statement of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters 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 explanation given to us and based on the consideration of the reports of the other auditor on separate financial statement and other financial information of the subsidiary and associate, as noted in the 'other matter' paragraph:
 - i) The Group has disclosed the impact of pending litigations on its financial positions in its consolidated financial statements.
 - ii) The Group has did not have any material foreseeable losses on long term contracts including derivative contracts during the year ended March 31, 2018.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **R. K. TAPADIA & CO.**
(Chartered Accountants)
Firm Regn No. 318166E

Ramesh Kumar Tapadia
(Proprietor)
M. No. 053927

Place : Kolkata
Dated : 30th day of May, 2018

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of "AAR COMMERCIAL COMPANY LIMITED" ("the Holding Company") and its subsidiary and associate (collectively referred to as "the Group"), as of 31 March 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Company and its subsidiary and associate companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statement based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary and associate companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary and one associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

For **R. K. TAPADIA & CO.**
(Chartered Accountants)
Firm Regn No. 318166E

Ramesh Kumar Tapadia
(Proprietor)
M. No. 053927

Place : Kolkata
Dated : 30th day of May, 2018

CONSOLIDATED BALANCE SHEET as at 31 March 2018

(Amounts in ₹)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-Current Assets				
Financial assets				
(i) Investments	2	1,22,12,25,241	1,81,86,05,260	1,71,21,64,242
Other Non-Current Assets	3	22,38,171	22,38,171	19,43,000
Total Non-Current Assets		1,22,34,63,413	1,82,08,43,432	1,71,41,07,242
Current assets				
Financial assets				
(i) Trade Receivables	4	–	22,15,000	2,28,25,050
(ii) Cash and Cash Equivalents	5	24,82,409	9,56,507	9,68,565
(iii) Loans	6	45,78,462	43,47,269	40,76,287
(iv) Other Financial Assets	7	–	13,50,000	13,50,000
Current Tax Assets (Net)	8	12,34,982	1,74,473	1,64,434
Other Current Assets	9	48,000	56,000	22,01,60,000
Total Current Assets		83,43,853	90,99,249	24,95,44,336
Total Assets		1,23,18,07,266	1,82,99,42,681	1,96,36,51,578
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	10,01,40,000	10,01,40,000	10,01,40,000
Other Equity	11	1,03,65,29,772	1,42,46,16,003	1,41,80,05,976
Equity attributable to shareholders of the Company		1,13,66,69,772	1,52,47,56,003	1,51,81,45,976
Non controlling interest		26,485	33,973.70	–
Total Equity		1,13,66,96,256	1,52,47,89,976	1,51,81,45,976
Non-Current Liabilities				
Deferred Tax Assets (Net)	12	9,50,56,509	29,53,00,478	41,71,18,609
Total Non-Current Liabilities		9,50,56,509	29,53,00,478	41,71,18,609
Current liabilities				
Financial liabilities				
(i) Borrowings	13	–	77,06,808	–
(ii) Trade Payables		–	21,45,419	2,79,57,244
(ii) Other Financial Liabilities	14	54,500	–	4,29,750
Total Current Liabilities		54,500	98,52,227	2,83,86,994
Total Equity and Liabilities		1,23,18,07,266	1,82,99,42,681	1,96,36,51,578

Significant Accounting Policies

1

The accompanying Notes of Accounts are an integral part of financial statements.

As per our report of even date

For **R. K. Tapadia & Co**

Chartered Accountants

FRN. 324666E

(Ramesh Kumar Tapadia)

Partner

Membership No. 053927

Place : Kolkata

Date : 30.05.2018

(Anupam Khetan)

Director

(Avijit Das)

Chief Financial Officer

(Uma Sharma)

Director

(Arvind Kumar Modi)

Company Secretary

STATEMENT OF CONSOLIDATED PROFIT & LOSS for the year ended 31 March 2018

(Amounts in ₹)

Particulars	Note	For the Year 2017-18	For the Year 2016-17
Income			
Revenue from Operations	15	–	69,37,500
Other Income	16	29,18,064	34,87,097
Total Revenue		29,18,064	1,04,24,597
Expenses			
Purchases of Stock in Trade		–	62,33,000
Employee Benefits Expenses	17	3,55,050	7,03,800
Others expenses	18	7,73,898	6,95,687
Total expense		11,28,948	76,32,487
Profit/(loss) before tax		17,89,115	27,92,110
Tax Expenses			
- Current tax		(63,785)	–
- Deferred tax		–	–
Profit/(loss) for the year		17,25,330	27,92,110
Other comprehensive income			
(i) Items that will not be reclassified to Statement of Profit and Loss.			
– Investments measured at FVTOCI		(59,00,63,019)	(32,67,16,106)
– Income tax relating to Investment at FVTOCI		20,02,43,969	10,09,55,277
Total Other Comprehensive Income/Loss		(38,98,19,050)	(22,57,60,829)
Total Comprehensive Income		(38,80,93,720)	(22,29,68,719)
Profit for the year attributable to :			
Owners of the parent		17,25,267	–
Non-Controlling Interests		63	–
Total Comprehensive Income/Loss attributable to :			
Owners of the parent		(38,80,86,231)	–
Non-Controlling Interests		(7,489)	–
Earning Per equity Share-Basic & Diluted	19	0.17	0.28
Face Value Per Share (In Rs.)		10.00	10.00

Significant Accounting Policies

1

The accompanying Notes of Accounts are an integral part of financial statements.

As per our report of even date

For **R. K. Tapadia & Co**

Chartered Accountants

FRN. 324666E

(Ramesh Kumar Tapadia)

Partner

Membership No. 053927

Place : Kolkata

Date : 30.05.2018

(Anupam Khetan)

Director

(Avijit Das)

Chief Financial Officer

(Uma Sharma)

Director

(Arvind Kumar Modi)

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2018

(Amounts in ₹)

Particulars	Year ended on 31 March 2018		Year ended on 31 March 2017	
	Rs.	P.	Rs.	P.
1 CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax	17,89,115.35		27,92,110.40	
Addition/Deduction :				
Dividend Received	(24,87,438.00)		(31,86,006.00)	
Profit on Sale of Investments	-			
Interest Received	(2,47,707.00)		(3,01,091.00)	
Cash Flow from Operating Activities before Working Capital changes	(9,46,029.65)		(6,94,986.60)	
Adjustments :				
Decrease/(increase) in Trade Receivables	22,15,000.40		2,06,10,049.60	
Decrease/(increase) in current financial assets	11,18,807.00		(2,70,981.90)	
Decrease/(increase) in current non financial assets	(11,16,294.00)		22,00,93,960.90	
Increase/(decrease) in financial and non financial liabilities	(97,97,726.50)		(1,85,34,767.00)	
Cash Generated From Operation	(85,26,242.75)		22,12,03,275.00	
Taxes Paid		-		-
Cash Flow from Operating Activities	(85,26,242.75)		22,12,03,275.00	
2 CASH FLOW FROM INVESTING ACTIVITIES				
Dividend Received	24,87,438.00		31,86,006.00	
Interest Received	2,47,707.00		3,01,091.00	
Increase/Decrease of Investments	73,17,000.00		(22,51,15,587.00)	
Decrease/(increase) in other non-current assets		-	(2,95,171.20)	
Net Cash Flow from Investing Activities	1,00,52,145.00		(22,19,23,661.20)	
3 CASH FLOW FROM FINANCING ACTIVITIES				
Increase/Decrease in Borrowings		-		-
Increase/Decrease in Share Capital		-		-
Net Cash Flow from Financing Activities		-		-
4 NET CHANGE IN CASH & CASH EQUIVALENT	15,25,902.25		(7,20,386.20)	
Opening Balance of Cash & Cash Equivalent	2,48,178.37		9,68,564.57	
Opening Bank Balances other than above		-		-
CLOSING BALANCE OF CASH & CASH EQUIVALENT	17,74,080.62		2,48,178.37	
Closing Bank Balances other than above		-		-

Note -

- 1) The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flow'.
- 2) Figures of the previous period has been rearranged/ regrouped where ever considard necessary.

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
FRN. 324666E

(Ramesh Kumar Tapadia)
Partner
Membership No. 053927
Place : Kolkata
Date : 30.05.2018

(Anupam Khetan)
Director

(Avijit Das)
Chief Financial Officer

(Uma Sharma)
Director

(Arvind Kumar Modi)
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018

(Amounts in ₹)

A. EQUITY SHARE CAPITAL

	Balance at the beginning of the year	Changes in Equity Share Capital during the year	Balance at the end of the year
For the year ended 31st March, 2017	10,01,40,000.00		10,01,40,000.00
For the year ended 31st March, 2018	10,01,40,000.00		10,01,40,000.00

B. OTHER EQUITY

Particulars	Reserves and Surplus			Other Comprehensive Income	Attributable to the owners of the parent	Non-Controlling Interests
	Amalgamation Reserve	Capital Reserve on Consolidation	Retained Earnings	Investment measured at FVTOCI		
Balance as at 1st April, 2016	38,37,70,732.98	–	10,14,55,442.08	–	48,52,26,175.06	–
Changes in Accounting Policy						
Post-Acquisition Profit of Associate	–	–	–	93,27,79,800.95	93,27,79,800.95	–
Restated Balance	38,37,70,732.98	–	10,14,55,442.08	93,27,79,800.95	1,41,80,05,976.01	–
Add/(Less):						
Addition on Acquisition of Subsidiary		24,34,83,366.96	(1,39,04,621.87)		22,95,78,745.09	33,973.70
Profit for the year			27,92,110.40		27,92,110.40	
Other Comprehensive Income/(Loss) for the year				(22,57,60,828.97)	(22,57,60,828.97)	
Balance as at 31st March, 2017	38,37,70,732.98	24,34,83,366.96	9,03,42,930.61	70,70,18,971.98	1,42,46,16,002.53	33,973.70
Add/(Less):						
Profit for the year			17,25,267.09		17,25,267.09	63.26
Other Comprehensive Income/(Loss) for the year				(38,98,11,497.71)	(38,98,11,497.71)	(7,552.43)
Balance as at 31st March, 2018	38,37,70,732.98	24,34,83,366.96	9,20,68,197.69	31,72,07,474.27	1,03,65,29,771.91	26,484.54

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
FRN. 324666E

(Ramesh Kumar Tapadia)
Partner
Membership No. 053927
Place : Kolkata
Date : 30.05.2018

(Anupam Khetan)
Director

(Avijit Das)
Chief Financial Officer

(Uma Sharma)
Director

(Arvind Kumar Modi)
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

NOTE - 1

CORPORATE INFORMATION

AAR Commercials Company Limited ("the Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 2013. Its shares are listed in one/two/three stock exchanges in India. The registered office of the company is located in 1, British Indian Street, Mezzanine Floor, Room No. 20, Kolkata - 700069. The company is primarily engaged in Investments.

SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act with effect from 1st April, 2017. These are the first Ind-AS financial statements of the company, wherein the Company has restated its Balance Sheet as at April 1, 2016 and financial statements for the year ended and as at March 31, 2017 as per Ind-AS.

Upto the year ended 31st March, 2017, the financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP), which includes accounting standards notified under Rule 7 of the Companies (Accounts) Rules, 2014. The date of transition to Ind AS is 1st April, 2016.

b) Basis of Preparation of Financial Statements

These financial statements have been prepared on a going concern basis, using the historical cost conventions and on an accrual method of accounting except for certain assets and liabilities that are required to be measured at fair value by Ind AS.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

c) Use of Estimates

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

d) Inventories

Stock in Trade are valued at the lower of cost and net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on item-by-item basis. Cost of inventories include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on a first-in-first-out basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Packing materials are valued at cost computed on weighted average basis.

e) Classification of Assets and Liabilities as Current and Non Current

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

An liability is treated as current when, It is expected to be settled in normal operating cycle, It is held primarily for the purpose of trading, It is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

f) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are subsequently measured at fair value through profit or loss are recognised immediately in the statement of profit or loss.

(ii) Subsequent measurement

A. Financial Assets

Financial assets are classified into the specified categories :

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premiums on acquisition and fees or costs that are an integral part of the EIR.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. However, if the company,s management has made an irrevocable election to present the equity investments at fair value through other comprehensive income then there is no subsequent reclassification of fair value gains or losses to the statement of profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

B. Financial Liabilities

After initial measurement at fair value, the financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method where the time value of money is significant, except for financial liabilities at fair value through profit or loss. Amortised cost is calculated by taking into account any discount or premiums on acquisition and fees or costs that are an integral part of the EIR.

(iii) Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to lifetime expected credit losses is recognised if the credit risk has significantly increased since initial recognition.

The company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(iv) Derecognition of Financial Instruments

The company derecognises a financial assets only when the contractual rights to the cash flows from the assets expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

The company derecognises a financial liabilities only when the company's obligations are discharged, cancelled or they expire.

g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances, rebates and amounts collected on behalf of the third parties. It includes Excise Duty but excludes Service Tax, Sales Tax and Value Added Tax.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be reliably measured and recovery of the consideration is probable.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using effective interest rate.

h) Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amount used for taxation purpose (tax base), at the tax rates and law that are enacted or substantively enacted as on the balance sheet date.

i) Provisions, Contingent Assets and Contingent Liabilities

A provision is recognized when there is a present obligation as a result of past event, that probably requires an outflow of resources and a reliable estimate can be made to settle the amount of obligation. These are reviewed at each year end and adjusted to reflect the best current estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are not recognised but disclosed in the financial statements.

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

j) Earnings Per Share

Basic and Diluted Earnings per shares are calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

k) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

l) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 2 : NON-CURRENT INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unquoted Equity Instruments measured at cost (unless stated otherwise)			
In Associate Company (carrying amount determined using the equity method of accounting)			
14,41,749 (P.Y.: 2017 - 14,41,749; 2016 - 1,00,050) Equity Shares of Camellia Tradelink Pvt Ltd			
Cost of Acquisition (net of capital reserve of Rs. 154,45,178.32)	-	-	31,37,500.00
Add/(Less) : Share of Profit/(Losses upto 31.03.2016)	-	-	10,00,86,826.57
Sub-Total	-	-	10,32,24,326.57
Unquoted Equity Instruments measured at fair value through Other Comprehensive Income -			
In Other Company	15,15,96,374.60	15,89,13,374.60	74,94,000.00
Sub-Total	15,15,96,374.60	15,89,13,374.60	74,94,000.00
Quoted Equity Instruments measured at fair value through Other Comprehensive Income --			
In Other Company			
33,90,526 (P.Y.: 2017 - 33,90,526; 2016 - 31,86,006) Equity Share of Gallantt Ispat Ltd.	1,06,96,28,866.80	1,65,96,91,885.80	1,60,14,45,915.90
Sub-Total	1,06,96,28,866.80	1,65,96,91,885.80	1,60,14,45,915.90
Total	1,22,12,25,241.40	1,81,86,05,260.40	1,71,21,64,242.47
Aggregate book value of quoted investments	1,06,96,28,866.80	1,65,96,91,885.80	1,60,14,45,915.90
Aggregate market value of quoted investments	1,06,96,28,866.80	1,65,96,91,885.80	1,60,14,45,915.90
Aggregate amount of impairment in value of investments	-	-	-

NOTE - 3 : OTHER NON-CURRENT ASSETS

(Unsecured, considered good)			
Capital Advances	13,84,000.00	13,84,000.00	13,84,000.00
Other Advances			
Capital Registration Fees	8,54,171.20	8,54,171.20	5,59,000.00
22,38,171.20	22,38,171.20	19,43,000.00	

NOTE - 4 : TRADE RECEIVABLES

(Unsecured, considered good)			
Secured, Considered Good	-	22,15,000.40	2,28,25,050.00
Less : Allowance for doubtful receivables	-	-	-
-	-	22,15,000.40	2,28,25,050.00

NOTE - 5 : CASH & CASH EQUIVALENTS

Balances with bank :			
On Current Accounts	1,14,599.65	2,95,549.40	2,08,629.75
Cash in hand (As certified by the management)	23,67,809.52	6,60,957.52	7,59,934.82
24,82,409.17	9,56,506.92	9,68,564.57	

NOTE - 6 : LOANS - CURRENT

(Unsecured, considered good)			
Other Loans	45,78,461.90	43,47,268.90	40,76,287.00
45,78,461.90	43,47,268.90	40,76,287.00	

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 7 : OTHER CURRENT FINANCIAL ASSETS

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good)			
Advances	-	13,50,000.00	13,50,000.00
	-	13,50,000.00	13,50,000.00

NOTE - 8 : CURRENT TAX ASSETS (NET)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances (net of provisions)	12,34,982.10	1,74,473.10	1,64,434.00
	12,34,982.10	1,74,473.10	1,64,434.00

NOTE - 9 : OTHER CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	-	-	22,00,00,000.00
Advances other than capital advances			
Security Deposit with Others	48,000.00	56,000.00	1,60,000.00
	48,000.00	56,000.00	22,01,60,000.00

NOTE - 10 : EQUITY SHARE CAPITAL

Authorised Shares :			
101,40,000 (P.Y: 2017 - 101,40,000; 2016 - 101,40,000) Equity Shares of Rs.10/-each	10,14,00,000.00	10,14,00,000.00	10,14,00,000.00
Issued, Subscribed & fully Paid - up Shares			
100,14,000 (P.Y: 2017 - 100,14,000; 2016 - 100,14,000) Equity Shares of Rs.10/-each fully paid Up	10,01,40,000.00	10,01,40,000.00	10,01,40,000.00

(a) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders except in the case of interim dividend. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount in proportion of their shareholding.

(b) Details of equity shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
	-	-	-	-	-	-
	-	-	-	-	-	-

(c) The reconciliation of the number of shares outstanding is set out below :

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Equity Shares			
Equity Shares at the beginning of the year	1,00,14,000	1,00,14,000	1,00,14,000
Equity shares at the end of the year	1,00,14,000	1,00,14,000	1,00,14,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 11 : OTHER EQUITY

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
RESERVE AND SURPLUS			
Amalgamation Reserve	38,37,70,732.98	38,37,70,732.98	38,37,70,732.98
Capital Reserve on Consolidation	24,34,83,366.96	24,34,83,366.96	-
Retained Earnings	9,20,68,197.69	9,03,42,930.61	10,14,55,442.08
	71,93,22,297.64	71,75,97,030.55	48,52,26,175.06
OTHER COMPREHENSIVE INCOME			
Investments measured at FVTOCI	31,72,07,474.27	70,70,18,971.98	93,27,79,800.95
	31,72,07,474.27	70,70,18,971.98	93,27,79,800.95
	1,03,65,29,771.91	1,42,46,16,002.53	1,41,80,05,976.01

NOTE - 12 : DEFERRED TAX ASSETS (NET)

Deferred Tax Liability			
Investment at Fair Value through OCI	13,79,84,184.62	31,61,63,331.90	41,71,18,608.53
Deferred Tax Asset			
Investment at Fair Value through OCI	4,29,27,675.29	2,08,62,853.72	-
	9,50,56,509.33	29,53,00,478.18	41,71,18,608.53

NOTE - 13 : CURRENT BORROWINGS

Nirjhar Vyapaar Pvt.Ltd.	-	77,06,808.00	-
	-	77,06,808.00	-

NOTE - 14 : OTHER FINANCIAL LIABILITIES

Statutory Dues	-	-	3,57,500.00
Sundry Creditors for Exp. & Others	54,500.00	-	72,250.00
	54,500.00	-	4,29,750.00

NOTE - 15 : REVENUE FROM OPERATION

	For the Year 2017-18	For the Year 2016-17
Sale of Fabrics	-	69,37,500.00
	-	69,37,500.00

NOTE - 16 : OTHER INCOME

Dividend Received	24,87,438.00	31,86,006.00
Interest Received	2,47,707.00	3,01,091.00
Other Receipts	-	-
Balances written off	1,82,918.50	-
	29,18,063.50	34,87,097.00

NOTE - 17 : EMPLOYEE BENEFITS EXPENSES

Salaries, Wages & Bonus	3,55,050.00	7,03,800.00
	3,55,050.00	7,03,800.00

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

NOTE - 18 : OTHER EXPENSES

	For the Year 2017-18	For the Year 2016-17
Payment to Auditor (Refer details below)	54,500.00	28,750.00
Accounting Charges	24,000.00	-
Advertisement Expenses	17,689.00	15,481.00
Annual Custodian Fees	1,03,500.00	1,08,750.00
Bank Charges	3,379.75	638.00
Demat Charges	9,653.30	5,412.60
General Expenses	46,797.10	2,434.00
Filing Fees	5,400.00	-
Interest on Tax Paid	2,408.00	-
Listing Fees	-	2,29,000.00
Office Maintenance	9,561.00	6,857.00
Postage & Stamp	12,770.00	3,319.00
Professional Fees	-	50,000.00
Printing & Stationery	26,640.00	1,430.00
Registrar Fees	31,350.00	19,490.00
Rent Paid	96,000.00	1,92,000.00
Stock Exchange Fees	3,27,750.00	28,625.00
Telephone Expenses	-	1,000.00
Secretarial Charges	2,500.00	-
Website Expenses	-	2,500.00
	7,73,898.15	6,95,686.60
Payment to Auditor		
As Auditor (Including Goods and Service Tax)		
Statutory Audit Fee	54,500.00	28,750.00
	54,500.00	28,750.00

NOTE - 19**(i) EARNINGS PER SHARE (EPS)**

Net profit/(loss) after tax as per statement of Profit and Loss attributable to Equity Shareholders	17,25,330.35	27,92,110.40
Weighted average number of equity shares used as denominator for calculating EPS	1,00,14,000.00	1,00,14,000.00
Basic & Diluted Earning Per Share	0.17	0.28

(ii) The subsidiaries considered in the preparation of these Consolidated Financial Statements are :

Name	Country of Incorporation	Percentage of Ownership Interest as at 31st March, 2018	Percentage of Ownership Interest as at 31st March, 2017	Percentage of Ownership Interest as at 1st April, 2016
Camellia Tradelink Private Limited	India	99.99%	99.99%	31.89%

(iii) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 :

Name of the Entity	Net Assets		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (in '000)	As % of Consolidated Profit or (Loss)	Amount	As % of Consolidated OCI	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent								
Aar Commercial Company Limited	99.99%	1,13,65,82,587	99.99	17,25,158	99.99	(38,97,80,068)	99.99	(38,80,54,910)
Subsidiaries								
Camellia Tradelink Private Limited	0.01%	1,13,670	0.01	173	0.01	(38,982)	0.01	(38,809)

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

NOTE - 20

As per information available with the Company, there are no suppliers covered under Micro, Small & Medium Enterprises Development Act, 2006. As a result, no interest provision/payment have been made by the Company to such creditors, if any, and no disclosure thereof is made in this account.

NOTE - 21 : RELATED PARTY DISCLOSURE

There is no transaction or balance outstanding at the end of the period with the related parties in terms of the provisions as per Indian Accounting Standard - 24, hence no disclosures of transactions with the related parties are given.

NOTE - 22 : INCOME TAX EXPENSES

(i) Income Tax Expense

The major components of income tax expenses for the year ended March 31, 2018 and for the year ended March 31, 2017 are :

(Amounts in ₹)

Particulars	For the Year 2017-18	For the Year 2016-17
Current Tax	63,785	-
Deferred Tax Charge/MAT Credit	-	-
Total Income Tax Expense recognised in Statement of Profit & Loss	63,785	-
(ii) Reconciliation of effective tax rate :		
Profit before Tax	17,89,115	27,92,110
Enacted Tax Rate in India	25.750	30.900
Expected Tax Expenses	4,60,697	8,62,762
Exemption under Income Tax Act, 1961	(6,40,515)	(9,84,476)
Expenses disallowed under Income Tax Act, 1961	2,43,603	-
Losses carried forward	-	1,21,714
Income Tax Expenses	63,785	-

NOTE - 23 : FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(a) Capital Management

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the Balance Sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company.

(b) Categories of Financial Instruments

The carrying value and fair value of financial instruments by categories is as follows :

(Amounts in ₹)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Measured at Fair Value through Other Comprehensive Income						
Quoted Equity Investments	1,069,628,867	1,069,628,867	1,659,691,886	1,659,691,886	1,601,445,916	1,601,445,916
Unquoted Equity Investments	151,596,375	151,596,375	158,913,375	158,913,375	7,494,000	7,494,000
Measured at Amortised Cost						
Equity Investments	0	0	0	0	103,224,327	103,224,327
Other Non-Current Assets	2,238,171	2,238,171	2,238,171	2,238,171	1,943,000	1,943,000
Trade Receivables	0	0	2,215,000	2,215,000	22,825,050	22,825,050
Cash and cash Equivalents	2,482,409	2,482,409	956,507	956,507	968,565	968,565
Loans - Current	4,578,462	4,578,462	4,347,269	4,347,269	4,076,287	4,076,287
Other Financial Assets	0	0	1,350,000	1,350,000	1,350,000	1,350,000
Borrowings	0	0	7,706,808	7,706,808	0	0
Trade Payables	0	0	2,145,419	2,145,419	27,957,244	27,957,244
Other Financial Liabilities	54,500	54,500	0	0	429,750	429,750
Other Current assets	48,000	48,000	56,000	56,000	220,160,000	220,160,000

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

(c) Fair Value Measurement and Fair Value Hierarchy

Fair Value of the financial instruments is classified in various fair value hierarchies based on the following three levels :

Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 : Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis :

(Amounts in ₹)

Particulars	Fair Value Hierarchy	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial Assets				
Measured at Fair Value through Other Comprehensive Income				
Quoted Equity Shares	1	1069628867	1659691886	1601445916
Unquoted Equity Shares		151596375	158913375	7494000
Measured at Amortised Cost				
Equity Shares	3	0	0	103224327

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(d) Financial Risk Management

The Company's financial liabilities comprise trade and other liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents.

(a) 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 risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, etc.

(b) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, bank deposits and other financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

Trade Receivables

In determining the allowances for credit losses of trade receivables, an impairment analysis is performed by the Company using a practical expedient by computing the expected credit loss allowance for trade receivables at each reporting date on an individual basis for all the customers. The procedure takes into account historical credit loss experience and is adjusted for forward looking information.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(c) **Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTE - 24 : FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS.

For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with 1st April, 2016 as the transition date and generally accepted accounting principles in India (Indian GAAP), which includes accounting standards notified under Rule 7 of the Companies (Accounts) Rules, 2014 as the previous GAAP.

The accounting policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended 31-03-2018, the comparative information presented in these financial statements for the year ended 31-03- 2017 and in the preparation of opening Ind AS balance sheet as at 01-04-2016 (The Company's date of transition).

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the previous Indian GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance is set out in the following tables and notes :

A. Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards".

(i) Estimates

On assessment of estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

B. Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions :

Investment in subsidiaries, joint ventures and associates

Under Ind AS, the Company has considered their previous GAAP carrying amount as their deemed cost.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanation and qualification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards".

- (i) Reconciliation of total equity as at April 1, 2016 and March 31, 2017
- (ii) Reconciliation of total comprehensive income for the year ended March 31, 2017
- (iii) Reconciliation of statement of cash flows for the year ended March 31, 2017.

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with the financial statements prepared under Ind AS.

NOTES TO FINANCIAL STATEMENTS for the year ended 31 March 2018

(Amounts in ₹)

(i) **Reconciliation of total equity**

A reconciliation of the total equity to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follows :

(Amounts in ₹)

Particulars	Notes	As at 31-Mar-17	As at 01-Apr-16
Total equity under previous GAAP attributable to			
Aar Commercial Company Limited		86,43,86,837.33	58,63,12,479.57
Non-Controlling Interest		38,639.15	-
		86,44,25,476.48	58,63,12,479.57
(Add)/Less: Impact of adjustments as follows :-			
Fair Value of Investments through OCI		(36,20,17,093.42)	(25,15,47,506.42)
Share of Profit/(Loss) of Associate/ Subsidiary due to transition to Ind AS		(6,75,17,325.94)	(13,69,471.07)
Tax Adjustments on above		13,27,26,135.58	7,81,51,346.04
Total Equity under Ind-AS attributable to			
Aar Commercial Company Limited		56,75,83,219.00	41,15,46,848.12
Non-Controlling Interest		33,973.70	
Total		56,76,17,192.70	41,15,46,848.12

(ii) **Reconciliation of total comprehensive income**

A reconciliation of the total comprehensive income to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follows :

(Amounts in ₹)

Particulars	As at 31-Mar-17
Net Profit as per Previous GAAP	27,92,110.40
Adjustments required :	
Net Profit as per Ind AS	27,92,110.40
Other comprehensive income/(loss)	(22,57,60,828.97)
Total comprehensive income/(loss) as per Ind AS	(22,29,68,718.57)

Note: Under previous GAAP, non-current investments were stated at cost. Where applicable, provision was made to recognise a decline, other than temporary, in valuation of such investments. Under Ind AS, equity instruments (other than investments in subsidiaries and associates) have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.

(iii) **Reconciliation of statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
FRN. 324666E

(Ramesh Kumar Tapadia)
Partner
Membership No. 053927
Place : Kolkata
Date : 30.05.2018

(Anupam Khetan)
Director

(Avijit Das)
Chief Financial Officer

(Uma Sharma)
Director

(Arvind Kumar Modi)
Company Secretary

