



# NKR & CO

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Arco Leasing Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Arco Leasing Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, 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 ("the Act"). 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 independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report, but does not include the financial statements and our auditor's report thereon. The Directors Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Directors Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.



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## **Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



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 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 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.

### 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 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

#### For N K R & CO

Chartered Accountants

Firm's Registration No. 127820 W

*Mahadik*  
K. M. Mahadik  
Partner  
Membership No. 48453  
Place: Mumbai  
Date: May 30, 2019



**ANNEXURE REFERRED TO IN PARAGRAPH 1 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT TO THE MEMBERS OF ARCO LEASING LIMITED OF EVEN DATE FOR THE YEAR ENDED MARCH 31, 2019**

- (i) Since the company does not have fixed assets as at the end of the year, Clauses (i) (a), (i) (b) and (i) (c) are not applicable.
- (ii) Since the company does not have inventory Clause (ii) is not applicable.
- (iii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, since during the year there are no transactions of loans, investments, guarantees, and security, compliance of the provisions of section 185 and 186 of the Companies Act, 2013 do not arise.
- (v) In our opinion and according to the information and explanations given to us, during the year the company has not accepted any deposits from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues of income-tax (except non deposit of advance income tax) with the appropriate authorities. According to the records of the company, the company does not have undisputed statutory dues of provident fund, employees' state insurance, goods and service tax, service tax, sales-tax, duty of customs, duty of excise, value added tax and cess. The arrears of statutory dues of income tax of ₹ 0.88 Lakhs as at March 31, 2019 were outstanding for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of income tax, sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
- (viii) As the company has not borrowed any amount from Bank or Financial Institution or debenture holders, the reporting under this clause do not arise.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and during the year the company has not raised any term loan.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no 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.
- (xi) Since the company has not paid / provided managerial remuneration Clause (xi) is not applicable.
- (xii) Since the company is a not Nidhi Company, Clause (xii) is not applicable.



- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- (xiv) According to the records of the company, in respect of preferential allotment or private placement of shares made by the company during the year under review, the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been partly used for the purposes for which the funds were raised and part utilisation thereof is pending.
- (xv) According to the records of the company and in our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, compliance with the provisions of Section 192 of Companies Act, 2013 does not arise.
- (xvi) In our opinion and according to the information and explanations given to us, though the company's financial assets are more than 50% of total assets as at the end of the year and income from financial assets during the year is more than 50% of total income, in view of interest on deposits with bank (financial asset) being of short term nature not to form part of principal business of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For N K R & CO**  
Chartered Accountants  
Firm's Registration No. 127820 W

*Mahadik*  
K. M. Mahadik  
Partner  
Membership No. 48453  
Place: Mumbai  
Date: May 30, 2019



**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ARCO LEASING LIMITED**

**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 Arco Leasing Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

**Auditor's 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 the Institute of Chartered Accountants of India 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the 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 N K R & CO**  
Chartered Accountants  
Firm's Registration No. 127820 W

*Mahadik*

K. M. Mahadik  
Partner  
Membership No. 48453  
Place: Mumbai  
Date: May 30, 2019



**ARCO LEASING LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2019**

	Note No.	As at	
		March 31, 2019	March 31, 2018
		₹ in lakhs	₹ in lakhs
<b>ASSETS</b>			
<b>1) Non Current Assets</b>			
(a) Property, Plant and Equipment	2	-	0.09
(b) Deferred Tax Assets	3	-	0.17
(c) Other Non Current Assets	4	0.04	0.04
		<b>0.04</b>	<b>0.30</b>
<b>2) Current Assets</b>			
(a) Financial Assets			
(i) Investments	5	2.64	11.03
(ii) Trade Receivables	6	0.02	0.76
(iii) Cash and Cash Equivalents	7	0.87	1.60
(iv) Bank Balances Other Than (iii) Above	7	190.00	-
(v) Other Financial Assets	8	22.80	-
(b) Other Current assets	9	-	0.01
		<b>216.33</b>	<b>13.40</b>
<b>TOTAL ASSETS</b>		<b>216.37</b>	<b>13.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	10	24.01	24.01
(b) Other Equity	11	(18.17)	(18.41)
		<b>5.84</b>	<b>5.60</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Trade Payables	12		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		8.43	8.10
(ii) Other Financial Liabilities	13	200.00	-
(b) Current Tax Liabilities (Net)	14	2.10	-
		<b>210.53</b>	<b>8.10</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>216.37</b>	<b>13.70</b>

Significant Accounting Policies  
 (Notes forms integral part of Accounts)

1

As per our report of even date

**For N K R & CO**  
 Chartered Accountants

K M Mahadik  
 Partner  
 Place: Mumbai  
 Date: May 30, 2019



**For and on behalf of the Board of Directors**

Rajendra Ruia  
 Director  
 Place: Mumbai  
 Date: May 30, 2019

Narendra Ruia  
 Director  
 Place: Mumbai  
 Date: May 30, 2019



ARCO LEASING LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
		₹ in lakhs	₹ in lakhs
<b>Revenue</b>			
Revenue from Operations	15	-	1.34
Other Income	16	13.20	-
<b>Total Income</b>		<b>13.20</b>	<b>1.34</b>
<b>Expenses</b>			
Fair Value changes on Financial Assets	17	-	0.07
Other Expenses	18	9.38	21.85
<b>Total Expenses</b>		<b>9.38</b>	<b>21.92</b>
<b>Profit/(Loss) from ordinary activities before tax</b>		<b>3.82</b>	<b>(20.58)</b>
<b>Tax expense</b>			
a) Current Tax		(3.41)	-
b) Deferred Tax		(0.17)	-
<b>Profit/(Loss) after tax</b>		<b>0.24</b>	<b>(20.58)</b>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income (comprising loss and other comprehensive income)</b>		<b>0.24</b>	<b>(20.58)</b>
Basic & Diluted Earnings per Share of ₹ 10 each	19	0.10	(8.57)

Significant Accounting Policies  
(Notes forms integral part of Accounts)

1

As per our report of even date

For N K R & CO  
Chartered Accountants

For and on behalf of the Board of Directors

K M Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2019



Rajendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

Narendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

ARCO LEASING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. EQUITY SHARE CAPITAL

	(₹ in lakhs)
Balance as at April 1, 2017	24.01
Changes in share capital during the year	-
Balance as at March 31, 2018	24.01
Changes in share capital during the year	-
Balance as at March 31, 2019	24.01

B. OTHER EQUITY

	(₹ in lakhs)
As at April 1, 2017	2.17
Profit/(loss) for the year	(20.58)
Other Comprehensive Income	-
As at March 31, 2018	(18.41)
Profit/(loss) for the year	0.24
Other Comprehensive Income	-
As at March 31, 2019	(18.17)
<b>Total</b>	<b>(18.17)</b>

As per our report of even date

For N K R & CO  
Chartered Accountants

K M Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2019



For and on behalf of the Board of Directors

Rajendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

Narendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

**ARCO LEASING LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in lakhs	₹ in lakhs
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	3.82	(20.58)
Adjustment for:		
Net Loss / (Gain) on sale of Investment	0.01	(0.01)
Fair Value changes in Non Current Investments	(0.13)	(0.47)
Interest income	(13.07)	-
Loss on fixed assets discarded	0.09	-
Balance Written off	-	11.50
<b>Operating Cash Flow before working capital changes</b>	<b>(9.28)</b>	<b>(9.56)</b>
Adjustment for:		
(Increase)/Decrease in Receivables	0.74	(0.34)
(Increase)/Decrease in Current Assets and Financial assets	0.01	-
Increase / (Decrease) in Payables and Financial liabilities	0.33	7.98
<b>Cash used in operations</b>	<b>(8.20)</b>	<b>(1.92)</b>
Less: Taxes on Income (Paid)/Refund (Net)	(1.31)	-
<b>Net Cash used in Operating Activities</b>	<b>(9.51)</b>	<b>(1.92)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of Investments (including advances)	(11.53)	-
Interest received	1.80	-
Proceeds from Sale of Investments	8.51	2.97
<b>Net Cash (used in) / generated from Investing Activities</b>	<b>(1.22)</b>	<b>2.97</b>
<b>Cash Flow From Financing Activities</b>		
Proceeds from issue of shares	200.00	-
<b>Net Cash generated from Financing Activities</b>	<b>200.00</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>189.27</b>	<b>1.05</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1.60</b>	<b>0.55</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>190.87</b>	<b>1.60</b>

Note: The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement.

As per our report of even date

**For N K R & CO**  
Chartered Accountants

**For and on behalf of the Board of Directors**

K M Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2019



Rajendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

Narendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

## ARCO LEASING LIMITED

Notes forming part of the financial statements for the year ended March 31, 2019

### 1 CORPORATE INFORMATION

Arco Leasing Limited ("the Company") is a listed public limited company incorporated on February 1, 1984.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provision of the Act.

#### 2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

#### 2.4 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

#### 2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments;



## ARCO LEASING LIMITED

Notes forming part of the financial statements for the year ended March 31, 2019

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit and loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVTOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognise impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

### (ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



**ARCO LEASING LIMITED**

Notes forming part of the financial statements for the year ended March 31, 2019

**2.6 Property, Plant and Equipment**

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost include acquisition cost which is directly attributable to bring the assets to its working condition.

The company has not charged any depreciation for the current year the balance in the fixed asset represent the scrap value of the asset at the time of sale as per the provisions contained in companies act, 2013.

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

**2.8 Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

**2.9 Earnings per share**

Basic earnings per share are computed by dividing the profit / (loss) by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.



ARCO LEASING LIMITED  
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2019

2 Property, Plant & Equipment

	Furniture & Fixtures	Office Equipments	Total
	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>A. Gross Block</b>			
Balance as at April 1, 2017	1.04	1.45	2.49
Add: Additions During the year	-	-	-
Less: Deletions during the year	-	-	-
Balance as at March 31, 2018	1.04	1.45	2.49
Add: Additions During the year	-	-	-
Less: Deletions during the year	1.04	1.45	2.49
Balance as at March 31, 2019	-	-	-
<b>B. Accumulated Depreciation</b>			
Balance as at April 1, 2017	1.02	1.38	2.40
Add: Depreciation for the year	-	-	-
Less: Written back / adjustments during the year	-	-	-
Balance as at March 31, 2018	1.02	1.38	2.40
Add: Depreciation for the year	-	-	-
Less: Written back / adjustments during the year	1.02	1.38	2.40
Balance as at March 31, 2019	-	-	-
<b>C. Net Block</b>			
As at March 31, 2018	0.02	0.07	0.09
As at March 31, 2019	-	-	-

3 Deferred Tax Assets

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Deferred Tax Liability		
Differential for Depreciation as per Books	-	(0.02)
Deferred Tax Assets		
Other temporary differences	-	0.19
<b>TOTAL</b>	-	<b>0.17</b>

4 Other Non Current Assets

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Unsecured, Considered Good		
Advance Income Tax (Net)	0.04	0.04
<b>Total</b>	<b>0.04</b>	<b>0.04</b>

5 Investments - Current

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Current Investments		
Investments in Mutual Funds		
12,788.892 units (P.Y. 55,000) UTI Dynamic Bond Fund - Regular Growth Plan	2.64	11.03
<b>Total</b>	<b>2.64</b>	<b>11.03</b>

6 Trade Receivables

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Unsecured, considered good	0.02	0.76
<b>Total</b>	<b>0.02</b>	<b>0.76</b>

7 a) Cash and Cash Equivalents

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Cash in hand	0.27	0.28
Balance with Bank in Current Accounts	0.60	1.32
<b>Total</b>	<b>0.87</b>	<b>1.60</b>

b) Bank Balances Other Than Above

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Fixed Deposit with Bank with maturity period exceeding three months but not exceeding twelve months	190.00	-
<b>Total</b>	<b>190.00</b>	<b>-</b>

8 Other Financial Assets

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
Interest receivable	11.27	-
Advance towards purchase of Investments	11.53	-
<b>Total</b>	<b>22.80</b>	<b>-</b>

9 Other Current Assets

	As at	As at
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in lakhs
(Unsecured, considered good)		
Prepaid expenses	-	0.01
<b>Total</b>	<b>-</b>	<b>0.01</b>



ARCO LEASING LIMITED  
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2019

10 Equity Share Capital

	As at	
	March 31, 2019	March 31, 2018
	₹ in lakhs	
Authorized Capital* 3,000,000 (P.Y. 250,000) Equity Shares of ₹ 10 each	300.00	25.00
Issued, Subscribed & Fully Paid up Capital 240,070 (P.Y. 240,070) Equity Shares of ₹ 10 each	24.01	24.01
<b>Total</b>	<b>24.01</b>	<b>24.01</b>

\* Total authorised capital including Cumulative Redeemable Preference Shares - ₹ 600 Lakhs (P.Y. ₹ 25 Lakhs).

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	March 31, 2019		March 31, 2018	
	Numbers	₹ in lakhs	Numbers	₹ in lakhs
Equity Shares				
Balance at the beginning of the year	240,070	24.01	240,070	24.01
Issued during the year	-	-	-	-
Balance at the end of the year	240,070	24.01	240,070	24.01

b. Details of shareholders holding more than 5% shares in the company:

	March 31, 2019		March 31, 2018	
	Numbers	%	Numbers	%
Shri Narendra Rula	40,195	16.74%	40,195	16.74%
Smt. Sarita Rula	39,410	16.42%	39,410	16.42%
Shri Rajendra Rula	16,085	6.70%	16,085	6.70%

c. Rights, preferences and restrictions attached to shares: The company has one class of equity shares of face value of ₹ 10 each. Every shareholder is entitled to one vote for every shares held. In the event of liquidation the equity shareholders shall be entitled to receive remaining assets of the company after distribution of all dues in proportion of their holdings.

d. In preceding five years the company has not allotted any shares without payment being received in cash and it has not issued bonus shares or bought back any shares.

11 Other Equity

	As at	
	March 31, 2019	March 31, 2018
	₹ in Lakhs	
Retained Earnings		
Balance at the beginning of the year	(18.41)	2.17
Add: Profit/(loss) for the year	0.24	(20.58)
Balance at the end of the year	(18.17)	(18.41)
<b>Total</b>	<b>(18.17)</b>	<b>(18.41)</b>

12 Trade Payables

	As at	
	March 31, 2019	March 31, 2018
	₹ in Lakhs	
Trade payables		
Total outstanding dues of micro enterprises and small	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8.43	8.10
<b>Total</b>	<b>8.43</b>	<b>8.10</b>

13 Other Financial Liabilities

	As at	
	March 31, 2019	March 31, 2018
	₹ in Lakhs	
200,000 0.01% Cumulative Redeemable Preference Shares of ₹ 100 each	200.00	-
<b>Total</b>	<b>200.00</b>	<b>-</b>

Notes:

a) Authorized Capital:

Particulars	March 31, 2019	March 31, 2018
300,000 (P.Y. Nil) Cumulative Redeemable Preference Shares of ₹ 100 each	300.00	-

b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	March 31, 2019		March 31, 2018	
	Numbers	₹ in Lakhs	Numbers	₹ in Lakhs
Preference shares				
Balance at the beginning of the year	-	-	-	-
Issued during the year	200,000	200.00	-	-
Balance at the end of the year	200,000	200.00	-	-

c) Details of shareholders holding more than 5% shares in the company

	March 31, 2019		March 31, 2018	
	Numbers	₹ in Lakhs	Numbers	₹ in Lakhs
Edwell Infrastructure Hazira Ltd	200,000	200.00	-	-

d) The preference shares are redeemable at par on demand at the option of the holder and accordingly, disclosed under other financial liabilities.

14 Current Tax Liabilities (Net)

	As at	
	March 31, 2019	March 31, 2018
	₹ in Lakhs	
Current Income Tax Liability (Net)	2.10	-
<b>Total</b>	<b>2.10</b>	<b>-</b>





**ARCO LEASING LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2019**

**15 Revenue from Operations**

	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Income from Services rendered	-	0.78
Profit on Sale of Current Investments	-	0.56
<b>Total</b>	-	<b>1.34</b>

**16 Other Income**

	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in Lakhs
Interest on deposits with bank	13.07	-
Fair value Changes in Investments	0.13	-
<b>Total</b>	<b>13.20</b>	-

**17 Fair Value changes on Financial Assets**

	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Fair Value changes in Investments (Net)	-	0.07
<b>Total</b>	-	<b>0.07</b>

**18 Other Expenses**

	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
	₹ in lakhs	₹ in Lakhs
Audit fees	0.50	0.21
Advertisement Expenses	0.35	-
Interest on delayed payment of taxes (@ ₹ 225)	@	-
Legal & Professional Fees	1.67	0.32
Membership & Subscription Fees	-	10.73
Miscellaneous Expenses	0.02	0.04
Postage & Telephone	-	0.08
Printing & Stationery	0.32	0.07
Filing Fees, Rates & Taxes	6.42	0.02
Short recovery of advance	-	10.35
Service Charges	-	0.03
Loss on fixed assets discarded	0.09	-
Loss on Sale of investments	0.01	-
<b>Total</b>	<b>9.38</b>	<b>21.85</b>

**19 Earnings Per Share**

There are no potential equity shares and hence the basic and diluted earnings per share are same. The calculation of the basic and diluted earnings per share is based on following data.

	March 31, 2019	March 31, 2018
Earnings [Profit/(Loss) after tax]	0.24	(20.58)
Weighted average number of equity shares for the purpose of calculating earnings per share	240,070	240,070
<b>Basic &amp; Diluted Earnings per share of face value of ₹ 10 each (₹)</b>	<b>0.10</b>	<b>(8.57)</b>

20 The company does not have any commitment and contingent liabilities.

21 The Company does not have related parties and necessary disclosure of transaction and balances are not applicable.

22 The company has single business segment of Investments.



**23 Financial instruments :****1 Capital management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

The Company is not subject to any externally imposed capital requirements. The Company's board of directors reviews the capital structure on an annual basis. The financial tie up for the company are long term in nature as it is in infrastructure business. Therefore all new capital requirements are duly discussed by the board of directors. The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes borrowings less cash and cash equivalents and other bank balances.

**2 Categories of financial instruments**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying amount	Fair values	Carrying amount	Fair values
	(₹ in lakhs)			
<b>Financial assets</b>				
Measured at amortised cost				
Investments	2.64	2.64	11.03	11.03
Trade Receivables	0.02	0.02	0.76	0.76
Cash and Cash Equivalents	0.87	0.87	1.60	1.60
Bank Balances Other Than (iii) Above	190.00	190.00	-	-
Other Financial Assets	22.80	22.80	-	-
<b>Total financial assets carried at amortised cost</b>	<b>216.33</b>	<b>216.33</b>	<b>13.39</b>	<b>13.39</b>
Fair Value through profit and loss account				
Investment in Mutual Funds	2.64	2.64	11.03	11.03
	2.64	2.64	11.03	11.03
<b>Financial liabilities</b>				
Measured at amortised cost				
Trade Payables	8.43	8.43	8.10	-
Other Financial Liabilities	200.00	200.00	-	-
<b>Financial liabilities measured at amortised cost</b>	<b>208.43</b>	<b>208.43</b>	<b>8.10</b>	<b>-</b>

**Fair value hierarchy**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis.

Particulars	As at March 31, 2019		As at March 31, 2018	
	Fair value measurement using			
	Quoted prices in active markets	Quoted prices in active markets (Level 1)		
	(₹ in lakhs)			
<b>FVTPL financial assets designated at fair value</b>				
Investment in Mutual Funds (quoted)	2.64			11.03

**3 Financial risk management objectives**

The Company's Corporate finance department monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

**4 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Trade receivables**

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivable and, where appropriate, credit guarantee insurance cover is purchased. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables.

**Cash and bank balances**

The credit risk on liquid funds and other bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.



**ARCO LEASING LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2019**

**5 Liquidity risk management**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods and its financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	As at March 31, 2019				As at March 31, 2018			
	< 1year	1-5 years	> 5 years	Total	< 1year	1-5 years	> 5 years	Total
<b>Financial assets</b>								
Investments	2.64	-	-	2.64	11.03	-	-	11.03
Trade Receivables	0.02	-	-	0.02	0.76	-	-	0.76
Cash and Cash Equivalents	0.87	-	-	0.87	1.60	-	-	1.60
Bank Balances Other Than (iii) Above	190.00	-	-	190.00	-	-	-	-
Other Financial Assets	22.80	-	-	22.80	-	-	-	-
<b>Total financial assets</b>	<b>216.33</b>	<b>-</b>	<b>-</b>	<b>216.33</b>	<b>13.39</b>	<b>-</b>	<b>-</b>	<b>13.39</b>
<b>Financial liabilities</b>								
Trade Payables	8.43	-	-	8.43	8.10	-	-	8.10
Other Financial Liabilities	200.00	-	-	200.00	-	-	-	-
<b>Total financial liabilities</b>	<b>208.43</b>	<b>-</b>	<b>-</b>	<b>208.43</b>	<b>8.10</b>	<b>-</b>	<b>-</b>	<b>8.10</b>

24 Previous year figures have been rearranged / regrouped wherever necessary.

As per our report of even date

For N K R & CO  
Chartered Accountants

K.M.Mahadik  
Partner  
Place: Mumbai  
Date: May 30, 2019



For and on behalf of the Board of Directors

Rajendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019

Narendra Ruia  
Director  
Place: Mumbai  
Date: May 30, 2019