
Annual Report 2018-19

The background features a series of concentric, glowing blue ripples that resemble water droplets on a dark surface. A complex, multi-line blue wireframe structure, resembling a stylized 'P' or a series of overlapping curves, is positioned in the upper right quadrant, extending downwards towards the center. The overall color palette is various shades of blue, from light to dark, creating a sense of depth and movement.

Perseverance

AAR COMMERCIAL COMPANY LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Anupam Khetan
Mrs. Uma Sharma
Mrs. Nishi Agarwal
Mr. Udit Agarwal

CHIEF FINANCIAL OFFICER

Mr. Avijit Das

COMPANY SECRETARY

Mr. Arvind Kumar Modi

CORPORATE IDENTIFICATION NUMBER

L63090WB1982PLC035019*

REGISTERED OFFICE

Flat No – 22, Second Floor, Right Side,
Bazar Lane, Bhogal, Jangpura,
New Delhi – 110 014
Phone No: 011-4614 3189

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.
7th Floor, Room No. 7A & 7B,
3A Auckland Road,
Kolkata - 700 017 (W.B.)
Phone: 033-22806616/17/18
Email: nichetechpl@nichetechpl.com
Website: www.nichetechpl.com

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*** Registered Office of the Company has been shifted from the jurisdiction of Registrar of Companies, West Bengal to the jurisdiction of Registrar of Companies, Delhi and Haryana (from Kolkata to New Delhi). E-Form INC-22 (informing the Registrar of Companies about situation of New Registered Office) has been filed with ROC. New Corporate Identification Number has not been generated/provided yet.**

DIRECTORS' REPORT

ToThe Members,

Your Directors have pleasure in submitting 37th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2019.

FINANCIAL RESULTS

The summarized financial performance of the Company for the year under review as compared with previous year's figures are given hereunder :

(Rs. in lacs)

Particulars	F.Y. 2018 - 19	F.Y. 2017 - 18
Net Sales / Income from Business Operations	-	-
Other Income	127.37	29.18
Total Income	127.37	29.18
Total Expenditure	26.55	11.29
Profit Before Tax	100.83	17.89
Less: Tax Expenses	20.18	0.64
Profit/(Loss) After Tax	80.64	17.25
Basic & Diluted Earnings per Equity Share	0.81	0.17

OPERATIONAL REVIEW

Gross revenues for this financial year stood at Rs. 1,27,37,423.00 as against Rs. 29,18,063.50 in the previous year. Profit before depreciation and taxation was Rs. 1,00,82,715.20 as against Rs. 17,89,115.35 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. 80,64,452.20 as compared to Rs. 17,25,330.35 in the previous year.

FINANCIAL ACCOUNTING AND ADOPTION OF IND-AS

The Financial Statements for the FY 2018-19 are prepared under Ind-AS. Pursuant to Section 129(3) of the Companies Act, 2013, the Financial Statements of the Company are prepared in accordance with the Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Indian Accounting Standard on Financial Statements is provided in the Annual Report.

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.

DISCLOSURE ON COMPLIANCE WITH SECRETARIAL STANDARDS

Your Directors confirm that Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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.

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.

DIRECTORS' REPORT *(Contd.)*

SHARE CAPITAL

The paid-up equity capital as on March 31, 2019 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 shares. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company. The Company has paid Listing Fees for the financial year 2019-20 to each of the Stock Exchanges, where its equity shares are listed. During the year Camellia Tradelink Private Limited, a Wholly Owned Subsidiary amalgamated with the Company. Since the entire shareholding of this Wholly Owned Subsidiary was held by the Company, no shares were allotted. Hence there was no impact on the total issued and paid up share capital. However, pursuant to the Scheme of Amalgamation as approved by the Central Government (Regional Director- ER) the Authorised Share Capital of the Wholly Owned Subsidiary Company clubbed/merged with the Authorised Share Capital of the Company. Hence, post Merger the Authorised Share Capital of the Company stood at Rs. 12,45,00,000/-

LISTING OF SHARES

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

The Listing Fee has been paid to the Stock Exchanges for the FY 2019-20. The ISIN No. of the Company is INE184K01013.

EXTRACTS OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92(3) 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.

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.

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.aarccl.in under the link <https://www.aarccl.in/images/pdf-reports/other-corporate-announcements/policy-on-related-party-transactions.pdf>

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.

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 "Code of Conduct for Board of Directors & Senior Management Personnel". The Code has been posted on the Company's website www.aarccl.in under the link <https://www.aarccl.in/images/pdf-reports/other-corporate-announcements/code-of-onduct-for-board-of-directors-and-senior-management-personnel.pdf>

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.

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.

DIRECTORS' REPORT *(Contd.)*

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

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.

DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES AND EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any Sweat Equity Shares or Equity Shares with Differential Rights during the financial year.

INTERNAL COMPLAINT REGARDING SEXUAL HARASSMENT

There were no cases of sexual harassment of woman at work place. Also, there are no instances of child labour/ forced labour/ involuntary labour and discriminatory employment during the year.

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.

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.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company held **9** Board Meetings during the financial year under review. Detailed information is given in the Corporate Governance Report.

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. The Code has been posted on the Company's website www.aarcl.in under the link <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/code-of-conduct-for-prevention-of-insider-trading.pdf>

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

DIRECTORS' REPORT *(Contd.)*

FAMILIARISATION PROGRAMME

Your Company follows a structured familiarization programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis.

Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved. The details of familiarisation programme have been posted in the website of the Company www.aarcl.in under the link https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/AAR_COMM_FAMILIARISATION_PROGRAMME_OF_INDIPENDENT_DIRECTORS.pdf

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. All Independent Directors of the Company 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.

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. Udit Agarwal (DIN: 07036864), who was appointed as an Independent Director and who holds the office of Independent Director up to December 5, 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. December 6, 2019."

The following are the Key Managerial Personnel of the Company:

SL. No.	NAME	DIN/PAN	DESIGNATION
1.	Anupam Khetan	07003797	Whole-time Director
2.	Avijit Das	AHXP4883E	Chief Financial Officer (CFO)
3.	Arvind Kumar Modi	AUHPM5239Q	Company Secretary (CS)

None of the Directors of your Company is disqualified under the provisions of Section 164(2)(a) & (b) of the Companies Act, 2013 and a certificate dated 13th August, 2019 received from Company Secretary in Practice certifying that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of the Company by SEBI/Ministry of Corporate Affairs or any such statutory authority is annexed to the Corporate Governance Report.

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	1:1
Mrs. Uma Sharma	N.A. *
Mr. Rajendra Yadav	N.A. *
Mr. Udit Agarwal	N.A. *
Mr. Kumar Deepak	N.A. *
Mr. Arvind Kumar Modi	1.47:1
Mr. Avijit Das	1.22:1

* Except sitting fees no remuneration is paid to the Non-Executive Independent Directors.

DIRECTORS' REPORT (Contd.)**II. Percentage increase in remuneration of directors, chief financial officer, company secretary, if any, in the financial year**

NAME	DESIGNATION	% INCREASE
Anupam Khetan	Whole-time Director	0.00
Mrs. Uma Sharma	Non-Executive Director	N.A. *
Mr. Rajendra Yadav	Non-Executive Independent Director	N.A. *
Mr. Udit Agarwal	Non-Executive Independent Director	N.A. *
Mr. Kumar Deepak	Non-Executive Independent Director	N.A. *
Mr. Avijit Das	Chief Financial Officer	0.00
Mr. Arvind Kumar Modi	Company Secretary	175 %

III. Percentage increase in the median remuneration of employees in the financial year: 344.44 %**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:**

Managerial Personnel – Salary of Mr. Arvind Kumar Modi increased to ₹ 2.64 Lacs in the Financial Year 2018-19.

Non-Managerial Personnel –0.00 %

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.**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.

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.

DISCLOSURE OF COMPOSITION VIGIL MECHANISM POLICY

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.aarcl.in under the link <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/whistle-blower-policy.pdf>

DETAILS OF COMPOSITION OF COMMITTEES**(i) Audit Committee**

The Audit Committee of the Company as on the date of this report is constituted of following Directors:

Names	Designation	Category
Mrs. Nishi Agrawal	Chairperson	Independent
Mrs. Uma Sharma	Member	Non-Executive
Mr. Udit Agarwal	Chairperson	Independent

Mr. Rajendra Yadav and Mr. Kumar Deepak, Independent Directors were holding the position of members of the Audit Committee.

DIRECTORS' REPORT *(Contd.)*

Both the Directors have tendered their resignation from the Directorship of the Company effective from April 25, 2019 and consequently they also relinquished the positions in Audit Committee also. Further, Mrs. Nishi Agrawal was appointed as an Independent Director on June 19, 2019. Audit Committee has been reconstituted by the Board of Directors of the Company on June 19, 2019 by appointment of Mr. Nishi Agrawal as a Chairperson, Mrs. Uma Sharma and Mr. Udit Agarwal as Members of the Audit Committee.

(ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company as on the date of this report is constituted of following Directors:

Names	Designation	Category
Mr. Udit Agarwal	Chairperson	Independent
Mrs. Nishi Agrawal	Member	Independent
Mrs. Uma Sharma	Member	Non-Executive

Mr. Rajendra Yadav and Mr. Kumar Deepak, Independent Directors were holding the position of members of the Nomination and Remuneration Committee. Both the Directors have tendered their resignation from the Directorship of the Company effective from April 25, 2019 and consequently they also relinquished the positions in Nomination and Remuneration Committee also. Further, Mrs. Nishi Agrawal was appointed as an Independent Director on June 19, 2019. Nomination and Remuneration Committee has been reconstituted by the Board of Directors of the Company on June 19, 2019 by appointment of Mr. Udit Agarwal as a Chairperson, Mrs. Nishi Agrawal and Mrs. Uma Sharma as Members of the Nomination and Remuneration Committee.

(iii) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company as on the date of this report is constituted of following Directors:

Names	Designation	Category
Mr. Udit Agarwal	Chairperson	Independent
Mrs. Nishi Agrawal	Member	Independent
Mrs. Uma Sharma	Member	Non-Executive

Mr. Rajendra Yadav and Mr. Kumar Deepak, Independent Directors were holding the position of members of the Stakeholders Relationship Committee. Both the Directors have tendered their resignation from the Directorship of the Company effective from April 25, 2019 and consequently they also relinquished the positions in Stakeholders Relationship Committee also. Further, Mrs. Nishi Agrawal was appointed as an Independent Director on June 19, 2019. Stakeholders Relationship Committee has been reconstituted by the Board of Directors of the Company on June 19, 2019 by appointment of Mr. Udit Agarwal as a Chairperson, Mrs. Nishi Agrawal and Mrs. Uma Sharma as Members of the Stakeholders Relationship Committee.

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, 2019 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 29th March, 2019, 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.

DISASSOCIATION OF SUBSIDIARIES AND DISPOSAL OF STAKE IN SUBSIDIARIES

The Honourable Regional Director (ER), Ministry of Corporate Affairs vide its order dated October 31, 2018, has approved and sanctioned the Scheme of Amalgamation of Camellia Tradelink Private Limited (Transferor and Wholly Owned Subsidiary Company) with AAR Commercial Company Limited (Transferee Company). Consequent upon amalgamation, the Transferor Company ceased to

exist as a Subsidiary. Amalgamation Order of Honorable Regional Director as received were filed with the Registrar of Companies, West Bengal on November 13, 2018.

AMALGAMATION OF WHOLLY OWNED SUBSIDIARIES

At their meeting held on 13th February, 2018, Board of Directors of the Company has approved the Scheme of Amalgamation of M/s. Camellia Tradelink Private Limited being a Wholly Owned Subsidiary (TRANSFEROR COMPANY) with AAR Commercial Company Limited (TRANSFeree COMPANY). Hence, as per the provisions of Section 233 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Company has filed Scheme of Amalgamation with the Registrar of Companies, West Bengal and Office of the Official Liquidator, Calcutta High Court for their Observation on the same.

Vide its Letter bearing reference no. ROC/LEGAL/233/2018/50 dated 10.04.2018, the office of Registrar of Companies, West Bengal has issued its observation with the following suggestions:

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.***

Further, the Office of the Official Liquidator, High Court, Calcutta vide its letter bearing reference no. OL-Misc./Amalg/S233/62/6905/G dated 21.02.2018 has given the following suggestions:

1. ***This Office has scrutinised the scheme of Amalgamation for its limited internal purpose / in-principle approval for deciding on the matter of Amalgamation of companies and it should not for any reason affects the interest of public.***

The said suggestions were duly incorporated in the Scheme of Amalgamation.

Vide its Order dated October 31, 2018, Central Government (Regional Director-ER) has approved the Scheme of Amalgamation of M/s. Camellia Tradelink Private Limited (being a Wholly Owned Subsidiary of the Company) with the Company. Consequent upon amalgamation M/s. Camellia Tradelink Private Limited ceased to exist as a Subsidiary of AAR Commercial Company Limited. Amalgamation Order of Honorable Regional Director as received were filed with the Registrar of Companies, West Bengal on November 13, 2018.

SHIFTING OF REGISTERED OFFICE FROM KOLKATA (WEST BENGAL) TO NEW DELHI (NATIONAL CAPITAL TERRITORY OF DELHI)

Board of Directors of the Company has vide its resolution dated January 21, 2019 proposed the shifting of the Registered Office of the Company from Kolkata to New Delhi (from the jurisdiction of Registrar of Companies, West Bengal to the jurisdiction of Registrar of Companies, Delhi and Haryana). The proposal of the Board of Directors as above has been approved by the Shareholders at the Extra-ordinary General Meeting held on Monday, 25th February, 2019.

The Regional Director (ER), Ministry of Corporate Affairs vide its order dated 19th June, 2019 approved shifting of Registered Office from the state of West Bengal to the National Capital Territory of Delhi. Order of the Regional Director (ER), Ministry of Corporate Affairs passed as above, has been filed in E-form INC-28 with the Registrar of Companies, West Bengal on 1st July, 2019. Further, pursuant to the provisions of Section 12(2) & (4) of the Companies Act, 2013 and Rule 25 and 27 of The Companies (Incorporation) Rules, 2014, the Company is in the process of filing E-Form INC-22 with the Registrar of Companies, West Bengal, intimating the shifting of the Registered Office of the Company from 1, British India Street (Old Complex), Mezzanine Floor, Room Nos. 20, Kolkata – 700 069 (from the jurisdiction of Registrar of Companies, West Bengal) to Flat No - 22, Second Floor, Right Side, Bazar Lane, Bhogal, Jangpura, New Delhi – 110 014 (to the jurisdiction of Registrar of Companies, Delhi and Haryana).

Following are the Corporate Details of the Company after shifting of Registered Office:

Name of the Company	AAR Commercial Company Limited
New Corporate Identification Number (CIN)	* Registered Office of the Company has been shifted from the jurisdiction of Registrar of Companies, West Bengal to the jurisdiction of Registrar of Companies, Delhi and Haryana (from Kolkata to New Delhi). E-Form INC-22 (informing the Registrar of Companies about situation of New Registered Office) has been filed with ROC. New Corporate Identification Number has not been generated/provided yet.
Registered Office Address	Flat No - 22, Second Floor, Right Side, Bazar Lane, Bhogal, Jangpura, New Delhi – 110 014
Contact Person for Correspondence	Anupam Khetan
Telefax No.	011-4614 3189
Email Id	investors.commercial@rediffmail.com
Website	www.aarcl.in

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.

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, 2019. The Secretarial Audit Report received from the Secretarial Auditor is annexed to this report marked as **Annexure – D** and forms part of this report.

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.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of the business of the Company.

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.

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.

ACKNOWLEDGEMENTS

Your Directors take 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 esteemed shareholders for their continued support and encouragement and also appreciates the dedicated services rendered by the employees at all levels for the growth of the Company.

For and on Behalf of the Board of Directors

Anupam Khetan

Director

DIN : 07003797

Place : Kolkata

Date : 13th August, 2019

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	Flat No - 22, Second Floor, Right Side, Bazar Line, Bhogal, Jangpura, New Delhi - 110 014
6	Whether listed company	Listed
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	NICHE TECHNOLOGIES PVT. LTD. 3A, Auckland Place, 7th Floor, Room No. 7A & 7B, Kolkata- 700017 Phone No. 033-22806616/6617/6618

* Registered Office of the Company has been shifted from the jurisdiction of Registrar of Companies, West Bengal to the jurisdiction of Registrar of Companies, Delhi and Haryana (from Kolkata to New Delhi). E-Form INC-22 (informing the Registrar of Companies about situation of New Registered Office) has been filed with ROC. New Corporate Identification Number has not been generated/provided yet.

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 Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
NOT APPLICABLE			

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

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% 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

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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
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.	398063	13900	411963	4.114	201063	13900	214963	2.147	(1.967)
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1038	110250	111288	1.111	1038	21850	22888	0.229	(0.882)
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	9374899	115850	9490749	94.775	9571899	204250	9776149	97.625	2.850
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

B. 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.)

C. 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

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Alka Agarwal				
	a) At the beginning of the year	0	0.00	-	-
	b) Changes during the year				
	Date	Reason			
	25-05-2018	Transfer	999000	9.976	999000 9.976
	c) At the end of the year	-	-	999000	9.976
2.	Chandni Agrawal				
	a) At the beginning of the year	0	0.00	-	-
	b) Changes during the year				
	Date	Reason			
	10-08-2018	Transfer	563899	5.631	563899 5.631
	17-08-2018	Transfer	197000	1.967	197000 1.967
	c) At the end of the year	-	-	760899	7.598
3.	Kamal Kumar Jain				
	a) At the beginning of the year	500000	4.993	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	500000	4.993
4.	Maheshkumar Gupta				
	a) At the beginning of the year	0	0.00	-	-
	b) Changes during the year				
	Date	Reason			
	06-07-2018	Transfer	634000	6.331	634000 6.331
	20-07-2018	Transfer	358000	3.575	992000 9.906
	c) At the end of the year	-	-	992000	9.906
5.	Manju Agarwal				
	a) At the beginning of the year	495000	4.943	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	495000	4.943
6.	Naresh Chandra Agarwal				
	a) At the beginning of the year	499000	4.983	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	499000	4.983
7.	Nidhi Jain				
	a) At the beginning of the year	498000	4.973	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	498000	4.973

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

8.	Priyanka Gupta				
	a) At the beginning of the year	0	0.00	-	-
	b) Changes during the year				
	Date	Reason			
	08-06-2018	Transfer	156000	1.558	156000
	15-06-2018	Transfer	466000	4.653	622000
	22-06-2018	Transfer	375000	3.745	997000
	c) At the end of the year	-	-	997000	9.956
9.	Rounak Pansari				
	a) At the beginning of the year	496000	4.953	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	496000	4.953
10.	Sheetal Jalan				
	a) At the beginning of the year	499500	4.988	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	499500	4.988
11.	Shivang Kumar Pansari				
	a) At the beginning of the year	497000	4.963	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	497000	4.963
12.	Sumitra Jain				
	a) At the beginning of the year	498000	4.973	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	498000	4.973
13.	Sushil Kumar Jalan				
	a) At the beginning of the year	499500	4.988	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	499500	4.988
14.	Sushila Jain				
	a) At the beginning of the year	500000	4.993	-	-
	b) Changes during the year	[No changes during the year]			
	c) At the end of the year	-	-	500000	4.993
	At the end of the year	495000	4.943	495000	4.943
	TOTAL	4982000	49.750	8730899	87.187

E. Shareholding of Directors and Key Managerial Personnel :

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Anupam Khetan				
	a) At the beginning of the year	360000	3.595	-	-
	b) Changes during the year				
	Date	Reason			
	06-07-2018	Transfer	-360000	3.595	0
	c) At the end of the year			0	0.000

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

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 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	1.18 - -
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	

B. Remuneration to other directors :

SN.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. in lacs)
1	Independent Directors				
		Mr. Udit Agarwal	Mr. Kumar Deepak	Mr. Rajendra Yadav	
	Fee for attending board committee meetings	0.08	0.08	0.08	0.24
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	0.08	0.08	0.09	0.24
2	Other Non-Executive Directors				
			Mrs. Uma Sharma		Total Amount (Rs. in lacs)
	Fee for attending board committee meetings		0.02		0.02
	Commission		-		-
	Others		-		-
	Total (2)		0.02		0.02
	Ceiling as per the Act	1% of the profits calculated under section 198 of the Companies Act, 2013.			

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**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	2.64	2.20	4.84
	(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	2.64	2.20	4.84

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and qualifications

- i. The Nomination & Remuneration Committee (NRC) will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/ experience/ criteria of independence required from the individuals for the office of Directors, KMP & SMP.
- ii. The expertise required from the Directors, KMP and SMP would be defined based on the Company's strategy and needs.
- iii. The NRC shall review the criteria for the role and define the role specifications for the appointment.
- iv. In case of Directors and KMP, in addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.
- v. The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.
- vi. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 75 (seventy five) years. Provided that the appointment of such a person who has attained the age of 75 (seventy five) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 75 (seventy five) years.

2. Term

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re- appointment shall be made earlier than 1 (one) year before the expiry of term.

3. Independent Director

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

4. Board Evaluation

The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of the Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the Management.

The Board is responsible for:

- i. monitoring and reviewing of the Board Evaluation framework;
- ii. carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- iii. evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.

The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management. Such meeting shall:

- i. review the performance of Non-independent Directors and the Board as a whole;
- ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Director(s) and Non-executive Directors;
- iii. assess 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.
- iv. discuss such other matters as the Independent Directors may deem fit;

5. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

6. Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

7. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management

- i. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

8. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management

- i. Fixed Pay
- ii. The Whole-time / Executive / Managing Director / KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.
- iii. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- iv. Provisions for excess remuneration: If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

ANNEXURE - C

WHISTLE BLOWER POLICY**COVERAGE**

The Policy covers malpractices and events which have taken place/ suspected to take place involving:

- Abuse of authority
- Breach of contract
- Leakage of Unpublished Price Sensitive Information
- Negligence causing substantial and specific danger to public health and safety
- Manipulation of company data/records
- Financial irregularities, including fraud or suspected fraud or Deficiencies in Internal Control and check or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
- Any unlawful act whether Criminal/ Civil
- Pilferation of confidential/propriety information
- Deliberate violation of law/regulation
- Wastage/misappropriation of company funds/assets
- Breach of Company Policy or failure to implement or comply with any approved Company Policy

WHISTLE BLOWER PROTECTION & CONFIDENTIALITY

- a. **Confidentiality:** Every effort will be made within parameters of legal constraints to protect the Complainant's identity.
- b. **Ownership of Complaint:** Complainant(s) will be obliged to put their names to their complaints and allegations made therein as investigation may not be possible unless the source of the information is identified. Anonymous/pseudo anonymous or frivolous complaint, if not supported by the relevant evidence may not be investigated under this policy.
- c. **Malicious Allegations:** Complaint or Allegations by any Complainant arising from malicious intent may result in disciplinary/ penal action against such complainant, without prejudice to other legal remedies.
- d. **Harassment or Victimization:** Harassment or victimization of the Complainant raising a genuine concern by any employee of the Company may constitute sufficient grounds for action under Discipline and Appeal Rules (DAR) against such errant employee involved in harassment or victimization of the complainant.
- e. **Complaint made in Good Faith:** If one raises a concern under this Policy, complainant will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment or vengeance in any manner. Company's employee will not be at the risk of losing his / her job or suffer loss in any other manner like transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his/her duties/functions including making further complaint, as a result of reporting under this Policy. The protection is available provided that: (a) the communication/ disclosure is made in good faith, (b) he/ she reasonably believes that information, and any allegations contained in it, are substantially true and (c) he/ she is not acting for personal gain.

However, no action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation.

- f. Any other Employee/business associate assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

PROCEDURE

Mr. Arvind Kumar Modi, Company Secretary and Compliance Officer of the Company, has been appointed as the "Vigilance Officer", who can be contacted in writing at the Registered Office of the Company or on telephone at 033 46003498 or on email at investors.commercial@rediffmail.com

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

He shall be responsible for the following functions:

1. To receive and record any complaints under this policy.
2. To ensure confidentiality of any "Whistle Blowing" complainant who requests that his/her complaint be treated in confidence.
3. To prepare a report of any whistle blowing complaint and send the report promptly to the Audit Committee Members. A copy of the report shall be simultaneously sent to the Managing Director and/or Executive Director for investigation. The Managing Director / Executive Director, after investigation, shall place a report to the Audit Committee for discussion and decision. The Audit Committee Members shall then discuss the same and take necessary action.
4. The Vigilance Officer shall communicate the Audit Committee's decision to the complainant for his/her information.

REVISION OF POLICY

Management reserves the right to revise this policy at any time and in any manner without notice. Any amendment to the Policy shall take effect from the date when it is approved by the Board of Directors of the Company. Any change or revision will be communicated appropriately.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**ANNEXURE - D****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31st March, 2019**

[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, 2019 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, 2019 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 Takeover) 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; - Not Applicable as the Company did not issue any security during the financial year under review.
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - Not Applicable as the Company does not have Employee Stock Option Scheme for its employees
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable as the Company has not issued any debt securities during the financial year under review
 - 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; - Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not Applicable as the Company has not done any buyback of its securities during the financial year under review
 - 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.

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

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

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

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 were sent 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 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.

We further report that during the audit period:-

1. The Company held an Extra-Ordinary General Meeting for the shareholders of the Company on 25th June, 2018 to approve the Scheme of amalgamation of its Wholly Owned Subsidiary Company viz. M/s Camellia Tradelink Private Limited. Vide its Order dated October 31, 2018, Central Government (Regional Director-ER) has approved the Scheme of Amalgamation of M/s. Camellia Tradelink Private Limited with the Company. Since the entire shareholding of this Wholly Owned Subsidiary was held by the Company, no shares were allotted. Hence there was no impact on the total issued and paid up share capital. However, pursuant to the Scheme of Amalgamation as approved by the Central Government (Regional Director- ER) the Authorised Share Capital of the Wholly Owned Subsidiary Company clubbed/merged with the Authorised Share Capital of the Company. Hence, post Merger the Authorised Share Capital of the Company stood at Rs. 12,45,00,000/-
2. Board of Directors of the Company has vide its resolution dated January 21, 2019 proposed the shifting of the Registered Office of the Company from Kolkata to New Delhi (from the jurisdiction of Registrar of Companies, West Bengal to the jurisdiction of Registrar of Companies, Delhi and Haryana). The proposal of the Board of Directors as above has been approved by the Shareholders at the Extra-ordinary General Meeting held on Monday, 25th February, 2019.

The Regional Director (ER), Ministry of Corporate Affairs vide its order dated 19th June, 2019 approved shifting of Registered Office from the state of West Bengal to the National Capital Territory of Delhi. Order of the Regional Director (ER), Ministry of Corporate Affairs passed as above, has been filed in E-form INC-28 with the Registrar of Companies, West Bengal on 1st July, 2019. The Company is in the process of filing E-Form INC-22 with the Registrar of Companies, West Bengal, intimating the shifting of the Registered Office of the Company.

We further report that our Audit is subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

Anurag Fatehpuria
Company Secretary
ACS No. 34471
C P No. 12855

Place : Kolkata
Date : 13th August, 2019

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.

We further report that the Compliance by the Company of applicable Financial Laws like Direct & Indirect Tax Laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2019 but before issue of the Report.

Place : Kolkata
Date : 13th August, 2019

Anurag Fatehpuria
Company Secretary
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.aarcl.in

The Company has complied with the principles and practices of good Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter called "the Listing Regulations".

2. BOARD OF DIRECTORS

The Board of directors of your Company as on March 31, 2019 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.

2.1 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) —

CORPORATE GOVERNANCE REPORT *(Contd.)*

- (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;
- (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.

2.2 Other Directorship and Committee Membership

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 2018-19		Attendance at the last AGM
			Member	Chairman	Held	Attended	
Anupam Khetan DIN: 07003797	Executive Director	Nil	Nil	Nil	9	9	Yes
Uma Sharma DIN: 06862354	Non-Executive Director	Nil	Nil	Nil	9	4	No
Rajendra Yadav ² DIN: 06980909	Non-Executive Independent Director	Nil	Nil	Nil	9	7	Yes
Udit Agarwal DIN: 07036864	Non-Executive Independent Director	Nil	Nil	Nil	9	8	Yes
Kumar Deepak ³ DIN: 07052877	Non-Executive Independent Director	Nil	Nil	Nil	9	9	No

CORPORATE GOVERNANCE REPORT *(Contd.)*

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.
2. Mr. Rajendra Yadav, Non-Executive Independent Director tendered his resignation from Directorship of the Company w.e.f. 25.04.2019
3. Mr. Kumar Deepak, Non-Executive Independent Director tendered his resignation from Directorship of the Company w.e.f. 25.04.2019

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.

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

Information about the Directors proposed to be appointed/re-appointed which are required to be furnished under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is furnished under 'Notes' attached to the Notice of the 37th Annual General Meeting of the Shareholders of the Company.

2.3 Board Meetings

During the financial year 2018-19, Nine Board Meetings were held on the following dates:-

14th May, 2018, 30th May, 2018; 20th July, 2018; 14th August, 2018; 3rd November, 2018; 14th November, 2018; 21st December, 2018; 21st January, 2019; 13th February, 2019.

2.4 Changes during the Year

During the financial year 2018-19, none of the Directors of the Company resigned from the Board of the Company. However, Mr. Rajendra Yadav (DIN: 06980909) and Mr. Kumar Deepak (DIN: 07052877), Non-Executive Independent Directors of the Company tendered their resignation from the Directorship of the Company with effect from April 25, 2019 and they also confirmed that there was no other material reasons other than those stated in their resignation letters. Mrs. Nishi Agrawal (DIN: 08441260) was appointed as Additional Independent Directors on the Board of the Company effective from June 19, 2019.

2.5. Re-appointment of Directors Proposed at upcoming AGM:

In terms Section 152 of the Companies Act, 2013, Mrs. Uma Sharma (DIN: 06862354), Director of the Company is liable to retire by rotation and is eligible for re-appointment at the forthcoming Annual General Meeting.

Section 149(10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of up to 5 (Five) consecutive years on the Board and shall be eligible for re-appointment for Second Term of 5 (Five) consecutive years on passing a Special Resolution by the Company and disclosure of such appointment in its Boards' Report. Section 149 (11) provides that an Independent Director may hold office for up to 2 (Two) consecutive terms. Tenure of Mr. Udit Agarwal as an Independent Director will end on December 5, 2019 and Board of Directors, in accordance with the recommendation of the Nomination and Remuneration Committee, has proposed his reappointment at the forthcoming 37th Annual General Meeting for a Second Term of 5 (Five) years through Special Resolution.

CORPORATE GOVERNANCE REPORT *(Contd.)*

Brief resume, nature of expertise in specific functional areas, Directorships and Membership of the Board Committees of the proposed appointee / reappointee are given in the Explanatory Statement attached to the Notice of 37th AGM of the Company.

2.6 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.

2.7 Chart/matrix setting out the skills/expertise/competence of the Board of Directors

Pursuant to Schedule V, Part C of SEBI LODR Regulations 2015 read with Amendments thereof, below are the list of core skills/expertise/competencies identified by the Board of Directors for the year under review as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board:

S.N.	Category	Core skills/expertise/competencies identified by the Board of Directors	Available with the Board
1.	Understanding of Business/Industry	Experience and knowledge of Cotton, Fabrics, Logistics and trading in shares.	Yes
2.	Financial	Ability to analyse and understand the key financial statements, assess financial viability of the projects and efficient use of resources.	Yes
3.	Critical and innovative thoughts	The ability to critically analyse the information and develop innovative approaches and solutions.	Yes
4.	Mergers and Acquisitions	A history of leading growth through acquisitions and other business combinations, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans.	Yes
5.	Strategy and strategic planning	Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies.	Yes
6.	Risk and compliance oversight	Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks.	Yes

2.8 Separate Meeting of Independent Directors and Performance Evaluation

During the financial year 2018-19, as per the requirement of Schedule IV of the Act, 2013 and the Regulation 25(3) of the SEBI Listing Regulations, 1 (One) separate meeting of Independent Directors was held on 29th March, 2019 whereby, all the Independent Directors were present and without the presence of the Non-Independent Directors and the members of the management of the Company.

This meeting was conducted in a manner so as to enable the Independent Directors to discuss and review the performance of Non-Independent Directors and the Board as a whole, performance of the Chairman of the Company after taking into account the views of Executive Directors and Non-Executive Directors and for assessing the quality, quantity and timeliness of flow of information between the Company management and the Board.

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.

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.

3. COMMITTEES OF THE BOARD

The Board of Directors of the Company being at the fiduciary position have crucial role in the governance structure of the Company and the Board has constituted various Committees to deal with specific areas/ activities which need a closer review or which are operational or routine matters. In order to perform the duties in true spirit and in the interest of the Company and its stakeholders in efficient and timely manner, the Board has delegated its powers to various committees.

The Committees of the Board of Directors are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice.

Your Company has three Board level committees:

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Stakeholders' Relationship Committee

A. AUDIT COMMITTEE

Constitution and Composition

As on the 31st March, 2019 the "Audit Committee" comprised 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 members of the Audit Committee were Mr. Rajendra Yadav (Chairman), Mr. Udit Agarwal, Mr. Kumar Deepak. On 25th April, 2019 Mr. Rajendra Yadav and Mr. Kumar Deepak resigned from the Board of the Company. Mrs. Nishi Agrawal was appointed as an Additional Independent Director on 19th June, 2019. The Audit Committee was also reconstituted on 19th June, 2019 by introduction of Mrs. Uma Sharma, Non-Executive Director as a Member and appointment of Mrs. Nishi Agrawal as a Chairperson.

Mr. Arvind Kumar Modi (CS and Compliance Officer) acts as the Secretary to the Audit Committee.

Audit Committee Meetings

During the year, Six (6) meetings of the Audit Committee were held on the following dates:

14th May, 2018, 30th May, 2018; 14th August, 2018; 14th November, 2018; 21st January, 2019; 13th February, 2019.

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	6
2.	Mr. Udit Agarwal	Member	6
3.	Mr. Kumar Deepak*	Member	6

* Mr. Rajendra Yadav and Mr. Kumar Deepak resigned on 25th April, 2019.

CORPORATE GOVERNANCE REPORT *(Contd.)*

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.

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:

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.

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;

CORPORATE GOVERNANCE REPORT *(Contd.)*

- (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;
- (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.
- (21) The Audit Committee of the Board shall review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

B. STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of Section 178 (5) of the Act, read with Regulation 20 of the Listing Regulations the "Stakeholders Relationship Committee" has been constituted 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.

Composition

As on 31st March, 2019 the members of the Stakeholders Relationship Committee were Mr. Udit Agarwal (Chairman), Mr. Rajendra Yadav and Mr. Kumar Deepak. On 25th April, 2019 Mr. Rajendra Yadav and Mr. Kumar Deepak resigned from the Board of the Company. Mrs. Nishi Agrawal was appointed as an Additional Independent Director on 19th June, 2019. The Stakeholders Relationship Committee was also reconstituted on 19th June, 2019 by introduction of Mr. Udit Agarwal as a Chairman of the Committee, Mrs. Uma Sharma, Non-Executive Director as a Member and appointment of Mrs. Nishi Agrawal as a member.

Mr. Arvind Kumar Modi (CS and Compliance Officer) acts as the Secretary to the Stakeholders Relationship Committee.

Stakeholders Relationship Committee Meetings

During the year, Five (5) meetings of the Shareholders'/Investors' Grievance Committee were held on the following dates:

14th May, 2018; 14th August, 2018; 14th November, 2018; 21st January, 2019; 13th February, 2019.

The following table gives the composition of the Stakeholders Relationship 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	5
2.	Mr. Rajendra Yadav	Member	5
3.	Mr. Kumar Deepak*	Member	5

* Mr. Rajendra Yadav and Mr. Kumar Deepak resigned on 25th April, 2019.

CORPORATE GOVERNANCE REPORT *(Contd.)*

Status of Investor Complaints:

Number of complaints received during financial year 2018-19 - Nil

Number of complaints resolved to the satisfaction of stakeholders during year 2018-19 – N.A.

Number of pending complaints as on 31st March, 2019 – Nil

Cases of non-acceptance by the Board of Directors, of any recommendation of the Stakeholders Relationship Committee during the year under review, pursuant to Schedule V, Part C of SEBI LODR Regulations 2015 read with Amendments thereof: NIL

As required under Regulation 40(10) of the Listing Regulations entered into by AAR Commercial Company Limited with stock exchanges, a certificate is obtained every six months from a practicing Company Secretary that all transfers have been completed within the stipulated time. The certificates are forwarded to Bombay Stock Exchange Limited and Calcutta Stock Exchange Limited.

C. NOMINATION AND REMUNERATION COMMITTEE

In accordance with provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Nomination and Remuneration Committee of the Board was constituted to oversee the Company's nomination process for the senior management and to decide their salary, perquisites and commission / performance linked remuneration etc., to be paid to them and other employees within the broad frame-work of the Policy, merit and Company's performance.

Composition

As on 31st March, 2019 the members of the Nomination and Remuneration Committee were Mr. Rajendra Yadav (Chairman), Mr. Udit Agarwal and Mr. Kumar Deepak. On 25th April, 2019 Mr. Rajendra Yadav and Mr. Kumar Deepak resigned from the Board of the Company. Mrs. Nishi Agrawal was appointed as an Additional Independent Director on 19th June, 2019. The Nomination and Remuneration Committee was also reconstituted on 19th June, 2019 by introduction of Mr. Udit Agarwal as a Chairman of the Committee, Mrs. Uma Sharma, Non-Executive Director as a Member and appointment of Mrs. Nishi Agrawal as a member.

Mr. Arvind Kumar Modi (CS and Compliance Officer) acts as the Secretary to the Nomination and Remuneration Committee.

Nomination and Remuneration Committee Meetings

During the year only one Nomination and Remuneration Committee meeting was held. The following table 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	1
2.	Mr. Udit Agarwal	Member	1
3.	Mr. Kumar Deepak	Member	1

* Mr. Rajendra Yadav and Mr. Kumar Deepak resigned on 25th April, 2019.

Cases of non-acceptance by the Board of Directors, of any recommendation of the Nomination and Remuneration Committee during the year under review, pursuant to Schedule V, Part C of SEBI LODR Regulations 2015 read with Amendments thereof: NIL

Evaluation Criteria

The Company has adopted an Evaluation policy to evaluate performance of each director, the Board as a whole and its committees. Evaluation is also carried out by the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act 2013 and Code for Independent Directors' as outlined under Schedule IV of the Companies Act, 2013. Such evaluation factors various criteria including contribution, domain expertise, strategic vision, industry knowledge, participation in discussions etc.

4. CODE OF CONDUCT

Details of the Code of Conduct for Board of Directors and senior management of the Company is available on the Company's

CORPORATE GOVERNANCE REPORT *(Contd.)*

website www.aarccl.in

Annual declaration signed by the Managing Director/Whole-time Director of the Company pursuant to Regulation 26(3) read with Schedule V (Part D) of the SEBI Listing Regulations is annexed to the Annual Report.

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

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

6. SUBSIDIARY COMPANIES

During the year Company has approved Scheme of Amalgamation of M/s. Camellia Tradelink Private Limited, a Wholly Owned Subsidiary of the Company.

Vide its Order dated October 31, 2018 Central Government (Regional Director-ER) has approved the Scheme of Amalgamation of M/s. Camellia Tradelink Private Limited (being a Wholly Owned Subsidiaries of the Company) with the Company. Consequent upon amalgamation of M/s. Camellia Tradelink Private Limited ceased to exist as a Subsidiary. Amalgamation Order of Honorable Regional Director has been received on October 31, 2018 and the same were filed with the Registrar of Companies, West Bengal on November 13, 2018. At the end of the Financial Year on March 31, 2019, Company has no Subsidiary Company.

Your Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any material unlisted subsidiary.

Subsidiary companies of the Company were managed by their respective Board having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of unlisted subsidiary company, inter alia, by the following means:

(i) Financial statements, in particular the investments made by the subsidiary company are reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE REPORT *(Contd.)*

- (ii) All minutes of Board meetings of subsidiary company are placed before the Company's Board on regular basis.
- (iii) All significant transactions and arrangements entered into by the subsidiary company are reviewed on regular basis.

The Company does not have any material non-listed Indian Subsidiary Company. The Policy on Material Subsidiaries can be accessed on the Company's website www.aarcl.in

7. 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.
2017-18	24.09.2018	11:00 A.M.	Registered office	To re-appoint Mr. Rajendra Yadav (DIN: 06980909) as an Independent Director for Second Term. No postal ballot was conducted during the F.Y 2017-18.
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.

Extra-ordinary General Meetings

Details of Extra-ordinary General Meeting held during the Financial Year 2018-19 are as under:

Date	Time	Venue	Business	Type of Resolution
25.06.2018	12:30 P.M.	Registered Office	Item No.1 Resolution(s) in terms of Section 233 of Companies Act, 2013 thereby according consent to the Scheme of Amalgamation of Camellia Tradelink Private Limited and AAR Commercial Company Limited	Specified Majority
25.02.2019	11:30 A.M.	Registered Office	Item No. 1. Shifting of Registered Office of the Company from the State of West Bengal to National Capital Territory of Delhi (NCT of Delhi). Item No. 2: Alteration in the Memorandum of Association of the Company with regard to change in Situation of the Registered Office Clause.	Special Resolution Special Resolution

Postal Ballot

There are no special resolutions passed during F.Y. 2018-19 through postal ballot and no special resolution is proposed to be conducted through postal ballot.

Court Convened Meeting of Shareholders

During the year no Court Convened Meeting were convened and held.

8. MEANS OF COMMUNICATION

In accordance with Regulation 46 of the Listing Regulations, the Company has maintained a functional website at www.aarcl.in in containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

Information like quarterly / half yearly / annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board to enable them to put them on their websites and communicate to their members. In

CORPORATE GOVERNANCE REPORT *(Contd.)*

terms of Regulation 47 of the Listing Regulations the quarterly / half-yearly / annual financial results are also published in the prescribed format within 48 hours of the conclusion of the meetings of the Board in which they are considered and approved, in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of West Bengal. These results are simultaneously posted on the website of the Company at www.aarcl.in

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

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

The forthcoming AGM of the Company shall be held at 11:30 A. M. on Monday, the 30th Day of September 2019 at registered office of the company at Flat No - 22, Second Floor, Right Side, Bazar Lane, Bhogal, Jangpura, New Delhi – 110 014

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

24th September, 2019 to 30th September, 2019 (Both Days inclusive). No dividend is proposed by board of directors for payment.

Cut-off date for determining the names of shareholders eligible to vote

Monday, 23rd September, 2019

Cut-off date for determining the names of shareholders eligible to get Notice of Annual General Meeting

Friday, 23rd August, 2019

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
P J Towers, Dalal Street, Mumbai- 400001
Phones : (022) 22721233/4, 91-22-66545695
Fax : (022) 22721919
2. Calcutta Stock Exchange Limited (CSE), Scrip Code: 11145
7, Lyons Range, Kolkata – 700 001, West Bengal
Phone: 033-40253076

The Annual Listing Fees for the year 2019-20 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

7th Floor, Room, No. 7A & 7B,

3A, Auckland Road,

Kolkata - - 700017

West Bengal

Ph: (033) 2280 6616 / 17 / 18

Email id: nichetechpl@nichetechpl.com

Website: www.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, 2019:

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, 2019 :

Sl. No.	No. of Shares	No. of Holders	% to Total	Total Shares	% to Total
1.	1 - 500	457	93.6475	23,051	0.2302
2.	501 - 1,000	10	2.0492	9,300	0.0929
3.	1,001 - 5,000	4	0.8197	6,500	0.0649
4.	5,001 - 10,000	0	0.000	0	0.0000
5.	10,001 - 50,000	0	0.000	0	0.0000
6.	50,001 - 1,00,000	0	0.000	0	0.0000
7.	1,00,001 - And Above	17	3.4836	99,75,149	99.6120
	Total	488	100.00	1,00,14,000	100.0000

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.

CORPORATE GOVERNANCE REPORT *(Contd.)*

Demat / Physical Form as on March 31, 2019	No. of Shares	Percentage
Physical	240000	2.397
Demat	9774000	97.603

As on March 31, 2019 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.

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
7th Floor, Room, No. 7A & 7B,
3A, Auckland Road,
Kolkata - 700017
West Bengal

Ph: (033) 2280 6616 / 17 / 18

Email id: nichetechpl@nichetechpl.com

Website: www.nichetechpl.com

For Investor Assistance:

Mr. Arvind Kumar Modi, Company Secretary & Compliance Officer

Flat No - 22, Second Floor, Right Side, Bazar Lane, Bhogal, Jangpura, New Delhi - 110 014

Email for investors:

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

Depositories:

National Securities Depository Limited

Trade World, 'A' Wing, 4th & 5th Floors,
Kamala Mills Compound,

Lower Parel, Mumbai - 400 013

Tel. No.: (022) 2499 4200

Fax No.: (022) 2497 6351

Email: info@nsdl.co.in

Website: www.nsdl.co.in

Central Depository Services (India) Limited

Marathon Futurex, A-Wing, 25th floor,

N M Joshi Marg, Lower Parel,

Mumbai - 400 013

Toll free No.: 1800-22-5533

Email: complaints@cDSLIndia.com

Website: www.cdslindia.com

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

CORPORATE GOVERNANCE REPORT *(Contd.)*

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.

10. OTHER DISCLOSURES

Basis of Related Party Transactions:

During the year 2018-19, 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 <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/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.

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 under the link <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/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 <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/policy-for-etermination-of-materiality-of-event-or-information.pdf>

CORPORATE GOVERNANCE REPORT *(Contd.)*

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 "Code of Conduct for Board of Directors & Senior Management Personnel" formulated in terms of Regulation 17 of the Regulations has been posted at Company's official website i.e. www.aarcl.in

Policy for determining 'material' subsidiaries:

The policy to determine a material subsidiary has been framed and the same is available on the website of the Company i.e. www.aarcl.in under the link <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/policy-for-determination-of-material-subsidiaries.pdf>

Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

Certificate as required under Part C of Schedule V of Listing Regulations, received from Mr. Anurag Fatehpuria (Membership No. 34471, CP No. 12855), Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 13th August, 2019. The certificate given by Mr. Anurag Fatehpuria published in this Report is annexed to this Corporate Governance Report.

Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace.

The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

- a. Number of complaints filed during the financial year: NIL
- b. Number of complaints disposed of during the financial year: NIL
- c. Number of complaints pending as on end of the financial year: NIL

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

In order to prevent misuse of any unpublished price sensitive information (UPSI), maintain confidentiality of all UPSI and prohibit any insider trading activity and abusive self-dealing of securities, in the interest of the shareholders at large, the Company has framed a Code of Conduct for Prohibition of Insider Trading. The said Code prohibits the Designated Persons of the Company from dealing in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company.

The details of dealing in Company's shares by Designated Employees/Designated Persons are quarterly placed before the Audit Committee. The Code also prescribes sanction framework and any instance of breach of code is dealt in accordance with the same. A copy of the said Code is made available to all employees of the Company and compliance of the same is ensured.

Further the Company has framed a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and the same is available on the website of the Company at <https://www.aarcl.in/images/pdf-reports/other-corporate-announcements/unpublished-price-sensitive-information-upsi-practices-and-procedures.pdf>

Compliance Certificate on Corporate Governance

Certificate received from M/s. R.K. Tapadia & Co., Chartered Accountants, Statutory Auditors of the Company (M. No. 053927) having office at 1/1 Sevak Baidya Street, New Indrapuri 4th Floor, Kolkata – 700 029 confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 (3) and Regulation 53(f) read with Schedule V (E) of the SEBI (LODR) Regulations, 2015 is annexed to this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT *(Contd.)*

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.
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

CORPORATE GOVERNANCE REPORT (Contd.)

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: 13th August, 2019

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 2018 - 19 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 2018-19;
- iii. Significant changes in accounting policies during the year 2018-19 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: 13th August, 2019

Avijit Das
CFO

Anupam Khetan
Whole-time Director

COMPLIANCE WITH CODE OF CONDUCT

In accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby affirmed that during the year 2018-19, all the Directors and Senior Managerial personnel have complied with the Code of Conduct, as applicable to them, and have given a confirmation in this regard.

For AAR Commercial Company Limited

Place: Kolkata
Date: 13th August, 2019

Anupam Khetan
Whole-time Director
DIN: 07003797

CORPORATE GOVERNANCE REPORT *(Contd.)***INDEPENDENT AUDITOR'S CERTIFICATE TO THE MEMBERS OF
AAR COMMERCIAL COMPANY LIMITED**

We have examined the compliance of conditions of Corporate Governance by M/s. AAR Commercial Company Limited ('the Company') for the year ended on March 31, 2019, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

We have been requested by the management of the Company to provide a certificate on compliance of corporate governance under the relevant provisions of the Listing Regulations. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations as amended from time to time.

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

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

Place : Kolkata
Date : 13th August, 2019

UDIN No. 19053927AAAAAX6973

CORPORATE GOVERNANCE REPORT (Contd.)**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors,
AAR Commercial Company Limited
HN - 22, Second Floor, Right Side,
Bazar Line, Bhogal, Jungpura,
New Delhi – 110 014

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AAR Commercial Company Limited having CIN: L63090WB1982PLC035019* and having Registered Office at Flat No - 22, Second Floor, Right Side, Bazar Lane, Bhogal, Jangpura, New Delhi – 110 014 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.N.	Name of the Directors	DIN	Date of Appointment in the Company
1	Mr. Anupam Khetan	07003797	21/03/2017
2	Mrs. Uma Sharma	06862354	06/05/2014
3	Mr. Udit Agarwal	07036864	06/12/2014
4	Mr. Rajendra Yadav	06980909	30/09/2014
5	Mr. Kumar Deepak	07052877	30/12/2014

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Dated: 13th August, 2019
Place: Kolkata

(Anurag Fatehpuria)
Practicing Company Secretary
Membership No. 34471,
CP No. 12855

** Registered Office of the Company has been shifted from the jurisdiction of Registrar of Companies, West Bengal to the jurisdiction of Registrar of Companies, Delhi and Haryana (from Kolkata to New Delhi). Company has filed E-Form INC-22 (informing the Registrar of Companies about situation of New Registered Office) with ROC. New Corporate Identification Number has not been generated/provided yet.*

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW AND DEVELOPMENT

As per data released by Central Statistics Office (CSO) "Real" or inflation-adjusted GDP grew 6.8 percent in 2018-19, lower than previous year's 7.2 percent. The growth in GDP was slowest since 2014-15.

Slowdown signs have been visible since last year, with GDP growing 6.6 percent in October-December 2018. The national income data have reinforced deceleration signs that were emanating from a slew of shop-end data, such as car and consumer goods sales, often seen as proxy indicators to gauge trends in household spending.

The projected GDP ranking as per International Monetary Fund (IMF) outlook October 2018 for year 2019 and 2023:

In 2019, Top ten countries in nominal terms would be: United States, China, Japan, Germany, India, France, United Kingdom, Italy, Brazil and Canada. In ppp terms, Top ten countries would be : China, United States, India, Japan, Germany, Russia, Indonesia, Brazil, United Kingdom and France. In top 10, Eight countries are common in both methods. Others two Italy and Canada are in top 10 on nominal basis, while Russia and Indonesia are in top 10 on ppp basis.

In both methods, United States and China would occupy first two place. US would be the largest economy of world on nominal basis where as China would be largest on ppp basis. US is ahead of China by \$7310 billion in 2019. China has overtook US in 2014 on ppp basis. China will remain the world's largest economy on ppp basis over the next few decades as 2nd ranked US is growing slow and 3rd ranked India is way behind.

In nominal ranking, India which is at 7th place in 2018, is projected to surpass United Kingdom and France in 2019 to become 5th largest economy of the world. France is also projected to overtake United Kingdom. Switzerland would move up to 19th by displacing Turkey. Among top 50, Rank of Iran would down by 10 followed by Argentina, down by 4 positions. Bangladesh might overtake Pakistan.

In top 50 ppp ranking, Egypt, Netherlands, Bangladesh, Peru, and Czech Republic would move up by one position by displacing Australia, Netherlands, South Africa, Austria and Norway, resp. in 2019.

United States (1, 8) is present in both list of top ten GDP and GDP per capita ranking at nominal terms. Germany (4, 18), Canada (10,19), Australia (14,11), Netherlands (17,13) and Switzerland (19,3) are in top twenty list of both ranking. In PPP, no economy is in top ten in both ranking. Four economies in both list of top 20: United States (2, 12), Germany (5, 18), and Saudi Arabia (16, 15).

India is expected to grow by 7% in 2019 and 7.2% in 2020, slightly slower than projected in April because the fiscal 2018 outturn fell short. GDP growth in India in the fourth quarter of FY19 declined to 5.8 % year-on-year, down more sharply than expected from 6.6% in the previous quarter. Annual GDP growth decelerated to 6.8% in FY19 from 7.2% in FY18. However it is expected that GDP growth to inch up again to 7.2% in FY21, helped by recent reforms to improve the business climate, strengthen banks and relieve agrarian distress

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 2018 – 19 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Contd.)*

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 2018-19 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. 1,27,37,423.00 as against Rs. 29,18,063.50 in the previous year. Profit before depreciation and taxation was Rs. 1,00,82,715.20 against Rs. 17,89,115.35 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. 80,64,452.20 as compared to Rs. 17,25,330.35 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 levels of the Company. Significant audit observations 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 is perused 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 : 13th August, 2019

Anupam Khetan
Whole-time Director
DIN: 07003797

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AAR COMMERCIAL COMPANY LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of AAR Commercial Company Limited ("the Company") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and those charged with governance for the standalone Ind AS financial statement

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of Standalone Ind AS financial statement

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

A further description of the auditor's responsibilities for the audit of the standalone Ind AS financial statements is included in Annexure A. This description forms part of our auditor's report.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements, if any.
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii) There were no amounts which were 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 : 25th day of April, 2019

Annexure - A to the Auditors' Report

Responsibilities for Audit of Financial Statement

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ramesh Kumar Tapadia
(Proprietor)
M. No. 053927

Place : Kolkata
Dated : 25th day of April, 2019

Annexure - B 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) There were no transactions with the related parties during the year as defined under provision of section 177 and 188 of the Companies Act, 2013. Hence no disclosure under AS-18 and section 133 of the said Act read with rule-7 of the Companies (Accounts) Rules 2014 is required.
- 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 : 25th day of April, 2019

Annexure - C 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 March 31, 2019 in conjunction with our audit of the standalone Ind AS 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 : 25th day of April, 2019

BALANCE SHEET as at March 31, 2019

(Amounts in ₹)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-Current Assets			
Financial assets			
(i) Investments	2	1,49,74,37,676	1,22,12,25,241
Other Non-Current Assets	3	8,54,171	22,38,171
Total Non-Current Assets		1,49,82,91,847	1,22,34,63,413
Current assets			
Financial assets			
(i) Trade Receivables	4	-	-
(ii) Cash and Cash Equivalents	5	16,58,31,970	24,82,409
(iii) Loans	6	25,78,462	45,78,462
Current Tax Assets (Net)	7	10,92,974	12,34,982
Other Current Assets	8	51,000	48,000
Total Current Assets		16,95,54,406	83,43,853
Total Assets		1,66,78,46,253	1,23,18,07,266
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	10,01,40,000	10,01,40,000
Other Equity	10	1,36,11,65,254	1,03,65,22,283
Equity attributable to shareholders of the Company		1,46,13,05,254	1,13,66,62,283
Total Equity		1,46,13,05,254	1,13,66,62,283
Non-Current Liabilities			
Deferred Tax Assets (Net)	11	20,62,86,800	9,50,56,509
Total Non-Current Liabilities		20,62,86,800	9,50,56,509
Current liabilities			
Financial liabilities			
(ii) Other Financial Liabilities	12	2,54,200	88,474
Total Current Liabilities		2,54,200	88,474
Total Equity and Liabilities		1,66,78,46,253	1,23,18,07,266

Significant Accounting Policies

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

Firm Registration Number-318166E

For and on behalf of the Board

(Ramesh Kumar Tapadia)

Proprietor

Membership No. 053927

(Anupam Khetan)

Director

DIN:07003797

(Uma Sharma)

Director

DIN: 06862354

Place : Kolkata

Date: 25th day of April, 2019

(Avijit Das)

Chief Financial Officer

(Arvind Kumar Modi)

Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2019

(Amounts in ₹)

Particulars	Note	For the Year 2018-19	For the Year 2017-18
Income			
Revenue from Operations	13	-	-
Other Income	14	1,27,37,423.00	29,18,063.50
Total Revenue		1,27,37,423.00	29,18,063.50
Expenses			
Purchases of Stock in Trade		-	-
Employee Benefits Expenses	15	11,31,600.00	3,55,050.00
Others expenses	16	15,23,107.80	7,73,898.15
Total expense		26,54,707.80	11,28,948.15
Profit/(loss) before tax		1,00,82,715.20	17,89,115.35
Tax Expenses			
- Current tax		(20,18,263.00)	(63,785.00)
Tax of earlier years		-	-
Profit/(Loss) for the Period		80,64,452.20	17,25,330.35
Other comprehensive income			
(i) Items that will not be reclassified to Statement of Profit and Loss.			
– Investments measured at FVTOCI		42,78,08,809.20	(59,00,63,019.00)
– Income tax relating to Investment at FVTOCI		(11,12,30,290.39)	20,02,43,968.86
Total Other Comprehensive Income/Loss		31,65,78,518.81	(38,98,19,050.14)
Total Comprehensive Income		32,46,42,971.01	(38,80,93,719.79)
Earning Per equity Share-Basic & Diluted	17	0.81	0.17
Face Value Per Share (In Rs.)		10.00	10.00

Significant Accounting Policies

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

Firm Registration Number-318166E

For and on behalf of the Board

(Ramesh Kumar Tapadia)

Proprietor

Membership No. 053927

(Anupam Khetan)

Director

DIN:07003797

(Uma Sharma)

Director

DIN: 06862354

Place : Kolkata

Date: 25th day of April, 2019

(Avijit Das)

Chief Financial Officer

(Arvind Kumar Modi)

Company Secretary

CASH FLOW STATEMENT for the year ended March 31, 2019

(Amounts in ₹)

Particulars	Year ended on 31 March 2019	Year ended on 31 March 2018
1 CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	1,00,82,715	17,89,115
Addition/Deduction:		
Dividend Received	(49,74,876)	(24,87,438)
Profit on Sale of Investments	-	-
Interest Received	(77,62,547)	(2,47,707)
Cash Flow from Operating Activities before Working Capital changes	(26,54,708)	(9,46,030)
Adjustments:		
Decrease/(increase) in Trade Receivables	-	22,15,000
Decrease/(increase) in current financial assets	20,00,000	11,18,807
Decrease/(increase) in current non financial assets	(18,79,255)	(10,96,224)
Increase/(decrease) in financial and non financial liabilities	11,13,96,017	(23,08,70,575)
Cash Generated From Operation	10,88,62,054	(22,95,79,022)
Taxes Paid	-	-
Cash Flow from Operating Activities	10,88,62,054	(22,95,79,022)
2 CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Received	49,74,876	24,87,438
Interest Received	77,62,547	2,47,707
Increase/Decrease of Investments	4,03,66,084	(10,05,67,394)
Decrease/(increase) in other non-current assets	13,84,000	(2,95,171)
Net Cash Flow from Investing Activities	5,44,87,507	(9,81,27,420)
3 CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Borrowings	-	-
Increase/Decrease in Share Capital	-	-
Increase/Decrease in Reserve and Surplus	-	32,96,65,572
Net Cash Flow from Financing Activities	-	32,96,65,572
4 NET CHANGE IN CASH & CASH EQUIVALENT	16,33,49,561	19,59,130
Opening Balance of Cash & Cash Equivalent	24,82,409	5,23,280
Opening Bank Balances other than above	-	-
CLOSING BALANCE OF CASH & CASH EQUIVALENT	16,58,31,970	24,82,409
Closing Bank Balances other than above	-	-

Note -

- 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'.
- 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
Firm Registration Number-318166E

For and on behalf of the Board

(Ramesh Kumar Tapadia)
Proprietor
Membership No. 053927

(Anupam Khetan)
Director
DIN:07003797

(Uma Sharma)
Director
DIN: 06862354

Place : Kolkata
Date: 25th day of April, 2019

(Avijit Das)
Chief Financial Officer

(Arvind Kumar Modi)
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2019

(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, 2018	10,01,40,000.00	-	10,01,40,000.00
For the year ended 31st March, 2019	10,01,40,000.00	-	10,01,40,000.00

B. OTHER EQUITY

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Amalgamation Reserve	Securities Premium	Securities Premium on account of Amalgamation	Capital Reserve on Merger	Retained Earnings	Investment measured at FVTOCI	
Balance as at 1st April, 2017	38,37,70,732.98	-	-	-	41,60,725.91	70,70,18,971.98	1,09,49,50,430.87
Changes in Accounting Policy	-	-	-	-	-	-	-
Restated Balance	38,37,70,732.98	-	-	-	41,60,725.91	70,70,18,971.98	1,09,49,50,430.87
<i>Add/(Less) :</i>							
Addition on Amalgamation	-	5,77,12,500.00	32,00,80,000.00	43,46,026.30	(58,18,482.41)	(4,66,54,472.22)	32,96,65,571.67
Profit for the year	-	-	-	-	17,25,330.35	-	17,25,330.35
Other Comprehensive Income/(Loss) for the year	-	-	-	-	-	(38,98,19,050.14)	(38,98,19,050.14)
Balance as at 31st March, 2018	38,37,70,732.98	5,77,12,500.00	32,00,80,000.00	43,46,026.30	67,573.85	27,05,45,449.62	1,03,65,22,282.75
<i>Add/(Less) :</i>							
Addition on Amalgamation	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	80,64,452.20	-	80,64,452.20
Other Comprehensive Income/(Loss) for the year	-	-	-	-	-	31,65,78,518.81	31,65,78,518.81
Balance as at 31st March, 2019	38,37,70,732.98	5,77,12,500.00	32,00,80,000.00	43,46,026.30	81,32,026.05	58,71,23,968.43	1,36,11,65,253.76

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
Firm Registration Number-318166E

(Ramesh Kumar Tapadia)
Proprietor
Membership No. 053927

Place : Kolkata
Date: 25th day of April, 2019

For and on behalf of the Board

(Anupam Khetan)
Director
DIN:07003797

(Avijit Das)
Chief Financial Officer

(Uma Sharma)
Director
DIN: 06862354

(Arvind Kumar Modi)
Company Secretary

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

NOTE - 1

CORPORATE INFORMATION

AAR Commercial 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 two stock exchanges in India. The registered office of the company is located in 1, British India Street (Old Complex), 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.

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.

A 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.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

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.

(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.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

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.

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 March 31, 2019

(Amounts in ₹)

NOTE - 2 : NON-CURRENT INVESTMENTS

	As at 31st March, 2019	As at 31st March, 2018
Unquoted Equity Instruments measured at fair value through Other Comprehensive Income		
In Other Company	-	15,15,96,374.60
Sub-Total	-	15,15,96,374.60
Quoted Equity Instruments measured at fair value through Other Comprehensive Income		
In Other Company		
4,97,48,760 (F.V. Rs. 10) (P.Y.: 2018 - 49,74,876 (F.V. Rs. 100)) Equity Share of Gallantt Ispat Ltd.	1,49,74,37,676.00	1,06,96,28,866.80
Sub-Total	1,49,74,37,676.00	1,06,96,28,866.80
Total	1,49,74,37,676.00	1,22,12,25,241.40
Aggregate book value of quoted investments	1,49,74,37,676.00	1,06,96,28,866.80
Aggregate market value of quoted investments	1,49,74,37,676.00	1,06,96,28,866.80
Aggregate amount of impairment in value of investments	-	-

NOTE - 3 : OTHER NON-CURRENT ASSETS

(Unsecured, considered good)		
Capital Advances	-	13,84,000.00
Other Advances		
Capital Registration Fees	8,54,171.20	8,54,171.20
Total	8,54,171.20	22,38,171.20

NOTE - 4 : TRADE RECEIVABLES

(Unsecured, considered good)		
Secured, Considered Good	-	-
Less : Allowance for doubtful receivables	-	-
	-	-

NOTE - 5 : CASH & CASH EQUIVALENTS

Balances with bank :		
On Current Accounts	16,42,27,547.45	1,14,599.65
Cash in hand (As certified by the management)	16,04,422.82	23,67,809.52
Total	16,58,31,970.27	24,82,409.17

NOTE - 6 : LOANS - CURRENT

(Unsecured, considered good)		
Other Loans	25,78,461.90	45,78,461.90
Total	25,78,461.90	45,78,461.90

NOTE - 7 : CURRENT TAX ASSETS (NET)

Advances (net of provisions)	10,92,974.10	12,34,982.10
Total	10,92,974.10	12,34,982.10

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

(Amounts in ₹)

NOTE - 8 : OTHER CURRENT ASSETS

Advances other than capital advances		
Security Deposit with Others	51,000.00	48,000.00
	51,000.00	48,000.00

NOTE - 9 : EQUITY SHARE CAPITAL

	As at 31st March, 2019	As at 31st March, 2018
Authorised Shares :		
124,50,000 (P.Y: 2017 - 101,40,000; 2016 - 101,40,000) Equity Shares of Rs.10/-each	12,45,00,000.00	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

(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, 2019		As at 31st March, 2018	
	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, 2019	As at 1st April, 2018
Equity Shares		
Equity Shares at the beginning of the year	1,00,14,000	1,00,14,000
Equity shares at the end of the year	1,00,14,000	1,00,14,000

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

(Amounts in ₹)

NOTE - 10 : OTHER EQUITY

	As at 31st March, 2019	As at 1st April, 2018
RESERVE AND SURPLUS		
Amalgamation Reserve	38,37,70,732.98	38,37,70,732.98
Securities Premium	5,77,12,500.00	5,77,12,500.00
Securities Premium on account of Amalgamation	32,00,80,000.00	32,00,80,000.00
Capital reserve on Amalgamation	43,46,026.30	43,46,026.30
Retained Earnings	81,32,026.05	67,573.85
	77,40,41,285.33	76,59,76,833.13
OTHER COMPREHENSIVE INCOME		
Investments measured at FVTOCI	58,71,23,968.43	27,05,45,449.62
	58,71,23,968.43	27,05,45,449.62
	1,36,11,65,253.76	1,03,65,22,282.75

NOTE - 11 : DEFERRED TAX ASSETS (NET)

	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Liability		
Investment at Fair Value through OCI	20,62,86,799.72	9,50,56,509.33
	20,62,86,799.72	9,50,56,509.33

NOTE - 12 : OTHER FINANCIAL LIABILITIES

Sundry Creditors for Exp. & Others	2,54,200.00	54,500.00
Other Payables	-	33,973.70
	2,54,200.00	88,473.70

NOTE - 13 : REVENUE FROM OPERATION

	For the Year 2018-19	For the Year 2017-18
Sale of Fabrics	-	-
	-	-

NOTE - 14 : OTHER INCOME

Dividend Received	49,74,876.00	24,87,438.00
Interest Received	77,62,547.00	2,47,707.00
Balances written off	-	1,82,918.50
	1,27,37,423.00	29,18,063.50

NOTE - 15 : EMPLOYEE BENEFITS EXPENSES

Salaries, Wages & Bonus	11,31,600.00	3,55,050.00
	11,31,600.00	3,55,050.00

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

(Amounts in ₹)

NOTE - 16 : OTHER EXPENSES

Payment to Auditor (Refer details below)	25,000.00	54,500.00
Accounting Charges	36,000.00	24,000.00
Advertisement Expenses	74,248.00	17,689.00
Annual Custodian Fees	-	1,03,500.00
Miscellaneous Expenditures	58,767.80	30,494.05
Brokerage Charges	9,400.00	-
Depository Charges	1,12,202.00	-
Director Sitting Fees	25,500.00	-
General Expenses	2,76,043.00	46,797.10
Interest on Tax Paid	-	2,408.00
Postage & Stamp	64,201.00	12,770.00
Professional Fees	1,43,000.00	-
Printing & Stationery	43,765.00	26,640.00
Registrar Fees	34,220.00	31,350.00
Rent Paid	1,49,200.00	96,000.00
Stock Exchange Fees	3,24,500.00	3,27,750.00
Travelling & Conveyance	1,47,061.00	-
	15,23,107.80	7,73,898.15
Payment to Auditor		
As Auditor (Including Goods and Service Tax)		
Statutory Audit Fee	25,000.00	54,500.00
	25,000.00	54,500.00

NOTE - 17 : EARNINGS PER SHARE(EPS)

	For the Year 2018-19	For the Year 2017-18
Net profit/(loss) after tax as per statement of Profit and Loss attributable to Equity Shareholders	80,64,452.20	17,25,330.35
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	0.81	0.17

NOTE - 18

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 - 19 : 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.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019**NOTE - 20 : 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 2018-19	For the Year 2017-18
Current Tax	20,18,263	(63,785.00)
Deferred Tax Charge/MAT Credit	-	-
Total Income Tax Expense recognised in Statement of Profit & Loss	20,18,263	(63,785.00)

(ii) **Reconciliation of effective tax rate :**

Profit before Tax	1,00,82,715	17,89,115
Enacted Tax Rate in India	26.000	25.750
Expected Tax Expenses	26,21,506	4,60,697
Exemption under Income Tax Act, 1961	(12,93,468)	(6,40,515)
Expenses disallowed under Income Tax Act, 1961	6,90,224	2,43,603
Losses carried forward	-	-
Income Tax Expenses	20,18,263	63,785

NOTE - 21 : SCHEMES OF AMALGAMATION AND ARRANGEMENT

The scheme of arrangement between the Company and M/s. Camella Tradelink Private Limited (the Transferor Company) for merger has been approved by the Hon'ble High Court of West Bengal on 31st October, 2018. Pursuant to the scheme, M/s. Camella Tradelink Private Limited has merged with the Company with effect from 1st April, 2017. Accordingly, M/s Camella Tradelink Private Limited had ceased to exist and had merged with the Company. Accordingly entire assets and liabilities of the Transferor company have been recognised by the Company as the date of the transaction at same carrying values as in the books of the Transferor company. The difference between the share capital and the carrying values of investment in the Transferor company in the books of the Company had been carried to capital reserve.

NOTE - 22 : 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, 2019		As at 31st March, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at Fair Value through Other Comprehensive Income				
Quoted Equity Investments	1,49,74,37,676	1,49,74,37,676	1,06,96,28,867	1,06,96,28,867
Unquoted Equity Investments	0	0	15,15,96,375	15,15,96,375

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

(Amounts in ₹)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Measured at Amortised Cost				
Equity Investments	0	0	0	0
Other Non-Current Assets	8,54,171	8,54,171	22,38,171	22,38,171
Trade Receivables	0	0	0	0
Cash and cash Equivalents	16,58,31,970	16,58,31,970	24,82,409	24,82,409
Loans - Current	25,78,462	25,78,462	45,78,462	45,78,462
Other Financial Assets	0	0	0	0
Other Financial Liabilities	2,54,200	2,54,200	88,474	88,474
Other Current assets	51,000	51,000	48,000	48,000

(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:

Particulars	Fair Value Hierarchy	As at 31st March, 2019	As at 31st March, 2018
Financial Assets			
Measured at Fair Value through Other Comprehensive Income			
Quoted Equity Shares	1	1,49,74,37,676	1,06,96,28,867
Unquoted Equity Shares		0	15,15,96,375
Measured at Amortised Cost			
Equity Shares	3	0	0

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.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2019

(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.

As per our report of even date
For **R. K. Tapadia & Co**
Chartered Accountants
Firm Registration Number-318166E

For and on behalf of the Board

(Ramesh Kumar Tapadia)
Proprietor
Membership No. 053927

(Anupam Khetan)
Director
DIN:07003797


(Uma Sharma)
Director
DIN: 06862354

Place : Kolkata
Date: 25th day of April, 2019

(Avijit Das)
Chief Financial Officer

(Arvind Kumar Modi)
Company Secretary

NOTES



“ A river cuts through rock,
not because of its power,
but because of its
persistence.”