

INDEPENDENT AUDITORS' REPORT

**To the Members of
Arshiya Rail Infrastructure Limited**

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying Financial Statements of **Arshiya Rail Infrastructure Limited ('the Company')**, which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As mentioned in Note no. 48 of the Financial Statement, the Company failed to make payment prescribed as per One Time Settlement with a lender. As a result, event of default has occurred and the entire debt prior to date of settlement become payable along with interest. The Company has not reversed the gain recorded and provided for additional interest. Had the Company reversed the gain recorded and provided for additional interest, exceptional item would have been lower by Rs. 6604.55 Lakh and finance cost would have been higher Rs. 3500.76 Lakh having consequential impact on total comprehensive income, liabilities and other equity.

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 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.



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Material Uncertainty Related to Going Concern

We draw attention to the note no. 46 of the financial statement, which indicates that company has incurred a net loss of Rs. 41,83.51 Lakh during the year ended 31st March 2019 and as of that date, company's current liabilities exceeded its current assets by Rs. 294,49.72 Lakh, it is unable to meet its financial obligations and as of that date it's accumulated losses is resulting in negative net worth. These conditions, along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about company's ability to continue as a going concern. Arshiya Limited, the Parent Company, has given a support letter to extend, for the foreseeable future, any financial support which may be required by company. Further, in view of various steps taken by the management, future outlook as assessed by the management and the business plans and in lieu of the support letter from the Parent Company, the management has assessed company continues to be going concern. Our opinion is not modified in respect of the said matter.

Emphasis of Matter

We draw attention to note no. 52 of the statement regarding the balance confirmations of borrowings, trade receivables, trade payables and loans and advances. During the course of preparation of financial statements, e-mails/letters have been sent to various parties by the respective companies with a request to confirm their balances directly to us out of which only few parties have responded, accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable. Our Opinion is not modified in respect of the said matter.

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 director report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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When we read the director report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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.



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- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comment in the Annexure A, 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;



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Report on the Financial Statements for the year ended 31st March 2019

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- b. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, 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), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- d. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;
- e. On the basis of the written representations received from the directors of the Company as on 31st March, 2019 and taken on record by the Board of Directors, we report that 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. The matters described in the paragraphs above "Material Uncertainty Related to Going Concern", in our opinion, may have an adverse effect on the functioning of the Company;
- g. 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 B";
- h. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- i. In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the act is not applicable to the company since no managerial remuneration is paid / provided.



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- j. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company, as detailed in Note no. 34(ii) (d and e) and 35 to the financial statements has disclosed the impact of pending litigations on its financial position.
 - ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.
 - iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355

Chaturvedi & Shah LLP
Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

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"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Rail Infrastructure Limited on the financial statements for the year ended 31st March 2019)

- (i) In respect of fixed assets:-
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) As explained to us, the Company has physically verified fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
 - (c) In our opinion and according to information and explanation given to us and on the basis of our examination of available records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of its inventories:-
The Company does not have any inventory at year end. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
- (iii) 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. Therefore, the provision of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to information and explanation given to us, the company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of providing guarantees. The company has not given any loan, made investment and securities.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of services rendered. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



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- (vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular except slight delays in few cases, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable except Tax deducted at Source and Service Tax amounting to Rs. 86.88 Lakh and Rs. 610.48 Lakh, respectively and interest on tax deducted at source and interest on service tax amounting to Rs. 158.32 Lakh and Rs. 427.57 Lakh, respectively.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute except as mentioned below:-

| (Rs. In Lakh) | | | | |
|-----------------------|------------------------|--|---------------------------------|--|
| Name of the Statute | Nature of Dues | Amount Disputed (net of amount deposited)* | Period to which Dispute Relates | Forum where Dispute is Pending |
| The Finance Act, 1994 | Service tax | 20.58 | FY 2011-2012 and 2012-2013 | Commissioner of Service Tax (Appeal 1) |
| | Penalty on Service tax | 25.82 | FY 2011-2012 and 2012-2013 | Commissioner of Service Tax (Appeal 1) |
| | Total | 46.40 | | |

*net of Rs. 5.14 Lakh paid under protest.

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at balance sheet date except as mentioned below. There are no dues to debenture holders and government as at the balance sheet date.



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Defaults in respect of bank and financial institutions are as under:-

(Rs. In Lakh)

| Particulars | Amount of continuing default as on 31st March, 2019 | | Period of Default |
|---|---|------------------|--------------------------|
| | Principal | Interest | |
| Edelweiss Asset Reconstruction Company Limited- through Various trust | - | 1378.00 | Financial Year 2017-2018 |
| | - | 1,651.87 | Financial Year 2018-2019 |
| EARC-Rupee term loan | 2,960.00 | 390.64 | Financial Year 2018-2019 |
| Corporation Bank | - | 676.15 | Financial Year 2013-2014 |
| | 142.50 | 616.80 | Financial Year 2014-2015 |
| | 2,586.46 | 725.71 | Financial Year 2015-2016 |
| | - | 901.75 | Financial Year 2016-2017 |
| | - | 1,059.67 | Financial Year 2017-2018 |
| | - | 1,303.57 | Financial Year 2018-2019 |
| Bank of India | 2,840.00 | 188.64 | Financial Year 2018-2019 |
| Karur Vysya Bank Limited | 22.50 | - | Financial Year 2012-2013 |
| | 75.00 | 288.90 | Financial Year 2013-2014 |
| | 1,35.00 | 259.72 | Financial Year 2014-2015 |
| | 1,109.14 | 310.23 | Financial Year 2015-2016 |
| | - | 385.48 | Financial Year 2016-2017 |
| | - | 452.98 | Financial Year 2017-2018 |
| | - | 1,120.39 | Financial Year 2018-2019 |
| Total | 9,870.60 | 11,710.50 | |

- (ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments). During the year company has raised term loan which have been applied for the purpose for which it is raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.



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- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) 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. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/ W100355


Vijay Napawaliya

Partner

Membership No. 109859



Place: Mumbai

Date: 27/05/2019

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"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Rail Infrastructure Limited on the financial statements for the year ended 31st March 2019.

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 Arshiya Rail Infrastructure Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the 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.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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Report on the Financial Statements for the year ended 31st March 2019
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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, 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.



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Opinion

According to the information and explanations given to us and based on the audit of test of controls, 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 31st March, 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 Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

ARSHIYA RAIL INFRASTRUCTURE LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rupees in lakhs)

| ASSETS | | | |
|--|----|------------------|------------------|
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 5 | 44,322.37 | 47,856.82 |
| (c) Intangible Assets | 6 | 2,825.28 | 3,223.16 |
| (d) Financial Assets | 7 | 663.64 | 818.60 |
| (i) Other Financial Assets | 8 | 1,335.26 | 1,227.72 |
| (e) Other Non-Current Assets | | 49,146.55 | 53,126.30 |
| Current assets | | | |
| (a) Inventories | 9 | - | 15.66 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 10 | 1,323.33 | 666.59 |
| (ii) Cash and Cash Equivalents | 11 | 120.24 | 375.35 |
| (iii) Bank Balances Other than (ii) above | 12 | 267.30 | 386.16 |
| (iv) Other Financial Assets | 13 | 322.37 | 348.59 |
| (c) Other Current Assets | 14 | 133.81 | 308.46 |
| | | 2,167.05 | 2,100.81 |
| TOTAL ASSETS | | 51,313.60 | 55,227.11 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 15 | 4,238.44 | 4,238.44 |
| (b) Other Equity | 16 | (18,197.13) | (14,073.62) |
| | | (13,958.69) | (9,835.18) |
| Liabilities | | | |
| Non Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 17 | 31,902.67 | 33,538.04 |
| (b) Provisions | 18 | 120.52 | 16.42 |
| (c) Other Non-Current Liabilities | 19 | 1,632.32 | 1,723.69 |
| | | 33,655.51 | 35,278.15 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 304.38 | 2,029.26 |
| (ii) Trade Payables | 21 | 15.77 | 5.24 |
| (A) Total outstanding dues of Micro and Small Enterprises | | | |
| (B) Total outstanding dues of creditors Other than Micro and Small Enterprises | | 1,307.44 | 620.88 |
| (iii) Other Financial Liabilities | 22 | 28,103.68 | 25,206.84 |
| (b) Other Current Liabilities | 23 | 1,874.90 | 1,918.23 |
| (c) Provisions | 24 | 10.61 | 3.69 |
| | | 31,616.78 | 29,784.14 |
| TOTAL EQUITY & LIABILITIES | | 51,313.60 | 55,227.11 |

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Notes to the financial statements
As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

Vijay Napawaliya
Partner

Membership Number. 109859



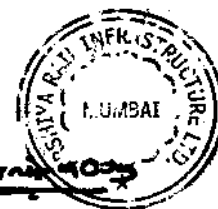
For and on behalf of Board of Directors of
Arshiya Rail Infrastructure Limited

Ajay S Mittal
Director
DIN : 00226355

Amardeep Gupta
Chief Financial Officer

Navnit Choudhary
Director
DIN : 00613576

Avani
Avani Dipakkumar Lakhani
Company Secretary



Place : Mumbai
Date : May 27, 2019

ARSHIYA RAIL INFRASTRUCTURE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

| INCOME | 25 | 13,614.83 | 13,598.32 |
|---|----|-------------|-------------|
| Revenue from operations | 26 | 641.87 | 1,459.39 |
| Other income | | 14,256.70 | 15,057.71 |
| Total Income (I) | | | |
| EXPENSES | 27 | 11,400.27 | 11,507.38 |
| Cost of operations | 28 | 1,121.91 | 826.79 |
| Employee benefits expenses | 29 | 7,015.57 | 8,018.94 |
| Finance costs | 30 | 4,099.64 | 4,130.61 |
| Depreciation and amortization expenses | 31 | 1,253.59 | 895.48 |
| Other expenses | | 24,890.98 | 25,379.20 |
| Total Expenses (II) | | | |
| Loss before exceptional items and tax (I-II) | 32 | (10,634.28) | (10,321.49) |
| Exceptional Items (Net) | | (6,475.16) | 424.26 |
| Loss before tax | | (4,159.12) | (10,745.75) |
| Tax expense: | 45 | - | - |
| Current tax | | - | - |
| Deferred tax | | (4,159.12) | (10,745.75) |
| Loss for the year | | | |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Item not to be reclassified to profit and loss : | 37 | (24.39) | 7.19 |
| Remeasurement of gains/ (losses) on defined benefit plans | | (4,183.51) | (10,738.56) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 33 | (9.81) | (25.35) |
| Earnings per Equity shares (Face Value Rupees 10 each) | | | |
| Basic/ Diluted earnings per share (In Rupees) | | | |

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Notes to the financial statements

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number 101720W/W100355

Vijay Napawaliya
 Partner
 Membership Number. 109859



Place : Mumbai
 Date: May 27, 2019

For and on behalf of Board of Directors of
 Arshiya Rail Infrastructure Limited

Ajay S Mittal
 Director
 DIN : 00226355

Amardeep Gupta
 Chief Financial Officer

Navnit Choudhary
 Director
 DIN : 00613576

Avani Dipak Kumar Lakhani
 Company Secretary



ARSHIYA RAIL INFRASTRUCTURE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A Equity Share Capital (Refer Note 15)

(Rupees in lakhs)

| 2017-18 | 2018-19 |
|--|----------|
| Equity Shares of Rupees 10 each issued, subscribed and paid up | |
| As at April 1, 2017 | 4,238.44 |
| Equity Shares | - |
| Issue of equity share during the year | - |
| As at March 31, 2018 | 4,238.44 |
| Equity Shares | 4,238.44 |
| Issue of equity share during the year | - |
| As at March 31, 2019 | 4,238.44 |

B Other Equity (Refer Note 16)

(Rupees in lakhs)

| Particulars | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|-----------|-------------|----------|---------|-------------|
| As at April 1, 2017 | 38,123.31 | (43,189.57) | 1,564.45 | 171.37 | (3,330.44) |
| Loss for the year | - | (10,745.75) | - | - | (10,745.75) |
| Other comprehensive Income | - | 7.19 | - | - | 7.19 |
| Total comprehensive income for the year | - | (10,738.56) | - | - | (10,738.56) |
| Fair valuation of financial guarantees given | - | (4.62) | - | - | (4.62) |
| As at March 31, 2018 | 38,123.31 | (53,932.75) | 1,564.45 | 171.37 | (14,073.62) |
| Loss for the year | - | (4,159.12) | - | - | (4,159.12) |
| Other comprehensive Income | - | (24.39) | - | - | (24.39) |
| Total comprehensive income for the year | - | (4,183.51) | - | - | (4,183.51) |
| Fair valuation of financial guarantees given | - | - | 60.00 | - | 60.00 |
| As at March 31, 2019 | 38,123.31 | (58,116.26) | 1,624.45 | 171.37 | (18,197.13) |

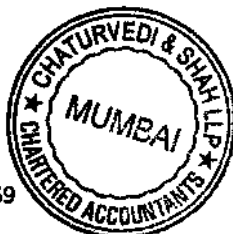
Notes to the financial statements
As per our Report of even date

1-57

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

For and on behalf of Board of Directors of
Arshiya Rail Infrastructure Limited

Vijay Napawallia
Partner
Membership Number. 109859



Ajay S Mittal
Director
DIN : 00226355

Amarendra Gupta
Chief Financial Officer

Navnit Choudhary
Director
DIN : 00613576

Avani Dipakkumar Lakhani
Company Secretary

Place : Mumbai
Date: May 27, 2019



ARSHIYA RAIL INFRASTRUCTURE LIMITED
Cash Flow Statement for the year ended March 31, 2019

(Rupees in lakhs)

| CASH FLOW FROM OPERATING ACTIVITIES | | |
|---|-----------------|-----------------|
| Loss for the year before tax | (4,159.12) | (10,745.75) |
| Adjustments for : | | |
| Depreciation and amortization expenses | 4,099.64 | 4,130.61 |
| Interest Income | (21.10) | (29.38) |
| Loss on sale/discarded Property, plant and equipment | - | 182.79 |
| Gain on sale of Investment | - | (5.00) |
| Sundry Balances Written Back (net) | (245.67) | (614.53) |
| Finance Expense | 7,015.57 | 8,018.94 |
| Bad Debts Written off | - | 101.36 |
| Settlement of Claims | (6,475.16) | 302.54 |
| Unwinding of interest on loan to related party | - | (476.14) |
| Fair value of financial Instruments | (5.76) | (1.28) |
| Government grant - income | (365.49) | (365.49) |
| Financial Guarantee Income | (3.85) | (0.77) |
| Advance rent | 6.13 | 1.45 |
| OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES | (154.81) | 499.35 |
| Adjustments for | | |
| Trade & other payables | 640.92 | (817.42) |
| Inventories | 15.66 | 0.07 |
| Trade & other receivables | (483.73) | 1,532.56 |
| CASH GENERATED FROM OPERATIONS | 18.04 | 1,214.56 |
| Direct Tax (Paid)/ Refunds | (113.22) | 24.58 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | (95.18) | 1,239.14 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (167.78) | (295.31) |
| Purchase of Intangible assets | - | (500.00) |
| Purchase of Investment | (77.69) | - |
| Proceeds from Sale of Investment | 196.55 | 31.85 |
| Proceeds from Sale of Property, Plant and Equipment | 0.47 | - |
| Interest Income | 21.10 | 29.38 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (27.35) | (734.08) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings - Non current | 2,960.00 | 3,220.74 |
| Repayment of borrowings - Non current | (1,060.00) | (3,756.60) |
| Borrowing - current (Net) | (1,788.58) | 1,402.08 |
| Interest paid on borrowings | (244.00) | (1,172.85) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | (132.58) | (306.63) |
| Net Increase/(Decrease) in cash and cash equivalents | (255.11) | 198.43 |
| Cash and cash equivalents at the beginning of the year | 375.35 | 176.92 |
| Cash and Cash Equivalents at the beginning of the year | 120.24 | 375.35 |
| Cash and Cash Equivalents at the end of the year | 120.24 | 375.35 |

*Note:- Changes in liabilities arising from financing activities :

| Particulars | March 31, 2018 | Cash flow | INDAS Impact | Other non cash adjustment | March 31, 2019 |
|--|----------------|------------|--------------|---------------------------|----------------|
| Long term borrowing (Refer Note no. 17 & 22) | 42,469.34 | 1,900.00 | 144.94 | 996.38 | 43,517.90 |
| Short term borrowing (Refer Note no. 20) | 2,029.26 | (1,788.58) | 63.70 | - | 304.38 |

Notes to the financial statements
As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

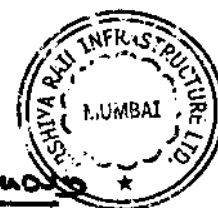
Vijay Napawaliya
Partner
Membership Number. 109859



For and on behalf of Board of Directors of
Arshiya Rail Infrastructure Limited

Ajay S Mittal
Director
DIN : 00226355

Amarendra Gupta
Chief Financial Officer



Navnit Choudhary
Director
DIN : 00613576

Avani Dipakkumar Lakhanil
Company Secretary

Place : Mumbai
Date: May 27, 2019

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 CORPORATE INFORMATION:

Arshiya Rail Infrastructure Limited (CIN : U93000MH2008PLC180907) is a public company domiciled in India and is incorporated on April 7, 2008 under the provisions of the Companies Act applicable in India. The registered office of the company is located at 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

Arshiya Rail Infrastructure Limited (ARIL) is a subsidiary of Arshiya Limited (AL). AL is listed on Bombay Stock Exchange and National Stock Exchange. In April 2008, AL acquired a Category-I license to operate a pan-India rail logistic service, giving rise to ARIL. ARIL is a specialized entity of AL, offering unprecedented rail infrastructure, including private modern rakes, customized containers, Private Freight Terminal (PFT), pan-India network and superior connectivity. The company is engaged in Private Container Train Operator (PCTO) business and is holding Category-I license which allows the company to operate on Indian Rail network on pan India basis both Domestic and Exim Traffic. ARIL's unique offering provide unparalleled efficiencies with capability of large scale evacuation of cargo from Ports, Domestic Distriparks, Free Trade and Warehousing Zones, Inland Container Depot (ICD) and customer Sidings.

The financial statements of the Company for the year ended 31st March, 2019 were approved and adopted by board of directors in their meeting held on 27th May 2019.

2 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act").

The Company prepared its financial statements in accordance the Indian Accounting Standards (IND AS) are notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements have been prepared on a historical cost convention, except for certain financial assets and liabilities, which are measured at fair value/ amortised cost.

The financial statements are presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency and all values are rounded to the nearest lakhs, except when otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT:

3.1 Property, Plant and Equipment:

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use.

Depreciation on the property, plant and equipment is provided using straight line method over the useful life of assets as specified in schedule II to the Companies Act, 2013. Depreciation on property, plant and equipment which are added / disposed off during the year, is provided on pro-rata basis with reference to the date of addition / deletion. Freehold land is not depreciated and under the previous GAAP land was revalued.

The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Leasehold improvements are depreciated over the period of lease.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Profits / losses arising in the case of retirement / disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The Company has opted to continue with the carrying values of all of its property, plant and equipment as recognised in the Indian GAAP financial statements as deemed cost at the transition date i.e. April 1, 2016.

3.2 Intangible Assets :

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Railways License fees is amortised over a period of twenty years being the license period as per agreement.

Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of five years. The assets' useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company has opted to continue with the carrying values of all of its intangible assets as recognised in the Indian GAAP financial statements as deemed cost at the transition date i.e. April 1, 2016.

3.3 Leases:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The Company as a lessee

(a) Finance lease

Assets acquired under finance lease are capitalized and the corresponding lease liability is recognised at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Initial costs directly attributable to lease are recognised with the asset under lease.

(b) Operating lease

Lease of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognised as expenses on accrual basis in accordance with the respective lease agreements.

The Company as a lessor

(a) Finance lease

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

The lessor derecognises the leased assets and recognises the difference between the carrying amount of the leased assets and the finance lease receivable in the statement of Profit and Loss when recognising the finance lease receivable.

(b) Operating lease

Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets is diminished.

Initial indirect costs incurred in negotiating and arranging as operating lease are added to carrying value of the leased asset and recognised on a straight line basis over the lease term.

3.4 Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the First in first out basis.

3.5 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.6 Impairment of assets:

An asset is considered as impaired when at the date of Balance Sheet, there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the statement of profit and loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

3.7 Financial instruments – Initial recognition, subsequent measurement and impairment:

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 - Initial recognition and measurement:

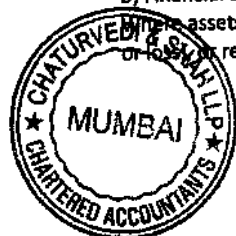
All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Financial assets measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss) or recognised in other comprehensive income (i.e. fair value through other comprehensive income).



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

A financial asset that meets the following two conditions is measured at **amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- a) **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at **fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

- a) **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

Financial assets - Equity Investment in subsidiaries

The Company has accounted for its equity investment in subsidiaries at cost.

Financial assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flow from the asset.

II) Financial liabilities - Initial recognition and measurement:

The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities - Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts are approximate at their fair value due to the short maturity of these instruments.

Financial Liabilities - Financial Guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial Liabilities - Derecognition:

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 derecognition 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 and loss.

Compound Instruments

An issued financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and the residual value is recognised as equity component of other financial instrument. The liability component is subsequently measured at amortised cost, whereas the equity component is not remeasured after initial recognition. The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognised directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortised using effective interest method.



ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3.8 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. 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 disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.9 Revenue recognition

Revenue is recognized upon transfer of control of goods (equipment) or rendering of services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services.

Income from services is recognized upon completion of services as per the terms of contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Amounts billed for services in accordance with contractual terms but where revenue is not recognized, have been classified as unearned revenue and disclosed under current liabilities

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue ("contract liability") is recognized when there is billing in excess of revenues.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

Revenue from sale of services e.g rail freight income recognised as per the terms of contracts with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. For Fixed-price contract, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (Percentage of completion method)

Measurement of revenue : Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Revenue from handling and other ancillary services is recognised at the time of rendering of service which is at the time of loading/unloading of container/cargo.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

Interest Income:

Interest income from a financial asset 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 accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income:

Dividend income is recognised when the right to receive the payment is established.



ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3.10 Foreign currency reinstatement and translation:

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates as on balance sheet date and the resulting exchange difference recognised in statement of profit and loss. Differences arising on settlement of monetary items are also recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

3.11 Employee Benefits:

Short term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related services are rendered.

(a) Defined Contribution Plan

Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

(b) Defined Benefit Plan

Leave encashment being a defined benefit plan is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise. Other costs are accounted in statement of profit and loss.

The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

3.12 Taxes on Income:

Income tax expense represents the sum of current tax (including MAT and income tax for earlier years) and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3.13 Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporary deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.14 Earnings per share:

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.15 Current and non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
 - b) Held primarily for the purpose of trading,
 - c) Expected to be realised within twelve months after the reporting period, or
 - d) Cash or 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 classified as current when it is:

- a) Expected to be settled in normal operating cycle,
 - b) Held primarily for the purpose of trading,
 - c) Due to be settled within twelve months after the reporting period, or
 - d) 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 assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.16 Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

3.17 Off-setting financial instrument:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3.18 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

3.19 Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.20 Contributed Equity

Equity Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax from the proceeds.

3.21 Cash flow statement

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

3.22 Dividend Distribution

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of the 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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments 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.

4.1 Property, plant and equipment and Intangible Assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

4.2 Income Tax:

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the financial statements.

4.3 Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

4.4 Impairment of financial assets:

The Impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4.5 Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

4.6 Defined benefits plans:

The Cost of the defined benefit plan and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.7 Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

4.8 Provisions:

Provisions are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

4.9 Fair value measurement of financial instruments :

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

| | | | | | | | | | |
|---|-----------|--------|-----------|--------|--------|--------|-----------|-------|-----------|
| Gross Carrying Value | 15,138.85 | 309.52 | 25,507.44 | 10.74 | 35.91 | 2.21 | 14,283.94 | - | 55,288.61 |
| As at April 1, 2017 | | | | | | | | | |
| Additions | 204.81 | - | 40.92 | - | - | - | 49.60 | - | 295.33 |
| Disposals | - | - | (261.08) | (3.80) | - | (1.12) | - | - | (266.00) |
| Other Adjustments | - | - | (8.32) | - | 8.32 | - | - | - | - |
| As at March 31, 2018 | 15,343.66 | 309.52 | 25,278.96 | 6.94 | 44.23 | 1.09 | 14,333.54 | - | 55,317.94 |
| Additions | - | - | 41.37 | - | - | 0.72 | 55.03 | 70.66 | 167.78 |
| Disposals | - | - | - | - | (8.33) | - | - | - | (8.33) |
| Other Adjustments | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 15,343.66 | 309.52 | 25,320.33 | 6.94 | 35.90 | 1.81 | 14,388.57 | 70.66 | 55,477.39 |
| Accumulated Depreciation | | | | | | | | | |
| As at April 1, 2017 | - | 63.11 | 2,546.51 | 1.95 | 7.07 | 0.02 | 1,154.50 | - | 3,773.16 |
| Depreciation for the year | - | 53.42 | 2,547.88 | 1.95 | 5.67 | - | 1,157.25 | - | 3,766.17 |
| Deductions | - | - | (81.05) | (1.14) | 4.00 | (0.02) | - | - | (78.21) |
| As at March 31, 2018 | - | 116.53 | 5,013.34 | 2.76 | 16.74 | - | 2,311.75 | - | 7,461.12 |
| Depreciation for the year | - | 3.11 | 2,530.42 | 1.32 | 5.06 | 0.12 | 1,159.97 | 1.76 | 3,701.76 |
| Deductions | - | - | - | - | (7.86) | - | - | - | (7.86) |
| As at March 31, 2019 | - | 119.64 | 7,543.76 | 4.08 | 13.94 | 0.12 | 3,471.72 | 1.76 | 11,155.02 |
| Net Carrying value as at March 31, 2019 | 15,343.66 | 189.88 | 17,776.57 | 2.86 | 21.96 | 1.69 | 10,916.85 | 68.90 | 44,322.37 |
| Net Carrying value as at March 31, 2018 | 15,343.66 | 192.99 | 20,265.62 | 4.18 | 27.49 | 1.09 | 12,021.79 | - | 47,856.82 |

Note :- In accordance with the Indian Accounting Standard (IND AS -36) on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said IND AS. On the basis of this review, carried out by the management, there was no impairment loss of property, plant and equipment during the year ended March 31, 2019.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

6

| | (Rupees in lakhs) | | |
|--|-------------------|-----------------|-----------------|
| Gross Carrying Value | | | |
| As at April 1, 2017 | 213.31 | 3,208.33 | 3,421.64 |
| Additions | 500.00 | - | 500.00 |
| Disposals | - | - | - |
| As at March 31, 2018 | 713.31 | 3,208.33 | 3,921.64 |
| Additions | - | - | - |
| Disposals | - | - | - |
| As at March 31, 2019 | 713.31 | 3,208.33 | 3,921.64 |
| Accumulated Amortisation | | | |
| As at April 1, 2017 | 84.03 | 250.00 | 334.03 |
| Amortisation for the year | 114.61 | 249.84 | 364.45 |
| Deductions | - | - | - |
| As at March 31, 2018 | 198.64 | 499.84 | 698.48 |
| Amortisation for the year | 148.04 | 249.84 | 397.88 |
| Deductions | - | - | - |
| As at March 31, 2019 | 346.68 | 749.68 | 1,096.36 |
| Net Carrying value as at March 31, 2019 | 366.63 | 2,458.65 | 2,825.28 |
| Net Carrying value as at March 31, 2018 | 514.67 | 2,708.49 | 3,223.16 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

7 OTHER NON CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Financial assets carried at amortised cost | | |
| Security Deposits | 57.88 | 14.21 |
| Financial Guarantee | 605.76 | 804.39 |
| Total | 663.64 | 818.60 |

8 OTHER NON CURRENT ASSETS

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|---|-----------------|-----------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Capital Advances | 869.64 | 864.64 |
| Advances other than Capital advances | | |
| - Other Advances - gratuity (Refer Note 37) | - | 10.05 |
| - Prepaid Rent | 1.89 | 3.79 |
| - TDS Receivable | 458.59 | 345.37 |
| - Service tax paid under protest | 5.14 | 3.87 |
| Total | 1,335.26 | 1,227.72 |

9 INVENTORIES

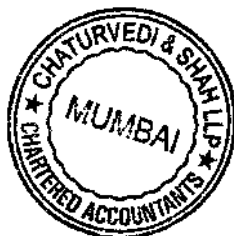
(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|-------------------|----------------|----------------|
| Stores and Spares | - | 15.66 |
| Total | - | 15.66 |

10 CURRENT ASSETS - TRADE RECEIVABLES

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|---|-----------------|----------------|
| Trade Receivables considered good - Secured | - | - |
| Trade Receivables considered good - Unsecured | 1,323.33 | 666.59 |
| Trade Receivable which have Significant Increase in Credit Risk | 29.11 | 4.39 |
| Trade Receivable -credit Impaired | - | - |
| | 1,352.44 | 670.98 |
| Less: Provision for expected credit loss | 29.11 | 4.39 |
| | 29.11 | 4.39 |
| Total | 1,323.33 | 666.59 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| 11 CURRENT ASSETS - CASH AND CASH EQUIVALENTS | | (Rupees in lakhs) | |
|---|---------------|-------------------|---------|
| | | 2018-19 | 2017-18 |
| Balances with banks in current accounts | 119.96 | 375.29 | |
| Cash on hand | 0.28 | 0.06 | |
| Total | 120.24 | 375.35 | |

| 12 CURRENT ASSETS - OTHER BANK BALANCES | | (Rupees in lakhs) | |
|--|---------------|-------------------|---------|
| | | 2018-19 | 2017-18 |
| Deposits with banks to the extent held as margin money | 258.12 | 357.68 | |
| Interest Accrued on Fixed Deposit | 9.18 | 28.48 | |
| Total | 267.30 | 386.16 | |

| 13 OTHER CURRENT FINANCIAL ASSETS | | (Rupees in lakhs) | |
|---|---------------|-------------------|---------|
| | | 2018-19 | 2017-18 |
| <i>Unsecured, considered good unless otherwise stated</i> | | | |
| Financial assets carried at amortised cost | | | |
| Security Deposits | 73.44 | 111.83 | |
| Financial Guarantee | 248.93 | 236.76 | |
| Total | 322.37 | 348.59 | |

| 14 OTHER CURRENT ASSETS | | (Rupees in lakhs) | |
|---|---------------|-------------------|---------|
| | | 2018-19 | 2017-18 |
| Advances other than Capital advances | | | |
| - Advances to Related Parties | - | 0.23 | |
| - Advances to Suppliers | 39.84 | 81.34 | |
| - Advances to Employees | 2.87 | 16.58 | |
| - Others | 16.54 | 15.55 | |
| Others | | | |
| - Other receivable | 35.66 | 35.66 | |
| - Prepaid expenses | 1.54 | 2.02 | |
| - Balance with Government Authority | 37.36 | 157.08 | |
| Total | 133.81 | 308.46 | |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

15

| | As at March 31, 2018 | As at March 31, 2019 |
|---|----------------------|----------------------|
| i) Authorised Share Capital | | |
| Equity Shares | | |
| 4,36,50,000 (As at March 31, 2018: 4,36,50,000) Equity shares of Rupees 10 each | 4,365.00 | 4,365.00 |
| Preference Shares | | |
| 13,50,000 (As at March 31, 2018: 13,50,000) Preference Shares of Rupees 10 each | 135.00 | 135.00 |
| Total | 4,500.00 | 4,500.00 |
| ii) Issued, Subscribed & Fully Paid up | | |
| 4,23,84,417 (As at March 31, 2018: 4,23,84,417) Equity Shares of Rupees 10 each | 4,238.44 | 4,238.44 |
| Total | 4,238.44 | 4,238.44 |

ii) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year:

| | As at March 31, 2018 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Equity Share Capital | | |
| Equity shares of Rupees 10 each issued, subscribed and fully paid | | |
| At April 1, 2017 | 4,23,84,417 | 4,238.44 |
| Issued during the year | - | - |
| At March 31, 2018 | 4,23,84,417 | 4,238.44 |
| Issued during the year | - | - |
| At March 31, 2019 | 4,23,84,417 | 4,238.44 |

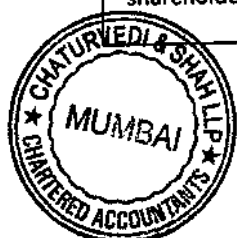
Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | As at March 31, 2018 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Equity shares of Rupees 10 each fully paid | | |
| Arshiya Limited (Holding Company) | 4,23,83,817 | 4,23,83,817 |
| Shares held by Nominee and jointly shareholders | 600 | 600 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

16

| | 2019 | 2018 |
|---|--------------------|--------------------|
| Securities Premium Account | 38,123.31 | 38,123.31 |
| Retained Earnings | (58,116.26) | (53,932.75) |
| Equity Component of Guarantee given by Parent Company | 1,624.45 | 1,564.45 |
| Equity Component of loan from Parent Company | 171.37 | 171.37 |
| Total | (18,197.13) | (14,073.62) |

(a) Securities Premium Account

(Rupees in lakhs)

| | 2019 | 2018 |
|--------------------------------|------------------|------------------|
| Opening balance | 38,123.31 | 38,123.31 |
| Add: On Issue of Equity shares | - | - |
| Closing Balance | 38,123.31 | 38,123.31 |

(b) Retained Earnings

(Rupees in lakhs)

| | 2019 | 2018 |
|-------------------------------------|--------------------|--------------------|
| Opening balance | (53,932.75) | (43,189.57) |
| Add/(Less): | | |
| Net Profit/(Loss) for the year | (4,159.12) | (10,745.75) |
| Other comprehensive Income | (24.39) | 7.19 |
| Equity component of Guarantee given | - | (4.62) |
| Closing balance | (58,116.26) | (53,932.75) |

(c) Equity Component of Guarantee given by Parent Company

(Rupees in lakhs)

| | 2019 | 2018 |
|---|-----------------|-----------------|
| Equity Component of Guarantee given by Parent Company | | |
| Opening balance | 1,564.45 | 1,564.45 |
| Add/(Less): Transaction during the year | 60.00 | - |
| Closing balance | 1,624.45 | 1,564.45 |

(d) Nature & purpose of Reserves

Securities Premium Account:

Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Provision of Companies Act, 2013.

Retained Earnings :

Retained Earnings are the profits/losses of the Company earned till date net of appropriations.

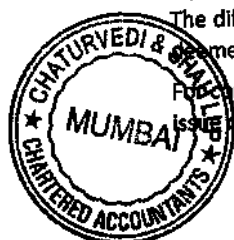
Equity Component of Guarantee given by Parent Company:

The fair value of financial guarantees given to the lenders of the Company by the Parent Company is recognised as a deemed equity component.

Equity Component of loan from Parent Company:

The difference between the fair value of interest free loans on the date of Issue and the transition price is recognised as a deemed equity component by the Parent Company.

For computation of the fair value benefit, the Company has estimated the fair value of the financial liability on the date of issue of considering complete market interest rates adjusted to the facts and circumstances relevant to the company.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

17 NON CURRENT BORROWINGS

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|-------------------------------------|------------------|------------------|
| Secured | | |
| -Term Loans | | |
| From Others (refer note 17.1 below) | 31,902.67 | 33,538.04 |
| Total | 31,902.67 | 33,538.04 |

17.1 Rupee term loan from other parties :-

- Rupee term loans (including current maturity) of Rupees 33,647.31 lakhs (March 31, 2018 : Rupees 33,538.04 lakhs) are secured by

(1) Details of Security

- First charge on all movable assets (including rakes, containers, equipment's) and immovable properties of the company both present and future on pari passu basis.
- Second charge by way of Hypothecation of the entire current assets of the company on pari passu basis.
- Pledge of 100% equity shares of the Company held by Promoters.
- Personal guarantees from Promoters of Holding Company.
- Corporate Guarantee from Holding Company.

(2) Terms of Interest rate:

- on Term Loans from others 10% p.a. compounded quarterly,

(3) Terms of repayment :-

(Rupees in lakhs)

| Period | Amount |
|--------------|------------------|
| 2019-2020 | 1,744.63 |
| 2020-2021 | 6,139.19 |
| 2021-2022 | 2,276.52 |
| 2022-2023 | 23,954.16 |
| Total | 34,114.50 |

(4) The amortised cost disclosed above is net off of incidental cost of borrowings aggregating to Rupees 467.19 lakhs for March 31, 2019 and Rupees 612.13 lakhs for March 31, 2018.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

18 NON CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|----------------------------------|----------------|----------------|
| Provision for employee benefits | | |
| Gratuity (Refer Note 37) | 72.03 | - |
| Leave encashment (Refer Note 37) | 48.49 | 16.42 |
| Total | 120.52 | 16.42 |

19 OTHER NON CURRENT LIABILITIES

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|-------------------|-----------------|-----------------|
| Government Grants | 1,632.32 | 1,723.69 |
| Total | 1,632.32 | 1,723.69 |

20 CURRENT BORROWINGS

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|--|----------------|-----------------|
| Unsecured | | |
| Loans from Holding Company (refer note 20.1 below & Note 41) | 304.38 | 2,029.26 |
| Total | 304.38 | 2,029.26 |

20.1 Interest free loan upto 1 year and repayable on demand.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| 21 CURRENT LIABILITIES- TRADE PAYABLES | | | (Rupees in lakhs) | |
|--|-----------------|---------------|--------------------------|--|
| | 2018-19 | 2017-18 | | |
| Total outstanding dues of Micro and Small Enterprises (Refer note 39 & 52) | 15.77 | 5.24 | | |
| Total outstanding dues of creditors Other than Micro and Small Enterprises (Refer Note 52) | 1,307.44 | 620.88 | | |
| Total | 1,323.21 | 626.12 | | |

| 22 OTHER CURRENT FINANCIAL LIABILITIES | | | (Rupees in lakhs) | |
|---|------------------|------------------|--------------------------|--|
| | 2018-19 | 2017-18 | | |
| Financial Liabilities at amortised cost | | | | |
| Current maturities of long term borrowings | | | | |
| Term Loans from banks (Refer Note 22.1)* | 6,910.60 | 8,931.30 | | |
| Term Loans from others (Refer Note 17.1 & 22.2) | 4,704.64 | - | | |
| Interest accrued and due on borrowings** | 11,710.49 | 13,183.84 | | |
| Interest accrued but not due on borrowings | 3,280.15 | 1,370.35 | | |
| Security Deposit | 41.44 | 57.64 | | |
| Financial Guarantee | - | 3.85 | | |
| Others | | | | |
| Project Creditors(Refer Note 35 & 52) | 959.28 | 1,054.01 | | |
| Employee's Dues *** | 216.98 | 103.59 | | |
| Payable for Expenses | 280.10 | 502.26 | | |
| Total | 28,103.68 | 25,206.84 | | |

* Include Loan aggregating to Rupees 6,910.60 lakhs (March 31, 2018: Rupees 8,931.30 lakhs) recalled by banks.

**Include Interest accrued and due on Term Loans aggregating to Rupees 8,289.98 lakhs (March 31, 2018: Rupees 11,893.70 lakhs) recalled by banks.

***Include Interest accrued and due on Term Loans aggregating to Rupees 390.64 lakhs recalled by others.

***Include Full and Final settlement of Rupees 25.28 lakhs (March31, 2018 Rupees 14.04 lakhs)

22.1 Rupee term loan from Banks :-

- Rupee term loans of Rupees 6910.60 lakhs (March 31, 2018 : Rupees 8931.30 lakhs) are secured by

(1) Details of Security

- First charge on all movable assets (including rakes, containers, equipment's) and immovable properties of the company both present and future on pari passu basis.
- Second charge by way of Hypothecation of the entire current assets of the company on pari passu basis.
- Pledge of 100% equity shares of the Company held by Promoters.
- Personal guarantees from Promoters of Holding Company.
- Corporate Guarantee from Holding Company/ Promoter.

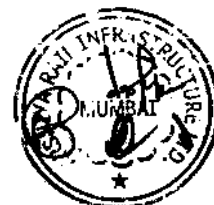
(2) Terms of Interest rate:

- on Term Loans from Banks from 10.45% p.a - 16.25% p.a.

(3) Terms of repayment :-

| (Rupees in lakhs) | |
|--------------------------|-----------------|
| Period | Amount |
| 2012-2013 | 22.50 |
| 2013-2014 | 75.00 |
| 2014-2015 | 277.50 |
| 2015-2016 | 3,695.60 |
| 2018-2019* | 2,840.00 |
| Total | 6,910.60 |

* Refer note no. 48



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(4) Amount and period of default in repayment of borrowings

(Rupees in lakhs)

| | 2018-19 | 2017-18 |
|--------------------------------------|--|---|
| Current maturity of Rupee Term loans | 22.50 75.00 277.50 3,695.60 2,840.00 | 2012-13 2013-14 2014-15 2015-16 2018-19 |
| Total | 6,910.60 | |

22.2 Rupee term loan from Others :-

- Rupee term loans of Rupees 2,960.00 lakhs are secured by

(1) Details of Security

- First pari passu charge on all present and future cash flows of the Company
- First pari passu charge on all movable assets and immovable assets of the company.
- Charge on cash flows and movable assets by deed of Hypothecation.
- Personal guarantees from Promoters of Holding Company.
- Corporate Guarantee from Holding Company.

(2) Terms of Interest rate:

- on Term Loans from others @ 20% p.a payable quarterly

(3) Terms of repayment :-

(Rupees in lakhs)

| | 2018-19 |
|--------------|-----------------|
| 2022-2023* | 2,960.00 |
| Total | 2,960.00 |

* During the year the loan has been recalled by others.

(4) Amount and period of default in repayment of borrowings

(Rupees in lakhs)

| | 2018-19 | 2017-18 |
|--------------------------------------|-----------------|---------|
| Current maturity of Rupee Term loans | 2,960.00 | 2018-19 |
| Total | 2,960.00 | |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**** Amount and period of default in payment of interest on borrowings****

(Rupees in lakhs)

| Interest accrued & due on borrowing | 2013-14 | 965.05 | - |
|-------------------------------------|---------|-----------------|-----------------|
| | 2014-15 | 876.51 | - |
| | 2015-16 | 1,035.94 | - |
| | 2016-17 | 1,287.23 | - |
| | 2017-18 | 1,512.65 | 1,378.00 |
| | 2018-19 | 2,612.60 | 2,042.51 |
| Total | | 8,289.98 | 3,420.51 |

23 OTHER CURRENT LIABILITIES

(Rupees in lakhs)

| Advance received from Customers | 107.02 | 151.12 |
|---|-----------------|-----------------|
| Other Advances | 0.51 | 1.74 |
| Government Grants | 365.49 | 639.61 |
| Others | | |
| Statutory Liabilities* | 811.31 | 698.99 |
| Interest on Delayed payment of Statutory dues | 590.57 | 426.77 |
| Total | 1,874.90 | 1,918.23 |

* Statutory liabilities include TDS, Goods & Service Tax, Service tax, PF, ESIC payable, Employee professional tax

GOVERNMENT GRANTS

(Rupees in lakhs)

| Opening balance | 2,363.30 | 2,728.79 |
|--|-----------------|-----------------|
| Released to statement of profit and loss | (365.49) | (365.49) |
| Closing balance | 1,997.81 | 2,363.30 |
| Current | 365.49 | 639.61 |
| Non Current | 1,632.32 | 1,723.69 |

24 CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

| Provision for employee benefits | | |
|----------------------------------|--------------|-------------|
| Leave encashment (Refer Note 37) | 10.61 | 3.69 |
| Total | 10.61 | 3.69 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25 REVENUE FROM OPERATIONS

(Rupees in lakhs)

| | Year ended March 31, 2018 | Year ended March 31, 2019 |
|---------------------|------------------------------|------------------------------|
| Rail Freight Income | 12,098.57 | 12,338.16 |
| Road Freight Income | 722.70 | 440.86 |
| Handling Income | 626.06 | 643.90 |
| Terminal Income | 167.50 | 175.40 |
| Total | 13,614.83 | 13,598.32 |

26 OTHER INCOME

(Rupees in lakhs)

| | Year ended March 31, 2018 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Interest Income on Financial assets carried at amortised cost | - | 168.45 |
| Unwinding of interest on loan to related party | - | 1.28 |
| Unwinding of interest on Security deposit | 5.76 | - |
| Other interest income | 21.10 | 29.38 |
| Interest on Bank fixed deposits | - | 16.92 |
| Interest income on income tax refund | - | 307.69 |
| Income on derecognition of related party loan | - | - |
| Other income | 365.49 | 365.49 |
| Government Grants | 3.85 | 0.77 |
| Financial Guarantee Income | 245.67 | 553.46 |
| Sundry Balance/ Excess provision Written Back | - | 5.00 |
| Gain on sale of Investment | - | 10.95 |
| Miscellaneous Income | - | - |
| Total | 641.87 | 1,459.39 |

27 COST OF OPERATIONS

(Rupees in lakhs)

| | Year ended March 31, 2018 | Year ended March 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Rail Freight Expenses | 9,434.84 | 10,172.63 |
| Road Freight Expenses | 687.64 | 448.10 |
| Handling Expenses | 227.76 | 231.86 |
| Terminal Expenses | 357.55 | 304.26 |
| Other operating expenses | 692.48 | 350.53 |
| Total | 11,400.27 | 11,507.38 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

28 EMPLOYEE BENEFITS EXPENSE

(Rupees in lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 1,037.47 | 776.16 |
| Contribution to provident and other funds | 23.21 | 15.09 |
| Staff welfare expenses | 61.23 | 35.54 |
| Total | 1,121.91 | 826.79 |

29 FINANCE COST

(Rupees in lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest expense on Financial liabilities measured at amortised cost | | |
| Interest expense on borrowings | 6,476.99 | 7,451.08 |
| Unwinding of interest for loan from related party (Refer Note 41) | 63.70 | 56.88 |
| Interest expense on Security Deposit | 1.24 | 1.24 |
| Interest expense others | | |
| Interest on Delayed Payment of Statutory Dues | 167.51 | 263.01 |
| Interest on MSME vendors | 0.50 | - |
| Other borrowing costs | | |
| Guarantee Commission Expense | 246.46 | 240.56 |
| Interest Charges Others | 53.33 | - |
| Bank charges | 5.84 | 6.17 |
| Total | 7,015.57 | 8,018.94 |

30 DEPRECIATION AND AMORTISATION EXPENSES

(Rupees in lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| Depreciation on tangible assets | 3,701.76 | 3,766.16 |
| Amortisation on intangible assets | 397.88 | 364.45 |
| Total | 4,099.64 | 4,130.61 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

31 OTHER EXPENSES

(Rupees in lakhs)

| | 2018-19 | 2017-18 |
|---|-----------------|---------------|
| Repairs and maintenance | | |
| - Building | 16.73 | 17.97 |
| - Others | 58.25 | 46.10 |
| Advertisement | 35.62 | 38.79 |
| Payments to Auditors (Refer note below) | 12.50 | 8.50 |
| Bad Debts written off | - | 101.36 |
| Electricity charges | 33.81 | 28.54 |
| Insurance | 21.45 | 18.41 |
| Legal and professional fees | 176.32 | 75.94 |
| Rates and taxes | 15.89 | 7.36 |
| Rent | 472.99 | 374.08 |
| Printing and Stationary | 16.08 | 7.82 |
| Office Expenses | 32.26 | 13.38 |
| Security charges | 59.11 | 45.14 |
| Telephone and internet expenses | 25.47 | 18.07 |
| Travelling & conveyance expenses | 185.37 | 46.98 |
| Vehicle Expenses | 44.54 | 28.18 |
| Allowance for doubtful debts and advances | 24.71 | - |
| Miscellaneous expenses | 22.19 | 18.86 |
| Loss on sale of scrap | 0.30 | - |
| Total | 1,253.59 | 895.48 |

(a) Details of Payments to auditors

(Rupees in lakhs)

| | | |
|----------------------|--------------|-------------|
| As Statutory Auditor | | |
| Audit Fee | 12.50 | 8.50 |
| Total | 12.50 | 8.50 |

32 EXCEPTIONAL ITEMS

(Rupees in lakhs)

| | 2018-19 | 2017-18 |
|---|-------------------|---------------|
| Sundry Balance / excess provision written back | - | (61.07) |
| Loss on sale/discarded of Property, plant and equipment | - | 182.79 |
| Settlement of Claim | (6,475.16) | 302.54 |
| Total | (6,475.16) | 424.26 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

33 Earnings per share (Basic and Diluted)

| | March 31, 2018 | March 31, 2019 |
|--|----------------|----------------|
| Profit available to equity shareholders | | |
| Profit/(Loss) after tax (A) (Rupees in Lakhs) | (4,159.12) | (10,745.75) |
| Number of equity shares | | |
| Weighted average number of equity shares outstanding (Basic and Diluted) (B) | 4,23,84,417 | 4,23,84,417 |
| Basic & Diluted earnings per share(A/B) (Rupees) | (9.81) | (25.35) |
| Nominal Value of an equity share (Rupees) | 10 | 10 |

34 CONTINGENT LIABILITIES & COMMITMENT
(To the extent not provided for)

(i) Capital Commitments

(Rupees in lakhs)

| | March 31, 2018 | March 31, 2019 |
|---|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) | 475.64 | 400.98 |

Cash outflow expected on execution on such capital contracts

(ii) Contingent liabilities:

(Rupees in lakhs)

| | March 31, 2018 | March 31, 2019 |
|---|----------------|----------------|
| (a) Carrier Bond (Bond has been given to Principal of custom for the safeguarding duty liability on goods movement from respective ports to ICD Khurja) | 675.00 | 1,080.00 |
| (b) Bank Guarantee | 101.25 | 162.00 |
| (c) Letter of Credit (Letter of Credit given in favour of Railways for availing e-freight facility for haulage payment) | 100.00 | 100.00 |
| (d) Claims Against the Company not acknowledged as Debt | 23.39 | 23.39 |
| (e) Service tax Demand | 51.55 | 51.55 |
| No Cash outflow is expected in near future | | |

35 Certain creditors have initiated legal proceedings against the company and its directors and the company has defaulted in payment of instalments of consent terms for which the company is in process of negotiating and finalising the revised consent terms. Majority of the creditors have been settled over the past few years and some of the creditors have also shown interest and faith not only in logistics and infrastructure sector but also in the Company and are being allotted equity shares of Holding Company.

36 Operating lease commitments - Company as lessee

The company has taken office on lease under non-cancellable operating lease expiring at the end of 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.
The company has paid Rupees 340.65 lakhs (March 31, 2018: Rupees 278.56 lakhs) during the year towards minimum lease payment.

(Rupees in lakhs)

| | March 31, 2018 | March 31, 2019 |
|---|----------------|----------------|
| Commitments for minimum lease payments in relation to non cancellable operating leases are as follows | | |
| Future Lease Payment: | | |
| a) Within one Year | 351.92 | 340.65 |
| b) Later than one year but not later than five years | 699.19 | 1,051.11 |
| c) Later than five years | - | - |
| Total | 1,051.11 | 1,391.76 |
| Lease rents recognised as expense in the year | 340.65 | 278.56 |

37 EMPLOYEE BENEFIT

37.1 Disclosure pursuant to Indian Accounting Standard (IND AS) 19 – Employee Benefits

(a) Defined contribution plans

Contribution to Defined Contribution Plan, recognised as expenses for the years are as under:

(Rupees in lakhs)

| | March 31, 2018 | March 31, 2019 |
|---|----------------|----------------|
| Employer's Contribution to Provident Fund | 7.00 | 5.46 |
| Employer's Contribution to Pension Scheme | 15.88 | 12.40 |
| Employer's Contribution to ESIC | 0.33 | 0.78 |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(b) Brief descriptions of the plans

The Company's defined contribution plans are Provident Fund and Employees State Insurance where the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees are also entitled to leave encashment as per the Company's policy.

(c) Leave Obligations

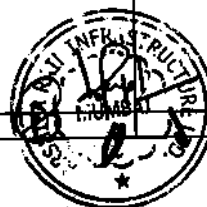
(Rupees in lakhs)

| | 2019-2020 | 2018-2019 |
|---------------------------------|--------------|--------------|
| Provisions for Leave encashment | | |
| Current | 10.61 | 3.69 |
| Non-Current | 48.49 | 16.42 |
| Total | 59.10 | 20.11 |

(d) Defined benefit plan – Gratuity:

The employee's Gratuity fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognised each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up to final obligation.

| Particulars | March 31, 2019 | March 31, 2018 |
|--|--|--|
| I. Actuarial assumptions | | |
| Mortality Table | Indian Assured lives Mortality (2006-08) Ult | Indian Assured lives Mortality (2006-08) Ult |
| Discount rate | 6.95% | 7.40% |
| Expected return on plan assets | 6.95% | 7.40% |
| Salary Escalation Rate | 9.00% | 7.00% |
| Withdrawal Rate | 17.00% | 15.00% |
| Retirement Age | 58 Years | 58 Years |
| II. Change in Present value of defined benefit obligations | | |
| Liability as at the beginning of the year | 47.31 | 37.19 |
| Interest cost | 3.50 | 2.30 |
| Current service cost | 19.62 | 7.78 |
| Benefits paid | (2.95) | (0.93) |
| Actuarial (gain)/loss on obligations | 24.39 | 0.98 |
| Acquisition adjustment | 41.75 | - |
| Liability as at the end of the year | 133.62 | 47.31 |
| III. Change in Fair value of plan assets | | |
| Fair value of plan assets as at the beginning of the year | 57.35 | 46.28 |
| Expected return on plan assets | 4.23 | 14.01 |
| Actual Enterprise's Contributions | - | 0.93 |
| Benefits paid | - | (0.93) |
| Actuarial gain/(loss) on plan assets | - | (2.93) |
| Fair value of plan assets as at the end of the year | 61.58 | 57.35 |
| IV. Actual return on plan assets | | |
| Expected return on plan assets | 4.23 | 14.01 |
| Actuarial gain/(loss) on plan assets | - | (2.93) |
| Actual return on plan assets | 4.23 | 11.08 |
| V. Liability recognised in the Balance Sheet | | |
| Liability as at the end of the year | 133.62 | 47.31 |
| Fair value of plan assets as at the end of the year | 61.58 | 57.35 |
| Liability/ (Asset) recognised in the Balance Sheet | 72.03 | (10.05) |
| VI. Percentage of each category of plan assets to total fair value of plan assets | | |
| Insurer managed funds | 100% | 100% |
| VII. Amount recognised in the Statement of Profit and Loss | | |
| Current service cost | 19.62 | 7.78 |
| Interest cost | - | 2.30 |
| Expected return on plan assets | (0.74) | (14.01) |
| Net actuarial (gain)/loss to be on obligation | - | - |
| Expense/ (Income) recognised in Statement of Profit and Loss | 18.88 | (3.93) |
| VIII. Amount recognised in the Other Comprehensive Income (OCI) | | |
| Amount recognised in OCI, beginning of the year | (7.29) | (0.10) |
| Components of actuarial gain/losses on obligations | | |
| Due to Change in financial assumptions | 16.19 | (1.16) |
| Due to Change in demographic assumption | (1.82) | - |
| Due to Change in experience assumption | 10.02 | 2.13 |
| Expected return on plan assets | - | (2.93) |
| Change in Asset Ceiling | - | - |
| Total remeasurement recognised in OCI | 24.39 | (7.19) |
| Amount recognised in OCI, end of year | 17.10 | (7.29) |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | | |
|---|---------|---------|
| IX. Balance Sheet reconciliation | | |
| Opening net liability | (10.05) | (9.09) |
| Expenses recognised in Profit & Loss | 18.88 | 7.16 |
| Actual Employer Contribution | (2.94) | (0.93) |
| Total Remeasurement recognised in OCI | 24.39 | (7.19) |
| Acquisition adjustment | 41.75 | - |
| Closing net liability | 72.03 | (10.05) |

- (e) Salary escalation assumption has been set in discussions with the enterprise based on their estimates of overall long-term salary growth rates after taking into consideration expected earnings inflation as well as performance and seniority related increases.

37.2 Sensitivity analysis:

| Particulars | Changes in assumptions | Effect on Gratuity obligation (Rupees in lakhs) |
|--|------------------------|---|
| For the year ended 31st March, 2018 | | |
| Salary growth rate | +0.50% | 47.66 |
| | -0.50% | 45.40 |
| Discount rate | +0.50% | 45.41 |
| | -0.50% | 47.66 |
| For the year ended 31st March, 2019 | | |
| Salary growth rate | +0.1% | 140.38 |
| | -0.1% | 127.32 |
| Discount rate | +0.1% | 127.26 |
| | -0.1% | 140.58 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognised in the balance sheet.

These plans typically expose the Company to actuarial risks such as: longevity risk and salary risk.

- (A) Interest risk - A decrease in the discount rate will increase the plan liability.
 (B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants. As such, an increase the plan's liability.
 (C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

37.3 The weighted average duration of the defined benefit obligation at the end of the reporting period is 5 years (31st March, 2018 - 6 years).

38 Disclosure pursuant to Indian Accounting Standard 108 - Operating Segment

The company is engaged in Private Container Train Operator (PCTO) business and is holding Category-I license which allows the company to operate on Indian Rail network on pan India basis both Domestic and Exim Traffic. In the opinion of the company, the entire operations are governed by the same set of risks and returns and hence the same has been considered as representing a single primary segment.

The company provides services within India and hence does not have any operation in economic environments with different risks and returns. Hence, it is considered that the company is operating in a single geographical segment.

Customers individually contributes to more than 10% of revenue :-

There are 2 customers (March 31, 2018 - 3 customers) aggregating to Rupees 8,179.24 lakhs (March 31, 2018 Rupees 8,619.29 lakhs) constituting 60% (March 31, 2018- 64%) of Revenue.

39 DISCLOSURES UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

To the extent, the company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under

| Particulars | (Rupees in lakhs) | |
|--|--------------------------------|--------------------------------|
| | For the year March 31, 2019 | For the year March 31, 2018 |
| (i) Principal amount remaining unpaid | 15.77 | 5.24 |
| (ii) Interest due thereon remaining unpaid | 0.50 | - |
| (iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the | - | - |
| (iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| (v) Interest accrued and remaining unpaid (net of tax deducted at source) | 0.50 | - |
| (vi) Interest remaining due and payable even in the succeeding years, until such date when the interest as above are actually paid to the small enterprise. | - | - |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

40 RECENT ACCOUNTING PRONOUNCEMENTS

STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) ISSUE OF IND AS 116 - LEASES

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of leasing arrangement.

B) AMENDMENT TO EXISTING STANDARD

The MCA has also carried out amendments of the following accounting standards

i. Ind AS 101- First time adoption of Indian Accounting Standards

ii. Ind AS 103 - Business Combinations

iii. Ind AS 109 - Financial Instruments

iv. Ind AS 111 - Joint Arrangements

v. Ind AS 12 - Income Taxes

vi. Ind AS 19 - Employee Benefits

vii. Ind AS 23 - Borrowing Costs

viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 RELATED PARTY TRANSACTIONS

(I) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

| Sl. No. | Related Party | Relationship | Ownership Interest (%) | Country |
|---------|---|--------------------------------------|------------------------|---------|
| 1 | Arshiya Limited | Holding Company | 100 | India |
| 2 | Arshiya Rail Siding and Infrastructure Limited (till February 3, 2018) | Subsidiary | 100 | India |
| 3 | Arshiya Supply Chain Management Private Limited (till March 21, 2018) Arshiya Northern FTWZ Limited Arshiya Industrial & Distribution Hub Limited Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited) | Fellow Subsidiaries | | India |
| 4 | Mr. Ajay S. Mittal - Director Mr. Navnit Choudhary - Director Mr. Ashish Kumar Bairagra - Independent Director Mr. Rishabh Pankaj Shah - Independent Director Mr. Siddarth Kasturia - Chief Executive Officer (w.e.f. March 26, 2019) Ms. Avani Dipakkumar Lakhani - Company Secretary (w.e.f. March 26, 2019) Mr. Vinod Jain - Chief Financial Officer (till March 25, 2019) Mr. Amardeep Gupta - Chief Financial Officer (w.e.f. March 26, 2019) | Key Managerial Personnel (KMP) | | |
| 5 | Mrs. Archana A Mittal Mr. Ananya A Mittal | Relative of Key Managerial Personnel | | |

(II) The nature and amount of transactions with the above related parties are as follows

| (Rupees in lakhs) | | | |
|--|--|----------|------------|
| Related Party | Particulars | 2019 | 2018 |
| Arshiya Industrial & Distribution Hub Limited | Loans given | - | 376.05 |
| | Loan repayments** | - | (1,312.83) |
| | Rail Freight Income | 749.45 | 23.48 |
| | Unwinded interest income on Loan to subsidiaries | - | 67.20 |
| | | | |
| Arshiya Northern FTWZ Limited | Loans given | - | 943.84 |
| | Loan repayments** | - | (2,354.81) |
| | Unwinded interest income on Loan to subsidiaries | - | 101.22 |
| | | | |
| Arshiya Limited | Loans taken** | (788.31) | (4,831.75) |
| | Loan repayments | 2,996.44 | 3,751.60 |
| | Allocation of cost and common expenses by Holding Company* | (419.55) | (418.25) |
| | Unwinded interest expense on Loan from holding company | (63.70) | (56.88) |
| | Financial Guarantees | (246.46) | (240.56) |
| | | | |
| Arshiya Supply Chain Management Private Limited | Loans given | - | 11.81 |
| | Loan repayments** | - | (11.81) |
| Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited) | Loans given | - | 0.23 |
| | Loan repayments | 0.23 | - |

* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to Rupees 419.55 lakhs (31st March, 2018 - Rupees 418.25 lakhs) based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 28) and certain expenses stated under other expenses (Refer Note No. 31) are presented as inclusive of such allocation of certain common costs and expenses.

** The Company has adjusted balance receivable amount of Arshiya Industrial, Distribution & Hub Limited (AIDHL) on March 31, 2019 Rupees NIL (March 31, 2018 Rupees 1,269.42 lakhs), receivable amount of Arshiya Northern FTWZ Limited (ANFTWZ) on March 31, 2019 Rupees NIL (March 31, 2018 Rupees 2,026.74 lakhs), receivable amount of Arshiya Supply Chain Management Private Limited (ASCM) on March 31, 2019 Rupees NIL (March 31, 2018 Rupees 4.45 lakhs) with Arshiya Limited.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | | (Rupees in lakhs) | |
|---|-----------|-------------------|------------|
| (iii) Closing Balances | | 31.03.2019 | 31.03.2018 |
| Arshiya Logistics Services Limited (formerly known as Laxmipati Balaaji Exim Trading Limited) | - | - | 0.23 |
| Arshiya Limited | 304.38 | 2,029.26 | |
| Arshiya Industrial Distribution & Hub Limited | 289.58 | - | |
| Arshiya Limited | 854.69 | 1,041.15 | |
| Ajay S Mittal | 54,120.00 | 51,120.00 | |
| Archana A Mittal | 54,120.00 | 51,120.00 | |
| Arshiya Limited | 51,200.19 | 48,200.19 | |
| Arshiya Limited | 550.00 | - | |

(iv) Key managerial personnel compensation

| | | (Rupees in lakhs) | |
|--|-------|-------------------|------------|
| Mr. Vinod Jain - Chief Financial Officer (till March 25, 2019) | | 31.03.2019 | 31.03.2018 |
| Short term employee benefits | 20.49 | - | |
| Total | 20.49 | - | |
| Mr. Siddarth Kasturia - Chief Executive Officer (w.e.f. March 25, 2019) | | 31.03.2019 | 31.03.2018 |
| Short term employee benefits | 0.95 | - | |
| Total | 0.95 | - | |
| Ms. Aveni Dipakkumar Lakhani - Company Secretary (w.e.f. March 26, 2019) | | 31.03.2019 | 31.03.2018 |
| Short term employee benefits | 0.10 | - | |
| Total | 0.10 | - | |
| Mr. Amardeep Gupta - Chief Financial Officer (w.e.f. March 26, 2019) | | 31.03.2019 | 31.03.2018 |
| Short term employee benefits | 0.36 | - | |
| Total | 0.36 | - | |



42 FAIR VALUE MEASUREMENTS

(Rupees in lakhs)

(ii) **Fair Valuation techniques used to determine fair value**

The following methods and assumptions were used to estimate the fair values:

- (iii) Fair value hierarchy**

(a) **Level 1** - Level 1 hierarchy includes financial instruments measured using quoted prices.

- (c) **Level 3** - If one or more of the significant inputs are not based on observable market data, the Instrument is included in level 3. This is the case for Restricted equity shares, contingent consideration and indemnification assets included in level 3.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Financial Risk Management

The Company's principal financial liabilities comprises of borrowings, trade and other payables and financial guarantees contracts. The main purpose of these financial liabilities is to manage for the Company's operations. The Company's financial assets comprises of trade and other receivables, cash and deposits that arises directly from its operations.

The company's activities expose it to variety of financial risks including credit risk, liquidity risk and market risk. The Company's risks management assessment, management and processes are established to identify and analyze the risks faced by the Company to set up appropriate risks limits and controls and to monitor such risks and compliances with the same. Risks assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the company's activities.

| Risk | Exposure | Measurement | Management |
|-----------------------------|---|-----------------------------|---|
| Credit risk | Cash and cash equivalents, trade receivables and Financial assets measured at amortised cost. | Ageing analysis | Regular review of credit limits |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of financial support from parent company |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Unhedged |

The Company's risk management is carried out by a corporate finance team under the policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas, such as credit risk, Interest rate risk.

(A) Credit risk

The Company is exposed to credit risk, which is risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents as well as credit exposures to trade customers including outstanding receivables.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the company through continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any further services to major customers are approved by the senior management. Credit risk is high as only few customers' account for majority of the revenue in the year presented. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain.

(B) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times; maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company limits its liquidity risk by ensuring funds from trade receivables. The Company relies on operating cash flows and funding from holding company to meet its needs for funds.

The table below provides undiscounted cash flows towards financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Contractual maturities of financial liabilities

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 | |
|------------------------------------|------------------|------------------|----------|
| March 31, 2019 | | | |
| Borrowings | 11,919.62 | 32,369.86 | - |
| Trade payables | 1,323.21 | - | - |
| Other financial liabilities | 16,489.00 | - | - |
| Total Financial liabilities | 29,731.83 | 32,369.86 | - |
| March 31, 2018 | | | |
| Borrowings | 11,024.26 | 34,150.17 | - |
| Trade payables | 626.12 | - | - |
| Other financial liabilities | 16,276.91 | - | - |
| Total Financial liabilities | 27,927.29 | 34,150.17 | - |

(C) Market risk

Market Risk is the risk that the fair value of future cash flow of a financial instruments will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: 1) Foreign currency risk and 2) Interest rate risk

1) Foreign currency risk

1) Foreign currency risk is the risk that the fair value or future cash flow or an exposure will fluctuate because of changes in foreign exchange rates. However, the Company does not have any foreign currency exposure.

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the 31st March, 2019 the Company's borrowings at the variable rate were mainly denominated in Rupees.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to Interest rate risk as defined in IND AS- 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:-

(Rupees in lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Variable rate borrowings | 6,910.60 | 8,931.30 |

Interest sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | Impact on profit before tax | |
|---|-----------------------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| Interest sensitivity | | |
| 50 bps increase the profit before tax by* | (34.55) | (44.66) |
| 50 bps decrease the profit before tax by* | 34.55 | 44.66 |
| * Holding all other variable constant | | |



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44 CAPITAL MANAGEMENT

For the company's objective when managing capital is to safeguard the company's ability to continue going concern in order to provide the return for shareholders and benefit to other stakeholders and to maintain an optional capital structure to reduce the cost of capital. Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a Debt equity ratio.

(Rupees in lakhs)

| | March 31, 2019 | March 31, 2018 |
|--|--------------------|-------------------|
| Borrowings | 43,822.29 | 44,498.60 |
| Other Financial Liabilities (Interest accrued) | 14,990.64 | 14,554.19 |
| Total Debt | 58,812.93 | 59,052.79 |
| Equity | 4,238.44 | 4,238.44 |
| Other equity | (18,197.13) | (14,073.62) |
| Total Equity | (13,958.69) | (9,835.18) |

Notes:-

- (i) Debt is defined as long term and short term borrowings including current maturities and interest.
- (ii) Total equity (as shown in balance sheet) includes issued capital and all other equity.

As stated in Notes to accounts, the company is also having scheme of arrangements to reorganise the capital structure.

Debt Covenants

Under the terms of Restructuring Agreement, the company is required to comply with following financial covenants:-

Without prior approval of lender, the company shall not:

- (i) **Loans, debenture & charge** - Issue or subscribe to any debentures, shares, raise any loans, deposit from public, issue equity or preference capital, change its capital structure or create any charge on its assets including its cash flow or give any guarantees.
- (ii) **Dividend on equity shares** - declare/pay dividend on equity shares unless otherwise approved by the Lender/Business Monitoring Committee and subject to the payment of recompense amount payable by the borrower to the lender in accordance with the provisions of RA.

In order to achieve this overall objective, the Capital Management, amongst other thing, aims to ensure that it meets Financial covenants attached to the Interest bearing Loans and borrowings that define Capital structure requirements, there have been breaches in the Financial covenants of Interest bearing loans and borrowing in the Current period and previous period.

The Company has not proposed any dividend in last two years in view of losses incurred.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

45 Taxation

- i) In view of loss for the year, no provision for current tax has been made.
- ii) The Company has not recognised any deferred tax assets on deductible temporary differences, unused tax losses as it is not probable that the Company will have sufficient future taxable profit which can be available against the available tax losses.
- iii) Unused tax losses for which no deferred tax assets has been recognised

(Rupees in lakhs)

| Year | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | Total |
|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Loss | 14,739.87 | - | - | 13,093.10 | 431.07 | - | 28,264.04 |
| Year | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 2027-2028 | Total |
| Loss | 6,512.68 | 5,536.76 | 3,192.80 | 3,717.69 | 3,199.58 | 2,104.24 | 24,263.74 |

Unused deferred tax assets as at March 31, 2019 Rupees 9,217.76 Lakhs (March 31, 2018 - Rupees 13,290.59 Lakhs) has not been recognised, as there is no convincing evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

Details of Deferred tax assets are mentioned below:-

(Rupees in lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|-------------------|--------------------|
| Property plant equipment | 4,268.76 | 4,084.31 |
| Unabsorbed depreciation | (6,308.57) | (5,773.59) |
| Expense allowable on payments under section | (166.12) | (3,651.00) |
| Unabsorbed loss | (7,348.65) | (8,397.44) |
| Financial Instruments | 336.82 | 447.13 |
| Total Deferred Tax Assets | (9,217.76) | (13,290.59) |

46 Preparation of financial statements on "Going Concern" basis

The company has incurred net loss of Rupees 4,183.51 Lakhs during the year ended March 31, 2019 and as of that date, the company's current liabilities exceeded by its current assets by Rupees 29,449.72 lakhs. Accumulated losses have also resulted into more than net worth of the company. Some of its lenders have recalled their loans and the company is in the process of negotiating the revised payment terms with the lenders.

The Company is EBIDTA positive and with the commencement of the two dedicated freight corridors, the said company will benefit immensely. Moreover, a unique contract entered into with one of the largest global shipping lines has already started to improve the profitability. Also, the proposed merger of Fellow subsidiary with the company as mentioned in note no. 51, would make their operations not only complementary, but enhance their profitability.

In view of the focussed emphasis of the Government on logistics infrastructure sector, the proposed restructuring and considering the fact that the facilities are yet to achieve full operational potential besides the strategic locations of the facilities, the management's future outlook of its businesses is very promising. Accordingly the financials have been prepared on going concern basis, based on financial support from the Parent Company.

The management of the company is in the process of restructuring its business operations and steps are as under :

- i) Focus on long term contracts with corporate clients for stable revenues.
- ii) Focus on reduction of empty haulage / return business in different sectors to increase in revenue and margins.
- iii) Diversified focus from only Steel industry to Cement, Agro and Tiles also so as to have a balance of product mix.
- iv) Increased focus on Khurja as a distribution hub post GST implementation



ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- v Government focus on Multi-modal logistic and transport services to increase the throughput of the infrastructure already created by the company;
- vi Government focus on the revamping of the Railway Boards and increasing clarity on regulatory aspects to support resolution of the regulatory issues;
- vii Two Dedicated Freight Corridor(s) (DFC) along the Western and Eastern part of India to support increase in the business volume.
- viii Government announcement of Jewar Airport and Merut Highway connecting Jewar via Khurja and thereby connecting to Yamuna Expressway(i.e. Delhi to Agra).

The above steps shall enable the Company to improve Company's Net worth and its ability to discharge its debts/liabilities in near future.

- 47 As per debt covenant, the Company are required to adhere to repayment schedule and any short payment gives Edelweiss Asset Reconstruction Company (EARC) the right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. No such notice of conversion in writing has been given by EARC and the Company continues to disclose the amount as current and non-current as per repayment schedule, in the Balance Sheet.
- 48 The company had entered into one-time settlement (OTS) with a lender during the year. The company had paid partial amount against OTS and the effect was taken as an exceptional item during the year ended March 31, 2019. However, the Company has defaulted in payment as per the terms of the OTS. As a result, the Company needs to reverse the exceptional gain recorded during the year and needs to recognise Interest on the entire liability as per the original terms. The Company is in discussion with the lender for additional time to repay. Accordingly, the company continues to reflect the outstanding amount of loan as per OTS in the financial statements. The Company has not reversed the gain, nor provided for additional interest. Had the Company reversed the gain and provided for additional interest, exceptional item would have been lower by Rs. 6,604.55 Lakhs and finance cost would have been higher by Rs. 3,500.76 Lakhs having consequential impact on total comprehensive income, liabilities and other Equity for the year ended 31st March, 2019.
- 49 The Company has procured certain capital goods under EPCG scheme at concessional rate of duty. On non fulfillment of certain conditions, the company may become liable to pay differential custom duty along with interest thereon such procurement. The management is hopeful of completing the expected obligation within the stipulated time.
- 50 The scheme of arrangement u/s 230 to 232 is scheme of merger of the Arshiya Industrial and Distribution Hub Limited and Arshiya Transport & Handling Limited into the company, which is pending with NCLT. The scheme is conditional on various approval / sanctions and is effective thereafter; accordingly no effect of the said Scheme is given in the financial statement. The Creditors meeting of the respective companies was held on 6th May 2019. No accounting impact and disclosures is considered and necessary at this stage pending requisite regulatory approvals.
- 51 In addition to above, the Board of Directors of the Parent Company at their meeting held on 24th May, 2018, has approved a scheme to reorganize corporate structure i.e. demerger of "Domestic warehousing business" of the Parent Company into the company. This proposed scheme of arrangement is conditional upon approval of above scheme (refer note no. 50). No accounting impact and disclosures is considered and necessary at this stage pending requisite regulatory approvals.
- 52 The Company has sent request letters/ emails to various parties for confirmations of balances under borrowings, trade receivables trade payables etc, loans and advances to which only few parties have responded. Accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable.
- 53 Corporation Bank has filed a suit with Debt Recovery Tribunal, New Delhi, towards recovery against Arshiya Rail Infrastructure Limited, Arshiya Limited as a Corporate Guarantor and two promoter directors of the holding company as Guarantors, for Rupees 8,012.60 lakhs. The same is pending before the DRT Delhi. The matter is sub-judice.



ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- 54 The Company disaggregates revenue from contracts with customers by type of products and services, geography and timing of revenue recognition.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers". The effect on adoption of Ind AS 115 was insignificant.

Revenue disaggregation by type of goods and services is given note no. 25

Revenue disaggregation by geography is as follows:

| Geography | (Rupees in lakhs) | |
|---------------|---|---|
| | For the year ended 31 st March 2019 | For the year ended 31 st March 2018 |
| In India | 13,596.16 | 13,560.32 |
| Outside India | 18.67 | 38.00 |

Geographical revenue is allocated based on the location of the customers.

Revenue disaggregation by timing of revenue recognition is as follows:

| Geography | (Rupees in lakhs) | |
|--------------------------------------|---|---|
| | For the year ended 31 st March 2019 | For the year ended 31 st March 2018 |
| Goods transferred at a point in time | - | - |
| Service transferred over time | 13,614.83 | 13,598.32 |

- 55 Based on recent Supreme court judgement on Provident Fund dated February 28, 2019 there are various interpretive issues including its applicability thus prospective provision w.e.f. March 01, 2019 been considered of Rs. 0.44 lakhs.
- 56 The Company's borrowings have been assigned by bankers to an ARC/ restructured with banks under CDR Package. Certain lenders had invoked the CDR package. The ARC/ CDR lenders have charged interest/ penal interest/additional interest amounting to Rs. 511.89 lakhs upto the year ended March 31, 2018, which was not accepted by the Company and hence is under negotiation. In light of audit qualifications in previous year as a matter of prudence, the company has recognised the said interest/ additional interest/ penal interest and has accordingly restated the finance cost and other consequential impacts in respective year. Further, during the year ended March 31, 2018 reported figure of finance cost, other Equity and Interest Accrued on borrowings was Rs. 7,507.05 lakhs, Rs. (13,561.72) lakhs and Rs. 12,671.96 lakhs respectively. Restated figures of finance cost, other equity and Interest Accrued on Borrowings are Rs. 8,018.94 lakhs, Rs. (14,073.62) lakhs and Rs. 13,183.84 lakhs respectively. Earning Per Share (EPS) also recalculated based on the restated figures.
- 57 The figures for the previous year have been re-grouped /re-arranged, wherever necessary, to correspond with the current year's classification/disclosure.

Notes to the financial statements

1-57

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership Number. 109859



For and on behalf of Board of Directors of
Arshiya Rail Infrastructure Limited

Ajay S Mittal

Ajay S Mittal
Director
DIN : 00226355



Navnit Choudhary

Navnit Choudhary
Director
DIN : 00613576

Place : Mumbai
Date: May 27, 2019

Amardheep Gupta
Amardheep Gupta
Chief Financial Officer

Avani
Avani Dipakkumar Lakhani
Company Secretary

INDEPENDENT AUDITORS' REPORT

**To the Members of
Arshiya Northern FTWZ Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Arshiya Northern FTWZ Limited ('the Company')**, which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 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.

Emphasis of Matter

We draw attention to the Note no. 49 of the statement regarding the balance confirmations of borrowings, trade receivables, trade payables and loans and advances. During the course of preparation of financial statements, e-mails/letters have been sent to various parties by the respective companies with a request to confirm their balances directly to us out of which only few parties have responded, accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable. Our Opinion is not modified in respect of the said matter.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Northern FTWZ Limited

Report on the Financial Statements for the year ended 31st March 2019

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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 director report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the director report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Northern FTWZ Limited

Report on the Financial Statements for the year ended 31st March 2019

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That Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Northern FTWZ Limited

Report on the Financial Statements for the year ended 31st March 2019

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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.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comment in the Annexure A, 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), the Cash Flow Statement 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 financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;
 - e. On the basis of the written representations received from the directors of the Company as on 31st March, 2019 and taken on record by the Board of Directors, we report that 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. In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the act is not applicable to the company since no managerial remuneration is paid / provided.
 - g. 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 B";



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company, as detailed in Note no. 34 to the financial statement has disclosed the impact of pending litigation on its financial position.
 - ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.
 - iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355


Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Northern FTWZ Limited on the Ind AS financial statements for the year ended 31st March 2019)

- (i) In respect of fixed assets:-
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) As explained to us, the Company has physically verified fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
 - (c) In our opinion and according to information and explanation given to us and on the basis of our examination of available records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company does not have any Inventories; hence the provisions of Clause (ii) of paragraph 3 of the said order are not applicable to the Company.
- (iii) In respect of unsecured loans granted by the Company to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. According to the information and explanations given to us:
 - (a) In our opinion and according to the information and explanations provided to us, the terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
 - (c) There are no overdue amounts as at the year-end in respect of both principal and interest.
- (iv) In our opinion and according to information and explanation given to us, the company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of providing guarantees. The company has not given any loan, made investment and securities.



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the records of the Company and information and explanations given to us, the Company has generally been regular except slight delays in few cases, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable except Tax deducted at Source amounting to Rs. 22.80 Lakh and interest on tax deducted at source amounting to Rs. 47.34 Lakh.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at balance sheet date except as mentioned below. There are no dues to debenture holders and government as at the balance sheet date.



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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Defaults in respect of bank and financial institutions are as under:-

(Rs. In Lakh)

| Particulars | Amount of continuing default as on 31st March, 2019 | | Period of Default |
|--|---|------------------|--------------------------|
| | Principal | Interest | |
| Edelweiss Asset Reconstruction Company Limited-through Various trust | - | 529.67 | Financial Year 2017-2018 |
| | - | 938.91 | Financial Year 2018-2019 |
| Punjab National Bank | | | |
| | 402.69 | - | Financial Year 2012-2013 |
| | 9,37.04 | 1,364.42 | Financial Year 2013-2014 |
| | 1,116.80 | 1,195.21 | Financial Year 2014-2015 |
| | 5,586.63 | 1,348.49 | Financial Year 2015-2016 |
| | - | 1,515.62 | Financial Year 2016-2017 |
| | - | 1,858.75 | Financial Year 2017-2018 |
| | | 2,919.20 | Financial Year 2018-2019 |
| State Bank of India | | | |
| | 203.12 | - | Financial Year 2012-2013 |
| | 473.18 | 708.93 | Financial Year 2013-2014 |
| | 563.95 | 583.71 | Financial Year 2014-2015 |
| | 2,820.75 | 680.94 | Financial Year 2015-2016 |
| | - | 765.33 | Financial Year 2016-2017 |
| | - | 938.71 | Financial Year 2017-2018 |
| | | 1,068.29 | Financial Year 2018-2019 |
| Punjab National Bank - Cash Credit | | | |
| | 263.30 | 51.03 | Financial Year 2014-2015 |
| | - | 58.31 | Financial Year 2015-2016 |
| | - | 60.17 | Financial Year 2016-2017 |
| | - | 64.64 | Financial Year 2017-2018 |
| | | 175.16 | Financial Year 2018-2019 |
| Total | 12,367.46 | 16,825.49 | |

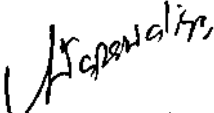
- (ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) 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. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355


Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Northern FTWZ Limited on the financial statements for the year ended 31st March 2019.

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 Arshiya Northern FTWZ Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the 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.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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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, 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.



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Northern FTWZ Limited
Report on the Financial Statements for the year ended 31st March 2019
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Opinion

According to the information and explanations given to us and based on the audit of test of controls, 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 31st March, 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 Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355


Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

ARSHIYA NORTHERN FTWZ LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rupees in lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 5 | 74,149.70 | 75,025.42 |
| (b) Intangible Assets | 6 | 453.82 | 577.62 |
| (c) Financial Assets | | | |
| (i) Other Financial Assets | 7 | 168.15 | 241.80 |
| (d) Other Non-Current Assets | 8 | 66.40 | 39.84 |
| | | 74,838.07 | 75,884.68 |
| Current assets | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 9 | 102.02 | 40.29 |
| (ii) Cash and Cash Equivalents | 10 | 35.98 | 18.53 |
| (iii) Loans | 11 | 325.87 | - |
| (iv) Other Financial Assets | 12 | 91.14 | 152.56 |
| (b) Other Current Assets | 13 | 370.80 | 357.31 |
| | | 925.81 | 568.69 |
| TOTAL ASSETS | | 75,763.88 | 76,453.37 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 14 | 1,086.87 | 1,086.87 |
| (b) Other Equity | 15 | 18,337.19 | 26,300.12 |
| | | 19,424.06 | 27,386.99 |
| Liabilities | | | |
| Non Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 8,513.95 | 10,447.22 |
| (ii) Other Financial Liabilities | 17 | 21.44 | - |
| (b) Provisions | 18 | 7.73 | 14.90 |
| | | 8,543.12 | 10,462.12 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 10,163.90 | 7,848.79 |
| (ii) Trade Payables | 20 | | |
| (A) Total outstanding dues of Micro and Small Enterprises | | 8.56 | 4.20 |
| (B) Total outstanding dues of creditors Other than Micro and Small Enterprises | | 96.87 | 101.95 |
| (iii) Other Financial Liabilities | 21 | 37,370.85 | 30,557.08 |
| (b) Other Current Liabilities | 22 | 155.91 | 83.54 |
| (c) Provisions | 23 | 0.61 | 8.70 |
| | | 47,796.70 | 38,604.26 |
| TOTAL EQUITY & LIABILITIES | | 75,763.88 | 76,453.37 |

Notes to the financial statements
As per our Report of even date

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For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

For and on behalf of Board of Directors of
Arshiya Northern FTWZ Limited

Vijay Napawaliya
Partner
Membership Number. 109859



Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576



Place : Mumbai
Date: May 27, 2019

ARSHIYA NORTHERN FTWZ LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

| Particulars | Note | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------|------------------------------|------------------------------|
| Income | | | |
| Revenue from operations | 24 | 460.80 | 308.40 |
| Other Income | 25 | 262.90 | 100.25 |
| Total Income (I) | | 723.70 | 408.65 |
| EXPENSES | | | |
| Cost of operations | 26 | 8.99 | 9.70 |
| Employee benefits expenses | 27 | 400.31 | 666.93 |
| Finance costs | 28 | 5,805.25 | 4,753.54 |
| Depreciation and amortization expenses | 29 | 1,609.79 | 1,579.07 |
| Other expenses | 30 | 327.54 | 1,255.28 |
| Total Expenses (II) | | 8,151.88 | 8,264.52 |
| Loss before exceptional items and tax (I-II) | | (7,428.18) | (7,855.87) |
| Exceptional Items | 31 | 527.34 | 1,451.42 |
| Loss before tax | | (7,955.52) | (9,307.29) |
| Tax expense: | 37 | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Loss for the year | | (7,955.52) | (9,307.29) |
| OTHER COMPREHENSIVE INCOME | | | |
| Items not to be reclassified to profit and loss: | | | |
| Remeasurement of losses on defined benefit plans | 35 | (7.41) | (9.65) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | (7,962.93) | (9,316.94) |
| Earnings per Equity shares (Face value Rupees 10 each) | | | |
| Basic/ Diluted earnings per share (In Rupees) | 32 | (73.20) | (85.63) |

Notes to the financial statements
As per our Report of even date

1-56

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

Vijay Napawaliya
Partner
Membership Number. 109859



For and on behalf of Board of Directors of
Arshiya Northern FTWZ Limited

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

(Handwritten signatures of Ajay S Mittal and Navnit Choudhary)

Place : Mumbai
Date: May 27, 2019



ARSHIYA NORTHERN FTWZ LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A Equity Share Capital (Refer Note 14)

| Particulars | (Rupees in lakhs) |
|--|-------------------|
| Equity Shares of Rupees 10 each Issued, subscribed and paid up | |
| As at April 1, 2017 | 1,086.87 |
| Equity Shares | |
| Issue of equity share during the year | - |
| As at March 31, 2018 | 1,086.87 |
| Equity Shares | |
| Issue of equity share during the year | - |
| As at March 31, 2019 | 1,086.87 |

B Other Equity (Refer Note 15)

| Particulars | Reserve & Surplus | | Other Reserve | | Total |
|---|----------------------------|-------------------|--|--|------------|
| | Securities Premium Account | Retained Earnings | Equity component of Government Equity - Parent Company | Equity component of Government Equity - Subsidiary Company | |
| As at April 1, 2017 | 42,845.95 | (7,925.85) | 643.01 | 53.95 | 35,617.06 |
| Loss for the year | | (9,307.29) | | | (9,307.29) |
| Other comprehensive Income | | (9.65) | | | (9.65) |
| Total comprehensive Income for the year | | (9,316.94) | | | (9,316.94) |
| As at March 31, 2018 | 42,845.95 | (17,242.79) | 643.01 | 53.95 | 26,300.12 |
| Loss for the year | - | (7,955.52) | - | - | (7,955.52) |
| Other comprehensive income | - | (7.41) | - | - | (7.41) |
| Total comprehensive income for the year | | (7,962.93) | | | (7,962.93) |
| As at March 31, 2019 | 42,845.95 | (25,205.72) | 643.01 | 53.95 | 18,337.19 |

Notes to the financial statements 1-56
As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

Vijay Napawaliya
Vijay Napawaliya
Partner
Membership Number. 109859



For and on behalf of Board of Directors of
Arshiya Northern FTWZ Limited

Ajay S Mittal
Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

Place : Mumbai
Date: May 27, 2019



Arshiya Northern FTWZ Limited
Cash Flow Statement for the year ended March 31, 2019

(Rupees in lakhs)

| Particulars | Notes | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---------|------------------------------|------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Loss for the year before tax | | (7,955.52) | (9,307.29) |
| Adjustments for : | | | |
| Sundry Balances / Excess provision Written Back (Net) | | (221.29) | (219.52) |
| Settlement of Claims | | 527.34 | 408.34 |
| Loss on sale of investment | | - | 1,101.21 |
| Property, Plant and Equipment Written off | | - | 85.56 |
| Depreciation and amortization expenses | | 1,609.79 | 1,579.07 |
| Unwinding of Interest for loan to related parties | | - | (7.26) |
| Finance Expense | | 5,805.25 | 4,753.54 |
| OPERATING LOSS BEFORE WORKING CAPITAL CHANGES | | (234.43) | (1,606.35) |
| Adjustments for | | | |
| Trade & other payables | | (854.84) | (823.27) |
| Trade & other receivables | | (392.82) | 1,509.15 |
| CASH USED IN OPERATIONS | | (1,482.09) | (920.47) |
| Direct Tax (Paid)/ Refunds | | (26.56) | (30.57) |
| NET CASH FLOW USED IN OPERATING ACTIVITIES | (A) | (1,508.65) | (951.04) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (461.52) | (4,108.76) |
| Purchase of Intangible Asset | | - | (619.00) |
| Sale of Investment | | - | 47.88 |
| NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES | (B) | (461.52) | (4,679.88) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings - Non current | | - | 1,263.19 |
| Repayment of borrowings - Non current | | (242.01) | (2,685.28) |
| Borrowing - current (Net) | | 2,295.06 | 7,359.74 |
| Interest paid on borrowings | | (65.43) | (311.39) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | (C) | 1,987.62 | 5,626.26 |
| Net Increase/(Decrease) in cash and cash equivalents | (A+B+C) | 17.45 | (4.66) |
| Cash and cash equivalents at the beginning of the year | | 18.53 | 23.19 |
| Cash and Cash Equivalents at the end of the year | | 35.98 | 18.53 |
| Cash and Cash Equivalents at the end of the year | | 35.98 | 18.53 |

Note:- Changes in liabilities arising from financing activities :

| Particulars | March 31, 2018 | Cash flow | INDAS impact | Other non cash adjustment | March 31, 2019 |
|--|----------------|-----------|--------------|---------------------------|----------------|
| Long term borrowing (Refer Note no. 16 & 21) | 22,751.41 | (242.01) | 179.87 | 42.01 | 22,731.28 |
| Short term borrowing (Refer Note no. 19) | 7,848.79 | 2,295.05 | 20.06 | - | 10,163.90 |

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Notes to the financial statements

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number 101720W/W100355

Vijay Napawallia
Partner
Membership Number. 109859



Place : Mumbai
Date : May 27, 2019

For and on behalf of Board of Directors of
Arshiya Northern FTWZ Limited

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576



ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Corporate Information

Arshiya Northern FTWZ Limited (CIN : U51109MH2008PLC183555) is a public company domiciled in India and is incorporated on June 16, 2008 under the provisions of the Companies Act applicable in India. The registered office of the company is located at 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

Arshiya Northern FTWZ Limited (ANFTWZ) is a subsidiary of Arshiya Limited (AL), AL is listed on Bombay Stock Exchange and National Stock Exchange. The Company is principally engaged in the business of development, operations and maintenance of Free Trade and Warehousing Zone (FTWZ).

The Company has developed a Free Trade & Warehousing Zone at Khurja, District Bulandshahar in the state of Uttar Pradesh and the Government of India vide its Notification No. S. O. 2793(E) dated 16th November, 2010 has notified the aforesaid area as a Free Trade & Warehousing Zone under the provisions of The Special Economic Zone Act, 2005.

The financial statements of the Company for the year ended 31st March, 2019 were approved and adopted by board of directors in their meeting held on 27th May 2019.

2 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act").

The Company prepared its financial statements in accordance the Indian Accounting Standards (IND AS) are notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements have been prepared on a historical cost convention, except for certain financial assets and liabilities, which are measured at fair value.

The financial statements are presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency and all values are rounded to the nearest lakhs, except when otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT:

3.1 Property, Plant and Equipment:

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use.

Depreciation on the property, plant and equipment is provided using straight line method over the useful life of assets as specified in schedule II to the Companies Act, 2013. Depreciation on property, plant and equipment which are added / disposed off during the year, is provided on pro-rata basis with reference to the date of addition / deletion. Freehold land is not depreciated and under the previous GAAP land was revalued.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Profits / losses arising in the case of retirement / disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The Company has opted to continue with the carrying values of all of its property, plant and equipment as recognised in the Indian GAAP financial statements as deemed cost at the transition date i.e. April 1, 2016.

3.2 Intangible Assets :

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of five years. The assets' useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company has opted to continue with the carrying values of all of its intangible assets as recognised in the Indian GAAP financial statements as deemed cost at the transition date i.e. April 1, 2016.

3.3 Leases:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The Company as a lessee

(a) Finance lease

Assets acquired under finance lease are capitalized and the corresponding lease liability is recognised at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Initial costs directly attributable to lease are recognised with the asset under lease.

(b) Operating lease

Lease of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognised as expenses on accrual basis in accordance with the respective lease agreements.

The Company as a lessor

(a) Finance lease

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

The lessor derecognises the leased assets and recognises the difference between the carrying amount of the leased assets and the finance lease receivable in the statement of Profit and Loss when recognising the finance lease receivable.

(b) Operating lease

Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets is diminished.

Initial indirect costs incurred in negotiating and arranging as operating lease are added to carrying value of the leased asset and recognised on a straight line basis over the lease term.

3.4 Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the First In first out basis.

3.5 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.6 Impairment of assets:

An asset is considered as impaired when at the date of Balance Sheet, there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the statement of profit and loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

3.7 Financial instruments – Initial recognition, subsequent measurement and impairment:

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.

1) Financial assets -Initial recognition and measurement:

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

A financial asset that meets the following two conditions is measured at **amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

a) **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.

b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at **fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

a) **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.

b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

Financial assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

a) The rights to receive cash flows from the asset have expired, or

b) The Company has transferred its rights to receive cash flow from the asset.

ii) Financial liabilities - Initial recognition and measurement:

The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities - Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts are approximate at their fair value due to the short maturity of these instruments.

Financial Liabilities - Financial Guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial Liabilities - Derecognition:

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 derecognition 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 and loss.

Compound Instruments

An issued financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and the residual value is recognised as equity component of other financial instrument. The liability component is subsequently measured at amortised cost, whereas the equity component is not remeasured after initial recognition. The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognised directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortised using effective interest method.

3.8 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. 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.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.9 Revenue recognition

Revenue is recognized upon transfer of control of goods (equipment) or rendering of services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services.

Period based services are accrued and recognized pro-rata over the contractual period

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

The following are the specific revenue recognition criteria:

(i) Free Trade and Warehousing Zone operations

Revenue from allotment of warehousing space and open yard area for use is accounted on accrual basis as per agreed terms.

Export benefits under Foreign Trade Policy are recognised when utilized.

(ii) Interest income

Interest income from a financial asset 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 accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend income

Dividend income is recognised when the right to receive the payment is established.

3.10 Foreign currency reinstatement and translation:

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates as on balance sheet date and the resulting exchange difference recognised in statement of profit and loss. Differences arising on settlement of monetary items are also recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

3.11 Employee Benefits:

Short term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related services are rendered.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(a) Defined Contribution Plan

Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

(b) Defined Benefit Plan

Leave encashment being a defined benefit plan is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise. Other costs are accounted in statement of profit and loss.

The cost of providing gratuity, a defined benefit plan, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

3.12 Taxes on Income:

Income tax expense represents the sum of current tax (including MAT and income tax for earlier years) and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable income tax laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

3.13 Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporary deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.14 Earnings per share:

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.15 Current and non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
 - b) Held primarily for the purpose of trading,
 - c) Expected to be realised within twelve months after the reporting period, or
 - d) Cash or 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 classified as current when it is:

- a) Expected to be settled in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Due to be settled within twelve months after the reporting period, or
- d) 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 assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.16 Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
 - b) In the absence of a principal market, in the most advantageous market for the asset or liability.
- A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

3.17 Off-setting financial instrument:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

3.18 Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.19 Contributed Equity

Equity Shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax from the proceeds.

3.20 Cash flow statement

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

3.21 Dividend Distribution

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.



ARSHIYA NORTHERN FTWZ LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:**

The preparation of the 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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments 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.

4.1 Property, plant and equipment and Intangible Assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

4.2 Income Tax:

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the financial statements.

4.3 Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

4.4 Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.5 Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

4.6 Defined benefits plans:

The Cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.7 Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

4.8 Fair value measurement of financial instruments :

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | |
|---|----------------|-----------|---------------------|------------------|------|--------|--------|--------|-------------------|
| Particulars | Freshhold Land | Buildings | Plant and Equipment | Office Equipment | | | | | (Rupees in lakhs) |
| Gross Carrying Value (at deemed cost) | | | | | | | | | |
| As at April 1, 2017 | 42,428.65 | 27,143.98 | 3,129.56 | 461.47 | 3.96 | 385.09 | 59.78 | 768.65 | 74,381.14 |
| Additions | 4,108.75 | - | (40.51) | (58.55) | - | (0.10) | (6.16) | - | 4,108.75 |
| Disposals | - | - | - | 392.92 | 3.96 | 384.99 | 53.62 | 768.65 | (115.32) |
| As at March 31, 2018 | 46,537.40 | 27,143.98 | 3,089.05 | 392.92 | 3.96 | 384.99 | 53.62 | 768.65 | 78,374.57 |
| Additions | - | 608.20 | - | - | - | 2.07 | - | - | 610.27 |
| As at March 31, 2019 | 46,537.40 | 27,752.18 | 3,089.05 | 392.92 | 3.96 | 387.06 | 53.62 | 768.65 | 78,984.84 |
| Accumulated Depreciation/ Impairment | | | | | | | | | |
| As at April 1, 2017 | - | 1,048.42 | 266.26 | 70.49 | 1.07 | 310.48 | 25.52 | 118.99 | 1,841.23 |
| Depreciation for the year | - | 1,048.42 | 265.41 | 67.88 | 1.07 | 10.53 | 25.38 | 118.99 | 1,537.68 |
| Deductions | - | - | (6.02) | (18.55) | - | (0.08) | (5.11) | - | (29.76) |
| As at March 31, 2018 | - | 2,096.84 | 525.65 | 119.82 | 2.14 | 320.93 | 45.79 | 237.98 | 3,349.15 |
| Depreciation for the year | - | 1,048.00 | 258.57 | 56.50 | 1.07 | 2.98 | - | 118.87 | 1,485.99 |
| As at March 31, 2019 | - | 3,144.84 | 784.22 | 176.32 | 3.21 | 323.91 | 45.79 | 356.85 | 4,835.14 |
| Net Carrying value as at March 31, 2019 | 46,537.40 | 24,607.34 | 2,304.83 | 216.60 | 0.75 | 63.15 | 7.83 | 411.80 | 74,149.70 |
| Net Carrying value as at March 31, 2018 | 46,537.40 | 25,047.14 | 2,563.40 | 273.10 | 1.82 | 64.06 | 7.83 | 530.67 | 75,025.42 |

Note : In accordance with the Indian Accounting Standard (IND AS -36) on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said IND AS. On the basis of this review carried out by the management, there was no impairment loss of property, plant and equipment during the year ended March 31, 2019.



ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| 6 INTANGIBLE ASSETS | (Rupees in lakhs) |
|---|-------------------|
| Particulars | Computer Software |
| Gross Carrying Value (at deemed cost) | |
| As at April 1, 2017 | 203.93 |
| Additions | 619.00 |
| Disposals | (203.93) |
| As at March 31, 2018 | 619.00 |
| Additions | - |
| Disposals | - |
| As at March 31, 2019 | 619.00 |
| Accumulated Amortisation | |
| As at April 1, 2017 | 203.93 |
| Amortisation for the year | 41.38 |
| Deductions | (203.93) |
| As at March 31, 2018 | 41.38 |
| Amortisation for the year | 123.80 |
| Deductions | - |
| As at March 31, 2019 | 165.18 |
| Net Carrying value as at March 31, 2019 | 453.82 |
| Net Carrying value as at March 31, 2018 | 577.62 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

14

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Authorised Share Capital | | |
| 2,40,00,000 (As at March 31, 2018: 2,40,00,000) Equity shares of Rupees 10 each | 2,400.00 | 2,400.00 |
| 10,00,000 (As at March 31, 2018: 10,00,000) Preference Shares of Rupees 10 each | 100.00 | 100.00 |
| Total | 2,500.00 | 2,500.00 |
| Issued, Subscribed & Fully Paid up | | |
| 1,08,68,677 (As at March 31, 2018: 1,08,68,677) Equity Shares of Rupees 10 each | 1,086.87 | 1,086.87 |
| Total | 1,086.87 | 1,086.87 |

ii) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year:

| Particulars | In numbers | Amount (Rupees in lakhs) |
|---|--------------------|-----------------------------|
| Equity Share Capital | | |
| Equity shares of Rupees 10 each issued, subscribed and fully paid | | |
| At April 1, 2017 | 1,08,68,677 | 1,086.87 |
| Issued during the year | - | - |
| At March 31, 2018 | 1,08,68,677 | 1,086.87 |
| Issued during the year | - | - |
| At March 31, 2019 | 1,08,68,677 | 1,086.87 |

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity share is entitled to one vote per share. The shareholders who held shares on the record date are entitled to dividend as may be proposed by the Board of Directors and is subject to approval of the Shareholders at the ensuing General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| Name of the shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|-----------|----------------------|-----------|
| | Number | % holding | Number | % holding |
| Equity shares of Rupees 10 each fully paid | | | | |
| Arshiya Limited (Holding Company) | 1,08,68,077 | 100 | 1,08,68,077 | 100 |
| Shares held by Nominee and jointly shareholders | 600 | | 600 | |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

FINANCIAL ASSETS

7 OTHER NON CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Non Current | | |
| Financial assets carried at amortised cost | | |
| Financial Guarantee | 168.15 | 241.80 |
| Total | 168.15 | 241.80 |

8 OTHER NON CURRENT ASSETS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Others | | |
| - TDS Receivable | 66.40 | 39.84 |
| Total | 66.40 | 39.84 |

9 CURRENT ASSETS - TRADE RECEIVABLES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Trade Receivables considered good - Secured | - | - |
| Trade Receivables considered good - Unsecured* | 102.02 | 40.29 |
| Trade Receivable which have Significant increase in Credit Risk | - | - |
| Trade Receivable -credit Impaired | - | - |
| Total | 102.02 | 40.29 |

Note: There is no impairment of ECL since major amount are receivable from related party.

*Includes Rupees 53.28 lakhs in March 31, 2019 (Rupees 38.80 lakhs in March 31, 2018) due from Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited).

Note: In the opinion of the Management, the dues from Arshiya Logistics Services Limited, a fellow subsidiary, are good for recovery in view of long term business plans and future strategies of the Company which shall eventually improve its ability to pay its debts.

10 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|-------------------------|-------------------------|
| On current accounts: | | |
| Balances with banks | 33.06 | 18.53 |
| Cash on hand | 2.92 | - |
| Total | 35.98 | 18.53 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| (Rupees in lakhs) | | |
|--|-------------------------|-------------------------|
| 11 CURRENT ASSETS - LOANS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Loans to Related Parties (Refer note 40) | 325.87 | - |
| Total | 325.87 | - |

| (Rupees in lakhs) | | |
|---|-------------------------|-------------------------|
| 12 OTHER CURRENT FINANCIAL ASSETS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Security Deposits | 17.49 | 17.49 |
| Other Receivable | - | 8.27 |
| Financial assets carried at amortised cost | | |
| Financial Guarantee | 73.65 | 126.80 |
| Total | 91.14 | 152.56 |

| (Rupees in lakhs) | | |
|--|-------------------------|-------------------------|
| 13 OTHER CURRENT ASSETS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Prepaid expenses | 4.05 | 2.25 |
| Indirect Tax refund receivable (Refer Note 47) | 355.06 | 355.06 |
| Balance with Govt. Authority | 1.02 | - |
| TDS Receivable | 10.67 | - |
| Total | 370.80 | 357.31 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

20 CURRENT LIABILITIES- TRADE PAYABLES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Total outstanding dues of Micro and Small Enterprises (Refer Note 38 & 49) | 8.56 | 4.20 |
| Total outstanding dues of creditors Other than Micro and Small Enterprises (Refer Note 49) | 96.87 | 101.95 |
| Total | 105.43 | 106.15 |

21 OTHER CURRENT FINANCIAL LIABILITIES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Financial Liabilities at amortised cost | | |
| Current maturities of long term borrowings | | |
| Term Loans from banks* (Refer Note 21.1 below) | 12,104.18 | 12,104.18 |
| Term Loans from others (Refer Note 21.2 below & 16.1) | 2,113.15 | 200.00 |
| Interest accrued and due on borrowings ** | 16,825.49 | 12,481.06 |
| Interest accrued but not due on borrowings | 691.87 | 355.75 |
| Security Deposit | 45.35 | 6.59 |
| Advance warehouse rent | 5.79 | - |
| Others | | |
| Project Creditors (Refer Note 34 and 49) | 5,510.23 | 5,338.11 |
| Employee's Dues*** | 65.71 | 53.56 |
| Payable for Expenses | 9.08 | 17.83 |
| Total | 37,370.85 | 30,557.08 |

* Include Loan aggregating to Rupees 12,104.18 lakhs (March 31, 2018: Rupees 12,104.18 lakhs) recalled by banks.

**Include Interest accrued and due on Term Loans aggregating to Rupees 14,947.59 lakhs (March 31, 2018: Rupees 11,638.50 lakhs) recalled by banks.

** Include Interest accrued and due on cash credit facility aggregating to Rupees 409.32 lakhs (March 31, 2018 Rupees 323.49 lakhs) recalled by bank.

*** Include Full and Final settlement of Rupees 32.05 lakhs (March 31, 2018 Rupees 17.43 lakhs)

21.1 Rupee term loan from Banks :-

(a) Rupee term loans (including current maturity) of Rupees 12,104.18 lakhs (March 31, 2018 : Rupees 12,104.18 lakhs) are secured by

(1) Details of Security

- First Pari Passu charge on fixed assets of the Company - both present and future
- First Pari Passu charge/assignment/security interest on the Company's rights under the project documents, contracts (including guarantees) and all licenses, permits, approvals, consents and insurance policies.
- Assignment of contractor guarantees, liquidated damages, letter of credit, guarantee or performance under any project agreement or contract in favour of the Company.
- Second charge on current assets.
- Personal guarantee from Promoters of the Holding Company.
- Pledge of 4,052,778 Equity Shares of the Company held by the Holding Company.
- Corporate Guarantee of the Holding Company.

(2) Terms of Interest rate:

-on Term Loans from Banks 13 % p.a.,

(3) Terms of repayment :-

(Rupees in lakhs)

| Financial Year | Term Loans from Banks |
|----------------|--------------------------|
| 2012-2013 | 604.22 |
| 2013-2014 | 1,410.23 |
| 2014-2015 | 1,680.76 |
| 2015-2016 | 8,408.97 |
| Total | 12,104.18 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(4) Amount and period of default in repayment of borrowings

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | |
|--------------------------------------|----------------------|-------------------|
| | Amount | Period of Default |
| Current maturity of Rupee Term loans | 604.22 | 2012-13 |
| | 1,410.23 | 2013-14 |
| | 1,680.76 | 2014-15 |
| | 8,408.97 | 2015-16 |
| Total | 12,104.18 | |

21.2 (b) Rupee term loans from NBFC (Including current maturity) of Rupees NIL (March 31, 2018 : Rupees 200.00 lakhs) are secured by
i. Personal Guarantee of a promoter of the Holding Company.

ii. Charge on movable property has been registered and on immovable property i.e. land admeasuring 1.88 acres is to be registered.

(2) Terms of Interest rate:

-on Term Loan from NBFC 11% p.a.

**** Amount and period of default in payment of Interest on borrowings**

(Rupees in lakhs)

| Particulars | March 31, 2019 | | |
|-------------------------------------|------------------|-----------------|-------------------|
| | Banks | Others | Period of Default |
| Interest accrued & due on borrowing | 2,073.35 | - | 2013-14 |
| | 1,778.91 | - | 2014-15 |
| | 2,029.42 | - | 2015-16 |
| | 2,280.95 | - | 2016-17 |
| | 2,797.47 | 529.67 | 2017-18 |
| | 3,987.49 | 938.91 | 2018-19 |
| Total | 14,947.59 | 1,468.58 | |

The amortised cost disclose above is net off interest cost of borrowings aggregating to Rupees 194.02 lakhs for March 31, 2019 (March 31, 2018 Rupees 292.17 lakhs).

**** Amount and period of default in payment of Interest on Cash Credit from Banks**

(Rupees in lakhs)

| Particulars | March 31, 2019 | |
|---------------------------------------|----------------|-------------------|
| | Banks | Period of Default |
| Interest accrued & due on Cash Credit | - | 2013-14 |
| | 51.04 | 2014-15 |
| | 58.31 | 2015-16 |
| | 60.17 | 2016-17 |
| | 64.64 | 2017-18 |
| | 175.16 | 2018-19 |
| Total | 409.32 | |

22 OTHER CURRENT LIABILITIES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Statutory Liabilities* | 106.98 | 40.40 |
| Interest on delayed payment on statutory dues | 48.93 | 43.14 |
| Total | 155.91 | 83.54 |

* Statutory liabilities include TDS, PF,ESIC payable,Employee professional tax

23 CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| Provision for employee benefits | - | 6.13 |
| Gratuity (Refer Note 35) | - | 2.57 |
| Leave encashment (Refer Note 35) | 0.61 | |
| Total | 0.61 | 8.70 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Securities Premium Account | 42,845.95 | 42,845.95 |
| Retained Earnings | (25,205.72) | (17,242.79) |
| Equity Component of Guarantee given by Parent Company | 643.01 | 643.01 |
| Equity Component of loan from Parent Company | 53.95 | 53.95 |
| Total | 18,337.19 | 26,300.12 |

(a) Securities Premium Account

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Opening balance | 42,845.95 | 42,845.95 |
| Closing Balance | 42,845.95 | 42,845.95 |

(b) Retained Earnings

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------|-------------------------|-------------------------|
| Opening balance | (17,242.79) | (7,925.85) |
| Add/(Less): | | |
| Net Profit/(Loss) for the year | (7,955.52) | (9,307.29) |
| Other comprehensive income | (7.41) | (9.65) |
| Closing balance | (25,205.72) | (17,242.79) |

(c) Nature & purpose of Reserves

Securities Premium Account:

Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Provision of Companies Act, 2013.

Retained Earnings :

Retained Earnings are the profits/losses of the Company earned till date net of appropriations.

Equity Component of Guarantee given by Parent Company:

The fair value of financial guarantees given to the lenders of the Company by the Parent Company is recognised as a deemed equity component.

Equity Component of loan from Parent Company:

The difference between the fair value of interest free loans on the date of issue and the transition price is recognised as a deemed equity component by the Parent Company.

For computation of the fair value benefit, the Company has estimated the fair value of the financial liability on the date of issue of considering complete market interest rates adjusted to the facts and circumstances relevant the Company.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

16 NON CURRENT BORROWINGS

| | (Rupees in lakhs) | |
|-------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Secured | | |
| (a) Term Loans | | |
| From Others (Refer note 16.1 below) | 8,513.95 | 10,447.22 |
| Total | 8,513.95 | 10,447.22 |

16.1 Rupee term loan from other parties :-

(a) Rupee term loans (including current maturity) of Rupees 10,627.10 lakhs (March 31, 2018 : Rupees 10,447.22 lakhs) are secured by

(1) Details of Security

i. First Pari Passu charge on fixed assets of the Company - both present and future

ii. First Pari Passu charge/assignment/security interest on the Company's rights under the project documents, contracts (including guarantees) and all licenses, permits, approvals, consents and insurance policies.

iii. Assignment of contractor guarantees, liquidated damages, letter of credit, guarantee or performance under any project agreement or contract in favour of the Company.

iv. Second charge on current assets.

v. Personal guarantee from Promoters of the Holding Company.

vi. Pledge of 4,052,778 Equity Shares of the Company held by the Holding Company.

vii. Corporate Guarantee of the Holding Company.

(2) Terms of Interest rate:

-on Term Loan from others 10% p.a.compounded quarterly,

(3) Terms of repayment :-

| Financial Year | (Rupees in lakhs) Term Loans from Others |
|----------------|--|
| 2019-2020 | 2,113.15 |
| 2020-2021 | 323.92 |
| 2021-2022 | 3,385.55 |
| 2022-2023 | 5,323.64 |
| Total | 11,146.26 |

(4) The amortised cost disclosed above is net off of incidental cost of borrowings aggregating to Rupees 519.15 lakhs for March 31, 2019 and Rupees 699.02 lakhs for March 31, 2018.

17 OTHER NON CURRENT FINANCIAL LIABILITIES

| | (Rupees in lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Financial Liabilities at amortised cost | | |
| Security Deposit | 11.14 | - |
| Advance warehouse rent | 10.30 | - |
| Total | 21.44 | - |

18 NON CURRENT LIABILITIES - PROVISIONS

| | (Rupees in lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Provision for employee benefits | | |
| Gratuity (Refer Note 35) | 4.73 | 9.87 |
| Leave encashment (Refer Note 35) | 3.00 | 5.03 |
| Total | 7.73 | 14.90 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

19 CURRENT BORROWINGS

(Rupees in lakhs)

| | AS AT March 31, 2019 | AS AT March 31, 2018 |
|--|-------------------------|-------------------------|
| Secured | | |
| (a) Cash Credit Loan from bank (refer note 19.1 below) | 263.30 | 263.34 |
| Unsecured | | |
| (b) Loans from Holding Company (refer note 19.2 below & Note 40) | 9,900.60 | 7,585.45 |
| Total | 10,163.90 | 7,848.79 |

19.1 (a) Cash Credit loan of Rupees 263.30 lakhs (March 31, 2018 : Rupees 263.34 lakhs) are secured by

(1) Details of Security

- First Pari Passu charge on entire current assets of the Company - both present and future.
- Second Pari Passu charge on the assets charged for Term Loan on first pari passu charge to lender.
- Personal guarantee from Promoters of the Holding Company.
- Pledge of 4,052,778 Equity Shares of the Company held by the Holding Company.
- Corporate Guarantee of the Holding Company.

(2) Terms of Interest rate:

Rate of Interest on Cash Credit Loan : 14 % p.a.

(3) Amount and period of default in repayment of borrowings

Continuing default in repayment of Cash credit loan as at March 31, 2019 is Rupees 263.30 lakhs since FY 2014-2015.

19.2 b) Unsecured Loan from Holding Company

Interest free loan upto 1 year and repayable on demand.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
24 REVENUE FROM OPERATIONS
(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--------------------------------------|------------------------------|------------------------------|
| Storage Income | 457.24 | 304.64 |
| Material Handling and other services | 3.56 | 3.76 |
| | 460.80 | 308.40 |

25 OTHER INCOME
(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest income on Financial assets carried at amortised cost | | |
| Unwinding of interest on loan to related party | - | 7.26 |
| Other interest income | | |
| Interest income on income tax refund | 1.14 | - |
| Interest Income on loan given | 0.12 | - |
| Other income | | |
| Foreign Exchange Fluctuation Gain | - | 1.08 |
| Sundry Balance/ Excess provision Written Back | 221.29 | 75.83 |
| Lease Income | 33.76 | 8.44 |
| Miscellaneous Income | 6.59 | 7.64 |
| | 262.90 | 100.25 |

26 COST OF OPERATIONS
(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------------|------------------------------|------------------------------|
| MHE Labour - Skilled | 5.69 | 5.87 |
| Equipment Hire and other charges | 3.30 | 3.83 |
| | 8.99 | 9.70 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
27 EMPLOYEE BENEFITS EXPENSE
(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 381.44 | 643.72 |
| Contribution to provident and other funds | 7.10 | 6.03 |
| Staff welfare expenses | 11.77 | 17.18 |
| | 400.31 | 666.93 |

28 FINANCE COST
(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest expense on Financial liabilities measured at amortised cost | | |
| Interest expense on borrowings | 4,886.00 | 4,291.53 |
| Unwinding of interest on loan from related party | 20.06 | 304.06 |
| Interest on Security deposits | 2.03 | - |
| Interest expense others | | |
| Interest on Delayed Payment of Statutory Dues | 5.52 | 28.87 |
| Interest on MSME vendors | 0.45 | - |
| Interest on others | 763.31 | - |
| Others | | |
| Guarantee Commission Expense | 126.80 | 126.80 |
| Bank charges | 1.08 | 2.28 |
| | 5,805.25 | 4,753.54 |

29 DEPRECIATION AND AMORTISATION EXPENSE
(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| Depreciation on tangible assets | 1,485.99 | 1,537.69 |
| Amortisation on intangible assets | 123.80 | 41.38 |
| | 1,609.79 | 1,579.07 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
30 OTHER EXPENSES

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Repairs and maintenance | | |
| - Building | 25.32 | 678.71 |
| - Others | 1.14 | 0.71 |
| Advertisement | 3.91 | 37.90 |
| Payments to Auditors (Refer note below) | 6.00 | 6.00 |
| Electricity charges | 32.03 | 31.28 |
| Insurance | 9.82 | 15.57 |
| Legal and professional fees | 32.86 | 54.26 |
| Rates and taxes | 2.84 | 5.37 |
| Rent | 3.36 | 14.21 |
| Printing and Stationary | 2.61 | 5.92 |
| Security charges | 59.21 | 63.19 |
| Telephone and internet expenses | 4.45 | 9.63 |
| Travelling & conveyance expenses | 103.33 | 280.57 |
| Vehicle Expenses | 8.02 | 18.30 |
| Miscellaneous expenses | 32.64 | 33.66 |
| Total | 327.54 | 1,255.28 |

(a) Details of Payments to auditors

(Rupees in lakhs)

| | 2018-19 | 2017-18 |
|-----------------------------|---------|---------|
| As Statutory Auditor | | |
| Audit Fee | 6.00 | 6.00 |

31 EXCEPTIONAL ITEMS

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Property, plant and Equipment Written off | - | 85.56 |
| Loss on sale of Investment (Refer Note no. 48) | - | 1,101.21 |
| Sundry Balance Written Back | - | (143.69) |
| Settlement of Claim | 527.34 | 408.34 |
| | 527.34 | 1,451.42 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

32 Earnings per share (Basic and Diluted)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Profit available to equity shareholders | | |
| Loss after tax (A) (Rupees in Lakhs) | (7,955.52) | (9,307.29) |
| Number of equity shares | | |
| Weighted average number of equity shares outstanding (Basic and Diluted) (B) | 1,08,68,677 | 1,08,68,677 |
| Basic & Diluted earnings per share(A/B) (Rupees) | (73.20) | (85.63) |
| Nominal Value of an equity share (Rupees) | 10 | 10 |

33 CONTINGENT LIABILITIES
(To the extent not provided for)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Bond cum legal undertaking | 3,830.21 | 3,830.21 |
| No Cash outflow is expected in near future | | |

- 34** Certain creditors have initiated legal proceedings against the company and its directors and the company has defaulted in payment of instalments of consent terms for which the company is in process of negotiating and finalising the revised consent terms. Majority of the creditors have been settled over the past few years and some of the creditors have also shown interest and faith not only in logistics and infrastructure sector but also in the Company and are being allotted equity shares of Holding Company.

35 EMPLOYEE BENEFIT

35.1 Disclosure pursuant to Indian Accounting Standard (IND AS) 19 – Employee Benefits

(a) Defined contribution plans

Contribution to Defined Contribution Plan, recognised as expenses for the years are as under:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Employer's Contribution to Provident Fund | 2.12 | 2.89 |
| Employer's Contribution to Pension Scheme | 4.82 | 6.56 |
| Employer's Contribution to ESIC | 0.17 | 0.15 |

(b) Brief descriptions of the plans

The Company's defined contribution plans are Provident Fund and Employees State Insurance where the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees are also entitled to leave encashment as per the Company's policy.

(c) Leave Obligations

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| Provisions for Leave encashment | | |
| Current | 0.61 | 2.57 |
| Non Current | 3.00 | 5.03 |
| Total Employee Benefit Obligation | 3.61 | 7.60 |

(d) Defined benefit plan – Gratuity:

The employee's Gratuity fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognised each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up to final obligation.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | March 31, 2019 | March 31, 2018 |
|--|-------------------------|-------------------------|
| I. Actuarial assumptions | Indian Assured lives | Indian Assured lives |
| Mortality Table | Mortality (2006-08) Ult | Mortality (2006-08) Ult |
| Discount rate | 6.95% | 7.40% |
| Expected return on plan assets | 7.40% | 7.40% |
| Salary Escalation Rate | 9.00% | 7.00% |
| Withdrawal Rate | 17.00% | 15.00% |
| Retirement Age | 58 Years | 58 Years |
| II. Change in Present value of defined benefit obligations | | |
| Liability as at the beginning of the year | 16.76 | 13.46 |
| Interest cost | 1.24 | 0.72 |
| Current service cost | 1.71 | 2.49 |
| Benefits paid | (13.64) | (9.51) |
| Actuarial (gain)/loss on obligations | 7.41 | 9.60 |
| Acquisition adjustment | (7.93) | - |
| Liability as at the end of the year | 5.55 | 16.76 |
| III. Change in Fair value of plan assets | | |
| Fair value of plan assets as at the beginning of the year | 0.76 | 0.76 |
| Expected return on plan assets | 0.06 | 0.05 |
| Actual Enterprise's Contributions | - | 9.51 |
| Benefits paid | - | (9.51) |
| Actuarial gain/(loss) on plan assets | - | (0.05) |
| Fair value of plan assets as at the end of the year | 0.82 | 0.76 |
| IV. Actual return on plan assets | | |
| Expected return on plan assets | 0.06 | 0.05 |
| Actuarial gain/(loss) on plan assets | - | (0.05) |
| Actual return on plan assets | 0.06 | -0.00 |
| V. Liability recognised in the Balance Sheet | | |
| Liability as at the end of the year | 5.55 | 16.76 |
| Fair value of plan assets as at the end of the year | 0.82 | 0.76 |
| Liability recognised in the Balance Sheet | 4.73 | 16.00 |
| VI. Percentage of each category of plan assets to total fair value of plan assets | | |
| Insurer managed funds | 100% | 100% |
| VII. Amount recognised in the Statement of Profit and Loss | | |
| Current service cost | 1.71 | 2.49 |
| Interest cost | - | 0.72 |
| Expected return on plan assets | - | (0.05) |
| Net actuarial (gain)/loss to be on obligation | 1.18 | - |
| Expense recognised in Statement of Profit and Loss | 2.89 | 3.16 |
| VIII. Amount recognised in the Other Comprehensive Income (OCI) | | |
| Amount recognised in OCI, beginning of the year | 17.78 | 8.13 |
| Components of actuarial gain/losses on obligations | | |
| Due to Change in financial assumptions | 0.88 | (0.34) |
| Due to Change in demographic assumption | (0.21) | - |
| Due to Change in experience assumption | 6.74 | 9.94 |
| Expected return on plan assets | - | (0.05) |
| Total measurement recognised in OCI | 7.41 | 9.65 |
| Amount recognised in OCI, end of year | 25.19 | 17.78 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | | |
|---|---------|--------|
| IX. Balance Sheet reconciliation | | |
| Opening net liability | 16.00 | 12.70 |
| Expenses recognised in Profit & Loss | 2.89 | 3.16 |
| Actual Employer Contribution | (13.64) | (9.51) |
| Net transfer by group companies | - | - |
| Net transfer to group companies | - | - |
| Total Remeasurement recognised in OCI | 7.41 | 9.65 |
| Acquisition adjustment | (7.93) | - |
| Closing net liability | 4.73 | 16.00 |

- (e) Salary escalation assumption has been set in discussions with the enterprise based on their estimates of overall long-term salary growth rates after taking into consideration expected earnings inflation as well as performance and seniority related increases.

35.2 Sensitivity analysis:

| Particulars | Changes in assumptions | Effect on Gratuity obligation |
|--|------------------------|-------------------------------|
| For the year ended 31st March, 2018 | | |
| Salary growth rate | +0.50% | 17.11 |
| | -0.50% | 16.44 |
| Discount rate | +0.50% | 16.44 |
| | -0.50% | 17.11 |
| For the year ended 31st March, 2019 | | |
| Salary growth rate | +0.50% | 5.74 |
| | -0.50% | 5.39 |
| Discount rate | +0.50% | 5.39 |
| | -0.50% | 5.74 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognised in the balance sheet.

These plans typically expose the Company to actuarial risks such as: longevity risk and salary risk.

- (A) Interest risk - A decrease in the discount rate will increase the plan liability.
- (B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants. As such, an increase the plan's liability.
- (C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, as increase in the salary of the plan participants will increase the plan's liability.

35.3 The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 years (31st March, 2018 - 6 years).

36 Disclosure pursuant to Indian Accounting Standard 108 - Operating Segment

The Company is primarily engaged in the warehousing and handling business. In the opinion of the company, the entire operations are governed by the same set of risks and returns and hence the same has been considered as representing a single primary segment. The Company provides services within India and it does not have any operation in economic environments with different risks and returns. Hence it is considered that the Company is operating in a single geographical segment.

Customers individually contributes to more than 10% of revenue :-

There are 2 customers (March 31, 2018 - 4 customers) aggregating to Rupees 394.61 lakhs (March 31, 2018 Rupees 303.61 lakhs) constituting 79% (March 31, 2018- 98%) of Revenue.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

37 Taxation

37.01 In view of loss for the year, no provision for current tax has been made.

37.02 The Company has not recognised any deferred tax assets on deductible temporary differences, unused tax losses as it is not probable that the Company will have sufficient future taxable profit which can be available against the available tax losses.

37.03 Unused tax losses for which no deferred tax assets has been recognised

(Rupees in lakhs)

| 2012-2013 | - | 2020-2021 | 2,068.28 |
|--------------|------------------|-----------|------------------|
| 2013-2014 | - | 2021-2022 | 2,379.39 |
| 2014-2015 | - | 2022-2023 | 3,650.45 |
| 2015-2016 | 315.21 | 2023-2024 | 3,113.82 |
| 2016-2017 | 1,088.82 | 2024-2025 | 2,718.75 |
| 2017-2018 | 9,797.57 | 2025-2026 | 2,401.62 |
| 2018-2019 | 2,879.08 | 2026-2027 | 2,206.62 |
| 2019-2020 | 1,689.58 | 2027-2028 | 2,148.62 |
| Total | 15,770.26 | | 20,687.55 |

Deferred tax assets as at 31st March, 2019 Rupees 7,520.43 Lakhs (31st March, 2018 - Rupees 8,016.33 Lakhs) has not been recognised, as there is no convincing evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

Details of Deferred tax assets are mentioned below:-

(Rupees in lakhs)

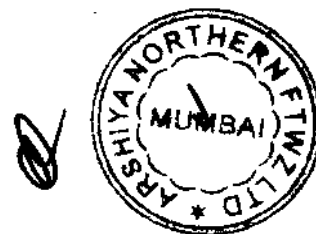
| | 31st March, 2019 | 31st March, 2018 |
|---|-------------------|-------------------|
| Property plant equipment | 2,900.62 | 2,859.46 |
| Financial Instruments | 187.53 | 282.80 |
| Unabsorbed depreciation | (5,378.76) | (4,801.59) |
| Expense allowable on payments under section 43B and 40(a)(ia) | (1,129.55) | (3,136.25) |
| Unabsorbed loss | (4,100.27) | (3,220.75) |
| Total Deferred Tax Assets | (7,520.43) | (8,016.33) |

38 DISCLOSURES UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

To the extent, the company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under

(Rupees in lakhs)

| | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| (i) Principal amount remaining unpaid | 8.56 | 4.20 |
| (ii) Interest due thereon remaining unpaid | 0.45 | - |
| (iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year. | - | - |
| (iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| (v) Interest accrued and remaining unpaid (net of tax deducted at source) | 0.45 | - |
| (vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | - | - |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

39 RECENT ACCOUNTING PRONOUNCEMENTS

STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) ISSUE OF IND AS 116 - LEASES

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of leasing arrangement.

B) AMENDMENT TO EXISTING STANDARD

The MCA has also carried out amendments of the following accounting standards

i. Ind AS 101- First time adoption of Indian Accounting Standards

ii. Ind AS 103 – Business Combinations

iii. Ind AS 109 - Financial Instruments

iv. Ind AS 111 – Joint Arrangements

v. Ind AS 12 – Income Taxes

vi. Ind AS 19 – Employee Benefits

vii. Ind AS 23 – Borrowing Costs

viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

40 RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

| Sr. No. | Name of Related Party | Nature of Relationship | % of equity interest | Country of Incorporation |
|---------|---|---|----------------------|--------------------------|
| 1 | Arshiya Limited | Holding Company | 100 | India |
| 2 | Arshiya Supply Chain Management Private Limited (till March 21, 2018) Arshiya Rail Infrastructure Limited Arshiya Industrial & Distribution Hub Limited Arshiya Northern Projects Private Limited Arshiya Logistics Services Limited (formerly known as Laxmiapati Balaji Exim Trading Limited) | Fellow Subsidiaries | | India |
| 3 | Mr. Ajay S. Mittal - Director Mrs. Archana A Mittal - Director Mr. Navnit Choudhary - Director & Chief Financial Officer Mr. Siddharth Kasturia - Chief Executive Officer (w.e.f. March 26, 2019) Mr. Ashish Kumar Bairagra - Director Mr. Rishabh Pankaj Shah - Director | Key Managerial Personnel (KMP) | | |
| 4 | Noval FTWZ Limited (Formerly known as Arshiya Central FTWZ Limited) | Controlled or jointly controlled entities | | |
| 5 | Mr. Ananya A Mittal | Relative of Key Managerial Personnel | | |

(ii) The nature and amount of transactions with the above related parties are as follows

(Rupees in lakhs)

| Name | Nature of Transaction | March 31, 2019 | March 31, 2018 |
|---|--|----------------|----------------|
| Arshiya Supply Chain Management Private Limited | Storage Income | - | 60.00 |
| | Handling Income | - | 0.32 |
| Arshiya Logistics Services Limited | Storage Income | 322.98 | 145.69 |
| | Handling Income | 2.07 | 1.19 |
| | Interest expense on Security deposit | (1.77) | - |
| | Warehousing Rent income | 2.11 | - |
| Arshiya Limited | Lease rent income | 33.76 | 8.44 |
| Arshiya Industrial & Distribution Hub Limited | Loans given | - | 54.99 |
| | Loan repayment / adjusted ** | - | (90.80) |
| | Unwinded Interest Income on Loan to fellow subsidiary | - | 7.26 |
| | Sale of equity shares of ASCM** | - | 47.87 |
| Arshiya Rail Infrastructure Limited | Loans taken | - | (943.84) |
| | Loan repayment / adjusted ** | - | 2,354.81 |
| | Unwinded Interest expense on Loan from fellow subsidiary | - | (101.22) |
| Arshiya Northern Projects Private Limited | Loans given | 0.75 | - |
| Noval FTWZ Limited (Formerly known as Arshiya Central FTWZ Limited) | Loans given | 325.00 | - |
| | Interest Income | 0.12 | - |
| Arshiya Limited | Loans taken** | (2,533.34) | (7,188.87) |
| | Loan repayments | 280.19 | 337.26 |
| | Allocation of cost and common expenses by Holding Company* | (41.95) | (566.71) |
| | Unwinded Interest expense on Loan from holding company | (20.06) | (17.91) |
| | Financial Guarantees | (126.80) | (326.80) |

* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to Rupees 41.95 lakhs (31st March, 2018 - Rupees 566.71 lakhs) based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 27) and certain expenses stated under other expenses (Refer Note No. 30) are presented as inclusive of such allocation of certain common costs and expenses.

** During the previous year, the Company has adjusted balance payable amount of Arshiya Rail Infrastructure Limited (ARAIL) Rupees 2,026.74 lakhs, balance payable amount of Arshiya Supply Chain Management Private Limited (ASCM) Rupees 262.38 lakhs and receivable amount of Arshiya Industrial, Distribution & Hub Limited (AIDHL) on Rupees 90.18 lakhs with Arshiya Limited.

** During the previous year, AIDHL has made payment of Rupees 47.87 lakhs on behalf of the company to Arshiya Limited for equity share purchase of ASCM.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(iii) Closing Balances

| Name | (Rupees in lakhs) | |
|---|-------------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| Trade Receivables | | |
| Arshiya Logistics Services Limited | 53.28 | 30.81 |
| Arshiya Limited | | 8.44 |
| Loans from related parties | | |
| Arshiya Limited | 9,900.60 | 7,585.45 |
| Loan to Related parties | | |
| Arshiya Northern Projects Private Limited | 0.75 | - |
| Noval FTWZ Limited (Formerly known as Arshiya Central FTWZ Limited) | 325.12 | - |
| Security deposits received | | |
| Arshiya Logistics Services Limited | 32.08 | - |
| Advance warehouse rent | | |
| Arshiya Logistics Services Limited | 12.58 | - |
| Financial Guarantee | | |
| Arshiya Limited | 241.80 | 368.60 |
| Corporate Guarantee taken | | |
| Arshiya Limited | 28,450.00 | 28,450.00 |
| Corporate Guarantee given | | |
| Arshiya Limited | 550.00 | - |
| Personal Guarantee taken | | |
| Ajay S Mittal | 31,421.00 | 31,816.00 |
| Archana A Mittal | 31,421.00 | 31,421.00 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 FAIR VALUE MEASUREMENTS

(Rupees in lakhs)

(i) **Financial Instruments by Category**

| Particulars | Carrying Amount | | Fair Value | |
|------------------------------|------------------|------------------|------------------|------------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| FINANCIAL ASSETS | | | | |
| Amortised cost | | | | |
| Trade Receivables | 102.02 | 40.29 | 102.02 | 40.29 |
| Loans | 325.87 | - | 325.87 | - |
| Cash and Cash Equivalents | 35.98 | 18.53 | 35.98 | 18.53 |
| Security Deposits | 17.49 | 17.49 | 17.49 | 17.49 |
| Financial Guarantee | 241.80 | 376.88 | 241.80 | 376.88 |
| Total | 723.16 | 453.19 | 723.16 | 453.19 |
| FINANCIAL LIABILITIES | | | | |
| Amortised cost | | | | |
| Borrowings | 32,895.18 | 30,600.20 | 32,895.18 | 30,600.20 |
| Trade Payables | 105.43 | 106.15 | 105.43 | 106.15 |
| Other financial liabilities | 23,153.52 | 18,252.90 | 23,153.52 | 18,252.90 |
| Total | 56,154.13 | 48,959.25 | 56,154.13 | 48,959.25 |

(ii) Fair Valuation techniques used to determine fair value

The Company maintains procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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.

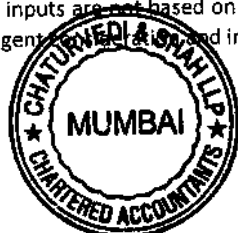
The following methods and assumptions were used to estimate the fair values:

- The Company assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.
- The fair values for loans to subsidiaries, security deposits and other financial liabilities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

(iii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measure at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

- Level 1** - Level 1 hierarchy includes financial instruments measured using quoted prices.
- Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3** - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares, contingent liabilities and indemnification assets included in level 3.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to manage for the Company's operations. The Company's financial assets comprises of loans, trade and other receivables, cash and deposits that arises directly from its operations.

The company's activities expose it to variety of financial risks including credit risk, liquidity risk and market risk. The Company's risks management assessment, management and processes are established to identify and analyze the risks faced by the Company to set up appropriate risks limits and controls, and to monitor such risks and compliances with the same. Risks assessment and managment policies and processes are reviewed regularly to reflect changes in market conditions and the compapny's activities.

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|---|-----------------------------|---|
| Credit risk | Cash and cash equivalents, trade receivables and Financial assets measured at amortised cost. | Ageing analysis | Regular review of credit limits |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of financial support from parent company |
| Market risk – foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Sensitivity analysis | Unhedged |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Unhedged |

The Company's risk management is carried out by a corporate finance team under the policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas, such as credit risk, interest rate risk.

(A) Credit risk

The Company is exposed to credit risk, which is risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents as well as credit exposures to trade customers including outstanding receivables.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the company through continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored. Credit risk is high as only few customers' account for majority of the revenue in the year presented. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain.

(B) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times; maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company limits its liquidity risk by ensuring funds from trade receivables. The Company relies on operating cash flows and funding from holding company to meet its needs for funds.

The table below provides undiscounted cash flows towards financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| (Rupees in lakhs) | | | |
|---|------------------|----------------------------|------------------|
| Contractual maturities of financial liabilities | | | |
| Particulars | Less than 1 year | Between 1 year and 5 years | More than 5 year |
| March 31, 2019 | | | |
| Borrowings | 24,381.24 | 9,033.10 | - |
| Trade payables | 105.43 | - | - |
| Other financial liabilities | 23,170.00 | - | - |
| Total Financial liabilities | 47,656.67 | 9,033.10 | - |
| March 31, 2018 | | | |
| Borrowings | 20,173.03 | 11,146.25 | - |
| Trade payables | 106.15 | - | - |
| Other financial liabilities | 18,252.90 | - | - |
| Total Financial liabilities | 38,532.08 | 11,146.25 | - |

(C) Market risk

Market Risk is the risk that the fair value of future cash flow of a financial instruments will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: 1) Foreign currency risk and 2) Interest rate risk

1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flow or an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

1.1 Foreign currency risk exposure

Details of foreign currency transactions/balances not hedged by derivative instruments or otherwise are as under:

| (Rupees in lakhs) | | | | |
|-------------------|----------|----------------------|-------------------------|----------------------------|
| Particulars | Currency | Financial Year Ended | Foreign currency amount | Equivalent amount (in INR) |
| Trade receivables | USD | March 31, 2019 | 0.66 | 46.86 |
| | | March 31, 2018 | 0.10 | 6.32 |
| | EURO | March 31, 2019 | 0.04 | 2.77 |
| | | March 31, 2018 | 0.04 | 3.20 |



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1.2 Sensitivity

The Sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments.

(Rupees in lakhs)

| Particulars | Increase/(decrease) in profit before tax | |
|--|--|----------------|
| | March 31, 2019 | March 31, 2018 |
| FX rate - Increase by 1% on closing rate of reporting date | 0.50 | 0.10 |
| FX rate - (decrease) by 1% on closing rate of reporting date | (0.50) | (0.10) |

The above amounts have been disclosed based on the accounting policy for exchange differences.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the March 31, 2019 the Company's borrowings at the variable rate were mainly denominated in Rupees.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IND AS- 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:-

(Rupees in lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Variable rate borrowings | 12,367.48 | 12,367.52 |

Interest sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | Impact on profit before tax | |
|---|-----------------------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| Interest sensitivity | | |
| 50 bps increase the profit before tax by* | (61.84) | (61.84) |
| 50 bps decrease the profit before tax by* | 61.84 | 61.84 |

* Holding all other variable constant



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 CAPITAL MANAGEMENT

For the company's objective when managing capital is to safeguard the company's ability to continue going concern in order to provide the return for shareholders and benefit to other stakeholders and to maintain an optional capital structure to reduce the cost of capital, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is debt divided by total equity.

| Particular | (Rupees in lakhs) | |
|---|-------------------|------------------|
| | March 31, 2019 | March 31, 2018 |
| Borrowings | 32,895.19 | 30,600.20 |
| Other Financial Liabilities (interest accrued) | 17,517.36 | 12,836.81 |
| Total Debt | 50,412.55 | 43,437.01 |
| Equity | 1,086.87 | 1,086.87 |
| Other equity | 18,337.19 | 26,300.12 |
| Total Equity | 19,424.06 | 27,386.99 |
| Total debt to equity ratio (Gearing ratio) | 2.60 | 1.59 |

Notes:-

- (i) Debt is defined as long term and short term borrowings including current maturities and interest.
- (ii) Total equity (as shown in balance sheet) includes issued capital and all other equity.

Debt Covenants

Under the terms of Restructuring Agreement, the company is required to comply with following financial covenants:-

Without prior approval of lender, the company shall not:

6.2 (ii) - Loans, debenture & charge - Issue or subscribe to any debentures, shares, raise any loans, deposit from public, issue equity or preference capital, change its capital structure or create any charge on its assets including its cash flow or give any guarantees.

6.2 (xiv) - Dividend on equity shares - declare/pay dividend on equity shares unless otherwise approved by the Lender/BM Committee and subject to the payment of recompense amount payable by the borrower to the lender in accordance with the provisions of RA.

In order to achieve this overall objective, the Capital Management, amongst other thing, aims to ensure that it meets Financial covenants attached to the interest bearing Loans and borrowings that define Capital structure requirements, there have been breaches in the Financial covenants of interest bearing loans and borrowing in the Current period and previous period.

The Company has not proposed any dividend in last two years in view of losses incurred.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44 Preparation of financial statements on "Going Concern" basis

The company has incurred net loss of Rupees 7,962.93 Lakhs during the year ended March 31, 2019 and as of that date, the company's current liabilities exceeded by its current assets by Rupees 46,870.89 lakhs. The Company have accumulated losses of Rupees 25,205.72 lakhs as at March 31, 2019. Some of its lenders have recalled their loans and the company is in the process of negotiating the revised payment terms with the lenders. In view of the focussed emphasis of the Government on logistics infrastructure sector, considering the fact that the facilities are yet to achieve full operational potential besides the strategic locations of the facilities, the management's future outlook of its businesses is very promising. Accordingly the financials have been prepared on going concern basis, based on financial support from the Parent Company.

The management of the company is in the process of restructuring its business operations and steps are as under :

Competitive advantage of the FTWZ with easily accessible to two most important retail market in NCR- Gurgaon and Delhi to increase utilization;

The existing rail infrastructure in another fellow subsidiary besides being adjacent to the ICD will ease the movement of EXIM containers and the FTWZ would create a pull for cargo requiring FTWZ specific services;

Aligning warehouse and distribution center logistics to support companies in alignment with business strategy and provide a competitive edge in Multi-modal Logistics

- 45** As per debt covenant, the Company are required to adhere to repayment schedule and any short payment gives Edelweiss Asset Reconstruction Company (EARC) the right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. No such notice of conversion in writing has been given by EARC and the Company continues to disclose the amount as current and non-current as per repayment schedule, in the Balance Sheet.

- 46** The Company's borrowings have been assigned by bankers to an ARC/ restructured with banks under CDR Package. Certain lenders had invoked the CDR package. The ARC/ CDR lenders have charged interest/ penal interest/additional interest amounting to Rs. 774.37 lakhs upto the year ended March 31, 2018, which was not accepted by the Company and hence is under negotiation. In light of audit qualifications in previous year as a matter of prudence, the company has recognised the said interest/ additional interest/ penal interest and has accordingly restated the finance cost and other consequential impacts in the respective year. Above amount include interest/ penal interest/ additional interest amounting to Rs. 655.89 lakhs which is pertaining to period upto March 31, 2017. Therefore this is adjusted in retained earning as on April 1, 2017. Due to this reported figure of opening retained earning was Rs. (7,269.96) lakhs and now restated figure of opening retained earning is Rs. (7,925.86) lakhs. Further, during the year ended March 31, 2018 reported figure of finance cost, other Equity and Interest Accrued on borrowings was Rs. 4,635.07 lakhs, Rs. 27,074.48 lakhs and Rs. 11,706.75 lakhs respectively. Restated figures of finance cost, other equity and Interest Accrued on Borrowings are Rs. 4,753.54 lakhs, Rs. 26,300.12 lakhs and Rs. 12,481.06 lakhs respectively. Earning Per Share (EPS) also recalculated based on the restated figures.

47 Indirect Tax Refund Receivable

Refunds receivable in respect of VAT, Service Tax, Local Entry Tax and Service Tax for which appeals are pending with respective Appellate Authorities. The Management is of the view that the refunds claimed as above aggregating to Rupees 355.06 lakhs are considered good for recovery on account of refunds being received by other SEZ developers on similar grounds.

- 48** During the previous year, the company have divested its entire investment in Arshiya Supply Chain Management Private Limited (ASCM) on January 2, 2018 by way transfer of 4,78,787 equity shares at face value to the other fellow subsidiary. Loss of Rupees 1,101.21 lakhs on this transfer has been debited to the Statement of Profit & Loss as an exceptional item in respective years.

- 49** The Company has sent request letters/ emails to various parties for confirmations of balances under borrowings, trade receivables, trade payables and loans and advances to which only few parties have responded. Accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable

50 Invoking of Corporate Guarantee of Promoters and Holding Company

Punjab National Bank (Lead Bank) (PNB) & State bank of India (SBI), have invoked corporate guarantee issued by Holding company and personal guarantee by two promoters directors of the holding company, since the company had defaulted in servicing its borrowings towards principal and interest.

51 Original application filed before appropriate Forum

(a) Punjab National Bank (PNB) and State Bank of India (SBI)

PNB & SBI has filed a suit with Debt Recovery Tribunal, New Delhi, towards recovery against Arshiya Northern FTWZ Limited, Arshiya Limited as a Corporate Guarantor and two promoter directors of the holding company as Guarantors, for Rupees 27,724.43 lakhs. The same is pending before the DRT-II New Delhi.



ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(b) Axis Bank

Axis Bank has filed a suit with Debt Recovery Tribunal, New Delhi, towards recovery against Arshiya Northern FTWZ Limited, Arshiya Limited as a Corporate Guarantor and two promoter directors of the holding company as Guarantors, for Rupees 3,288.69 lakhs. The same is pending before the DRT-II New Delhi. Axis Bank has assigned their loan to EARC. Now the case in the name of EARC and EARC shall accordingly take necessary steps for disposal of the case in light of the Master Restructuring Agreement executed with Arshiya.

- 52 As per Provisions of sub section 1 of Section 203 of Companies Act, 2013 (w.e.f. 1st April, 2014) the company is required to appoint a Company Secretary. However, the company has not complied with the said requirement and is in the process of identifying a suitable candidate for this role.
- 53 Corporate Guarantee is given jointly and severally by Holding Company (Arshiya Limited) and the company for Mira supply chain Management Private Limited (Formally known as Arshiya Supply Chain Management Private Limited) to NBFC to secure the term loan of Rupees 18,500 lakhs (March 31, 2018: Rupees 18,500 lakhs) and the same has been recognised in the books of Parent company as per IND AS 109. The amount outstanding of loan as on March 31, 2019 is Rupees 2965.11 lakhs (March 31, 2018: Rupees 2,965.11 lakhs).
- 54 The Company disaggregates revenue from contracts with customers by type of products and services, geography and timing of revenue recognition.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers". The effect on adoption of Ind AS 115 was insignificant.

Revenue disaggregation by type of goods and services is given note no. 24
Revenue disaggregation by geography is as follows:

| Geography | (Rupees in lakhs) | |
|---------------|---|---|
| | For the year ended 31 st March 2019 | For the year ended 31 st March 2018 |
| In India | 460.80 | 308.40 |
| Outside India | - | - |

Geographical revenue is allocated based on the location of the customers.
Revenue disaggregation by timing of revenue recognition is as follows:

| Geography | (Rupees in lakhs) | |
|--------------------------------------|---|---|
| | For the year ended 31 st March 2019 | For the year ended 31 st March 2018 |
| Goods transferred at a point in time | - | - |
| Service transferred over time | 460.80 | 308.40 |

- 55 Based on recent Supreme court judgement on Provident Fund dated February 28, 2019 there are various interpretive issues including its applicability thus prospective provision w.e.f. March 01, 2019 been considered of Rs. 0.08 lakhs.
- 56 The figures for the previous year have been re-grouped / re-arranged, wherever necessary, to correspond with the current year's classification/disclosure.

Notes to the financial statements
As per our Report of even date

1-56

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: March 27, 2019



For and on behalf of Board of Directors of Arshiya Northern FTWZ Limited

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576



INDEPENDENT AUDITORS' REPORT

**To the Members of
Arshiya Industrial & Distribution Hub Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Arshiya Industrial & Distribution Hub Limited ('the Company')**, which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the Financial Statements")

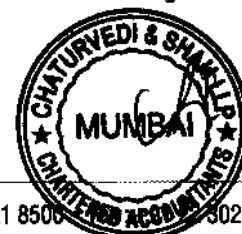
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 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.

Emphasis of Matter

We draw attention to the Note no. 48 of the statement regarding the balance confirmations of borrowings, trade receivables, trade payables and loans and advances. During the course of preparation of financial statements, e-mails/letters have been sent to various parties by the respective companies with a request to confirm their balances directly to us out of which only few parties have responded, accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable. Our Opinion is not modified in respect of the said matter.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
Page 2 of 11

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 director report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

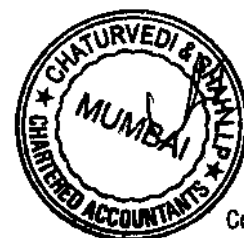
When we read the director report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors is also responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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Auditor's Responsibility 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.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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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.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comment in the Annexure A, 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), the Cash Flow Statement 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 financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;
 - e. On the basis of the written representations received from the directors of the Company as on 31st March, 2019 and taken on record by the Board of Directors, we report that 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. In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the act is not applicable to the company since no managerial remuneration is paid / provided.
 - g. 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 B";



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company, as detailed in in Note no. 33 to the financial statement has disclosed the impact of pending litigation on its financial statements.
 - ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.
 - iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355

Vijay Napawaliya
Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Industrial & Distribution Hub Limited on the financial statements for the year ended 31st March 2019)

(i) In respect of fixed assets:-

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) As explained to us, the Company has physically verified fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
 - (c) In our opinion and according to information and explanation given to us and on the basis of our examination of available records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is engaged in providing facility of warehousing including temperature controlled storage and other cargo / logistics related activities through Inland Container Depot (ICD) and does not have any inventory during the year therefore considering the nature of services, the Provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (iii) 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. Therefore, the provision of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) During the year, the Company has not made any loan, investment, guarantees and securities to any person specified under section 185 and section 186 of the Companies Act, 2013. Hence Provisions of Clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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- (vi) Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular except slight delays in few cases, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable except Tax deducted at Source amounting to Rs. 180.66 Lakh and interest on tax deducted at source /PF/Service Tax amounting to Rs. 292.36 Lakh.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at balance sheet date except as mentioned below. There are no dues to debenture holders and government as at the balance sheet date.

Defaults in respect of financial institution are as under :- (Rs. In Lakh)

| Particulars | Amount of continuing default as on 31 st March, 2019 | | Period of Default |
|--|---|----------------|--------------------------|
| | Principal | Interest | |
| Edelweiss Assets Reconstruction Company Limited-through Various trust | - | 526.72 | Financial year 2017-2018 |
| | - | 2419.05 | Financial year 2018-2019 |
| Edelweiss Assets Reconstruction Company Limited-Short Term Priority Loan | 3000.00 | 630.04 | Financial year 2018-2019 |
| Total | 3000.00 | 3575.81 | |

- (ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according



INDEPENDENT AUDITORS' REPORT

To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) 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. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355

[Signature]
Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Industrial & Distribution Hub Limited on the Ind AS financial statements for the year ended 31st March 2019.

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 **Arshiya Industrial & Distribution Hub Limited** ("the Company") as of 31st March, 2019 in conjunction with our audit of the 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. 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 judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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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 Ind AS 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 Ind AS 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, 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 Ind AS 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.

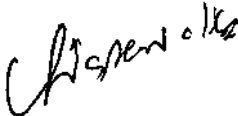


INDEPENDENT AUDITORS' REPORT
To the Members of Arshiya Industrial & Distribution Limited
Report on the Financial Statements for the year ended 31st March 2019
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Opinion

According to the information and explanations given to us and based on the audit of test of controls, 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 31st March, 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 Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355


Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 27/05/2019

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rupees in lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 5 | 63,951.03 | 66,070.03 |
| (c) Other Financial Assets | 6 | 403.06 | 505.11 |
| (d) Other Non-Current Assets | 7 | 122.64 | 17.04 |
| | | 64,476.73 | 66,592.18 |
| Current assets | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 8 | 316.66 | 21.15 |
| (ii) Cash and Cash Equivalents | 9 | 8.40 | 4.47 |
| (iii) Bank Balances Other than (ii) above | 10 | 118.92 | 112.34 |
| (iv) Other Financial Assets | 11 | 1,661.71 | 1,693.19 |
| (b) Other Current Assets | 12 | 1,032.40 | 1,076.34 |
| | | 3,138.09 | 2,907.49 |
| TOTAL ASSETS | | 67,614.82 | 69,499.67 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 13 | 1,723.72 | 1,723.72 |
| (b) Other Equity | 14 | 13,293.43 | 19,628.22 |
| | | 15,017.15 | 21,351.94 |
| Liabilities | | | |
| Non Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 25,468.87 | 27,270.47 |
| (ii) Other Financial Liabilities | 16 | 22.11 | - |
| (b) Provisions | 17 | 2.61 | 2.49 |
| | | 25,493.59 | 27,272.96 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 18,202.13 | 17,471.17 |
| (ii) Trade Payables | 19 | | |
| (A) Total outstanding dues of Micro and Small Enterprises | | 7.73 | 5.35 |
| (B) Total outstanding dues of creditors Other than Micro and Small Enterprises | | 469.12 | 183.19 |
| (iii) Other Financial Liabilities | 20 | 7,854.37 | 2,781.12 |
| (b) Other Current Liabilities | 21 | 570.12 | 433.46 |
| (c) Provisions | 22 | 0.61 | 0.48 |
| | | 27,104.08 | 20,874.77 |
| TOTAL EQUITY & LIABILITIES | | 67,614.82 | 69,499.67 |
| Notes to the financial statements | 1-55 | | |

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/VV100355

Vijay Napawaliya
Partner
Membership Number. 109859



Place : Mumbai
Date: May 27, 2019

For and on behalf of Board of Directors of
Arshiya Industrial & Distribution Hub Limited

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Dinesh Kumar Sodani
Chief Financial Officer



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

| Particular | Not | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|-----|------------------------------|------------------------------|
| INCOME | | | |
| Revenue from operations | 23 | 1,192.12 | 78.38 |
| Other income | 24 | 264.81 | 172.48 |
| Total Income (I) | | 1,456.93 | 250.86 |
| EXPENSES | | | |
| Cost of operations | 25 | 883.35 | 111.61 |
| Employee benefits expenses | 26 | 303.80 | 467.50 |
| Finance costs | 27 | 4,078.54 | 3,933.71 |
| Depreciation | 28 | 2,225.55 | 2,369.61 |
| Other expenses | 29 | 218.76 | 285.93 |
| Total Expenses (II) | | 7,710.00 | 7,168.36 |
| Loss before exceptional items and tax (I-II) | | (6,253.07) | (6,917.50) |
| Exceptional Items (Net) | 30 | 80.02 | (7,947.93) |
| Profit/(loss) before tax | | (6,333.09) | 1,030.43 |
| Tax expense: | | | |
| Current tax | | - | - |
| Deferred tax | 36 | - | - |
| Profit/(loss) for the year | | (6,333.09) | 1,030.43 |
| Profit/(loss) for the period | | | |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Item not to be reclassified to profit and loss : | | | |
| Remeasurement of gains/ (losses) on defined benefit plans | 34 | (1.70) | 0.14 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | (6,334.79) | 1,030.57 |
| Earnings per Equity shares (Face Value Rupees 10 each) | 31 | | |
| Basic earnings per share (In Rupees) | | (36.74) | 5.98 |
| Diluted earnings per share (In Rupees) | | (36.74) | 5.97 |

Notes to the financial statements

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As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number 101720W/W100355

For and on behalf of Board of Directors of
Arshiya Industrial & Distribution Hub Limited

Vijay Napawaliya
Partner

Membership Number. 109859



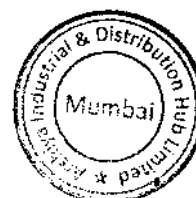
(Signature)

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

(Signature)
Dinesh Kumar Sodani
Chief Financial Officer

Place : Mumbai
Date : May 27, 2019



Arshiya Industrial & Distribution Hub Limited
Cash flow statement for the year ended March 31, 2019

(Rupees in lakhs)

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|--|------------------------------|------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) for the year before tax | (6,333.09) | 1,030.43 |
| Adjustment for : | | |
| Depreciation | 2,225.55 | 2,369.61 |
| Interest Income | (7.31) | (6.78) |
| Reconciliation of Loan Accounts (net) | - | (562.39) |
| Loss on sale of Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD) | - | 10,350.00 |
| Property, Plant and Equipment written off | - | 247.30 |
| Finance Expense | 4,078.54 | 3,933.71 |
| Gain due to settlement with banks | - | (18,189.66) |
| Sundry balance written back | - | (47.33) |
| Settlement of Claims | 80.02 | 254.17 |
| OPERATING LOSS BEFORE WORKING CAPITAL CHANGES | 43.71 | (820.96) |
| Adjustments for | | |
| Trade and other payables | (201.17) | (568.04) |
| Trade and other receivables | (316.75) | (1,561.23) |
| CASH GENERATED FROM OPERATIONS | (474.21) | (2,760.23) |
| Direct Tax Paid | (40.42) | (1.08) |
| NET CASH FLOW USED IN OPERATING ACTIVITIES | (514.63) | (2,761.31) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (93.60) | (88.23) |
| Purchase of Equity shares | - | (378.70) |
| Purchase of Investment | (6.58) | (12.34) |
| Sale of Equity shares | - | 378.70 |
| Purchase of Zero coupon unsecured Compulsorily and Convertible Debenture | - | (11,500.00) |
| Sale of Zero coupon unsecured Compulsorily and Convertible Debenture | - | 1,150.00 |
| Interest received | 7.31 | 6.78 |
| NET CASH FLOW USED IN INVESTING ACTIVITIES | (92.87) | (10,443.79) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings - Non current | - | 935.19 |
| Repayment of borrowings - Non current | - | (4,484.75) |
| Borrowing - current (Net) | 719.36 | 16,951.46 |
| Interest paid | (107.93) | (216.77) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 611.43 | 13,185.13 |
| Net increase/(decrease) in cash and cash equivalents | 3.93 | (9.97) |
| Cash and cash equivalents at the beginning of the year | 4.47 | 14.44 |
| Cash and Cash Equivalents at the end of the year | 8.40 | 4.47 |
| Cash and Cash Equivalents at the end of the year | 8.40 | 4.47 |

*Note:- Changes in liabilities arising from financing activities :

| Particulars | March 31, 2018 | Cash flow | INDAS Impact | March 31, 2019 |
|--|----------------|-----------|--------------|----------------|
| Long term borrowing (Refer Note no. 15 & 20) | 27,270.47 | - | 84.09 | 27,354.56 |
| Short term borrowing (Refer Note no. 18) | 17,471.17 | 719.36 | 11.60 | 18,202.13 |

Notes to the financial statements
As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720WW/100355

For and on behalf of Board of Directors of
Arshiya Industrial & Distribution Hub Limited

Vijay Napawaliya
Partner
Membership Number. 109859



Ajay S Mittal Navnit Choudhary
Director Director
DIN : 00226355 DIN : 00613576

Dinesh Kumar Sodani
Chief Financial Officer

Place : Mumbai
Date: May 27, 2019



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

Statement of Changes in Equity
A Equity Share Capital (Refer Note 13)

(Rupees in lakhs)

| Particulars | Amount |
|--|----------|
| Equity Shares of Rupees 10 each issued, subscribed and paid up | |
| As at April 1, 2017 | 1,723.72 |
| Equity Shares | - |
| Issue of equity share during the year | 1,723.72 |
| As at March 31, 2018 | 1,723.72 |
| Equity Shares | - |
| Issue of equity share during the year | 1,723.72 |
| As at March 31, 2019 | 1,723.72 |

B Other Equity (Refer Note 14)

(Rupees in lakhs)

| Particulars | Share Premium | Reserve for Contingent Liabilities | Equity Component of Financial Guarantees | Other Reserve | Equity Component of Zero% Optionally Convertible Preference Shares (OCRPS) | Total |
|--|------------------|------------------------------------|--|---------------|--|-------------------|
| As at April 1, 2017 | 49,775.15 | (32,813.08) | 1,081.58 | 31.21 | - | 18,074.86 |
| Profit for the year | - | 1,030.43 | - | - | - | 1,030.43 |
| Other comprehensive income | - | 0.14 | - | - | - | 0.14 |
| Total comprehensive income for the year | | 1,030.57 | | | | 1,030.57 |
| Fair Valuation of Financial Guarantee | - | - | 3.70 | - | - | 3.70 |
| Issue of Zero% optionally convertible redeemable preference shares (OCRPS) | - | - | - | - | 519.09 | 519.09 |
| As at March 31, 2018 | 49,775.15 | (31,782.51) | 1,085.28 | 31.21 | 519.09 | 19,628.22 |
| (Loss) for the year | - | (6,333.09) | - | - | - | (6,333.09) |
| Other comprehensive income | - | (1.70) | - | - | - | (1.70) |
| Total comprehensive income for the year | | (6,334.79) | | | | (6,334.79) |
| As at March 31, 2019 | 49,775.15 | (38,117.30) | 1,085.28 | 31.21 | 519.09 | 13,283.43 |

Notes to the financial statements

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As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720W/W100355

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership Number: 109859



For and on behalf of Board of Directors of
Arshiya Industrial & Distribution Hub Limited

Ajay S Mittal *Navnit Choudhary*

Ajay S Mittal
Director
DIN : 00228355

Navnit Choudhary
Director
DIN : 00613576

Dinesh Kumar Sodani
Dinesh Kumar Sodani
Chief Financial Officer



Place : Mumbai
Date: May 27, 2019

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Corporate Information

Arshiya Industrial and Distribution Hub Limited (CIN : U63000MH2008PLC182929), a public company domiciled in India and is incorporated on May 30, 2008 under the provisions of the Companies Act applicable in India. The registered office of the company is located at 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

Arshiya Industrial and Distribution Hub Limited (AIDHL) is a subsidiary of Arshiya Limited (AL), a company listed in Bombay Stock Exchange and National Stock Exchange. The Company is engaged in providing facility of warehousing including temperature controlled storage and other cargo/ logistics related activities through Inland Container Depot (ICD).

The financial statements of the Company for the year ended 31st March, 2019 were approved and adopted by board of directors in their meeting held on 27th May 2019.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act").

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are measured at fair value / amortised cost.

The financial statements are presented in Indian Rupees (Rupees), which is the Company's functional and presentation currency and all values are rounded to the nearest lakhs, except when otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT:

3.1 Property, Plant and Equipment:

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use.

Depreciation on the property, plant and equipment is provided using straight line method over the useful life of assets as specified in schedule II to the Companies Act, 2013. Depreciation on property, plant and equipment which are added / disposed off during the year, is provided on pro-rata basis with reference to the date of addition / deletion. Freehold land is not depreciated and under the previous GAAP land was revalued.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Leasehold improvements are depreciated over the period of lease.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Profits / losses arising in the case of retirement / disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

The Company has opted to continue with the carrying values of all of its property, plant and equipment as recognised in the Indian GAAP financial statements as deemed cost at the transition date i.e. April 1, 2016.

3.2 Intangible Assets :

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of five year. The assets' useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The Company has opted to continue with the carrying values of all of its intangible assets as recognised in the Indian GAAP financial statements as deemed cost at the transition date i.e. April 1, 2016.

3.3 Leases:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

The Company as a lessee

(a) Finance lease

Assets acquired under finance lease are capitalized and the corresponding lease liability is recognised at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Initial costs directly attributable to lease are recognised with the asset under lease.

(b) Operating lease

Lease of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognised as expenses on accrual basis in accordance with the respective lease agreements.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The Company as a lessor

(a) Finance lease

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

The lessor derecognises the leased assets and recognises the difference between the carrying amount of the leased assets and the finance lease receivable in the statement of Profit and Loss when recognising the finance lease receivable.

(b) Operating lease

Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets is diminished.

Initial indirect costs incurred in negotiating and arranging as operating lease are added to carrying value of the leased asset and recognised on a straight line basis over the lease term.

3.4 Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the First in first out basis.

3.5 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.6 Impairment of assets:

An asset is considered as impaired when at the date of Balance Sheet, there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the statement of profit and loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

3.7 Financial Instruments – initial recognition, subsequent measurement and Impairment:

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 -Initial recognition and measurement:

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-

a) Financial assets at fair value

b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at **amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

a) Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at **fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

a) Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at **fair value through profit or loss**.

Financial assets - Equity investment in subsidiaries

The Company has accounted for its equity investment in subsidiaries at cost.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Financial assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flow from the asset.

ii) Financial liabilities - Initial recognition and measurement:

The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities - Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts are approximate at their fair value due to the short maturity of these instruments.

Financial Liabilities - Financial Guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial Liabilities - Derecognition:

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 derecognition 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 and loss.

Compound Instruments

An issued financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and the residual value is recognised as equity component of other financial instrument. The liability component is subsequently measured at amortised cost, whereas the equity component is not remeasured after initial recognition. The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognised directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortised using effective interest method.

3.8 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. 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 disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.9 Revenue recognition

Revenue is recognised upon transfer of control of goods (equipment) or rendering of services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services.

Income from services is recognised upon completion of services as per the terms of contracts with the customers. Period based services are accrued and recognized pro-rata over the contractual period.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when the it becomes unconditional.

The following are the specific revenue recognition criteria:

(i) Inland Container Depot (ICD)

Income from Container handling, storage and Rail & Road transportation are recognised on proportionate completion of the movement and delivery of goods to the party/ designated place.

Income from Ground rent is recognised for the period the container is lying in the ICD area.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- (ii) **Domestic Warehousing**
Revenue from allotment of warehousing space and open yard area for use is accounted on accrual basis as per agreed terms of contract.
- (iii) **Interest Income**
Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.
- (iv) **Dividend Income**
Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

3.10 Foreign currency reinstatement and translation:

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates as on balance sheet date and the resulting exchange difference recognised in statement of profit and loss. Differences arising on settlement of monetary items are also recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

3.11 Employee Benefits:

Short term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related services are rendered.

(a) Defined Contribution Plan

Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

(b) Defined Benefit Plan

Leave encashment being a defined benefit plan is accounted for by using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise. Other costs are accounted in statement of profit and loss.

The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

3.12 Taxes on Income:

Income tax expense represents the sum of current tax (including MAT and income tax for earlier years) and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3.13 Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.14 Earnings per share:

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.15 Current and non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified 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 or 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 classified as current when it is:

- Expected to be settled in normal operating cycle,
 - Held primarily for the purpose of trading,
 - 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 assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.16 Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

3.17 Off-setting financial instrument:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

3.18 Contributed Equity

Equity Shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax from the proceeds.

3.19 Cash flow statement

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



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3.20 Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of the financial statements requires management to make judgments, 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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments 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.

4.1 Property, plant and equipment:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

4.2 Income Tax:

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the financial statements.

4.3 Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

4.4 Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.5 Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

4.6 Defined benefits plans:

The Cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.7 Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

4.8 Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

4.9 Fair value measurement of financial instruments :

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | Fixed Assets | Intangible Assets | Goodwill | Investments | Financial Assets | Current Assets | Current Liabilities | Equity | Reserves | Provisions | Other | Minority Interest | Total |
|--|--------------|-------------------|----------|-------------|------------------|----------------|---------------------|--------|----------|------------|-------|-------------------|-----------|
| | | | | | | | | | | | | | |
| Gross Carrying Value (at deemed cost) | | | | | | | | | | | | | |
| As at April 1, 2017 | 20,379.37 | | | | | | | | | | | | 71,060.99 |
| Additions | 88.23 | | | | | | | | | | | | 88.23 |
| Disposals | - | | | | | | | | | | | | (320.63) |
| As at March 31, 2018 | 20,467.60 | | | | | | | | | | | | 70,818.59 |
| Additions | - | | | | | | | | | | | | 90.49 |
| As at March 31, 2019 | 20,467.60 | | | | | | | | | | | | 70,925.14 |
| Accumulated Depreciation | | | | | | | | | | | | | |
| As at April 1, 2017 | - | | | | | | | | | | | | 2,452.27 |
| Depreciation for the year | - | | | | | | | | | | | | 2,389.61 |
| Deductions during the year | - | | | | | | | | | | | | (73.32) |
| As at March 31, 2018 | - | | | | | | | | | | | | 4,768.56 |
| Depreciation for the year | - | | | | | | | | | | | | 2,225.55 |
| As at March 31, 2019 | - | | | | | | | | | | | | 6,974.11 |
| Net Carrying Value as at March 31, 2019 | 20,467.60 | | | | | | | | | | | | 63,951.03 |
| Net Carrying Value as at March 31, 2018 | 20,467.60 | | | | | | | | | | | | 66,070.03 |

Note:- In accordance with the Indian Accounting Standard (IND AS - 36) on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said IND AS. On the basis of this review carried out by the management, there was no impairment loss of property, plant and equipment during the year ended March 31, 2019.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

6 OTHER NON CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

| Particular | At 31 March 2019 | At 31 March 2018 |
|--|------------------|------------------|
| Financial assets carried at amortised cost | | |
| Financial Guarantee | 403.06 | 505.11 |
| Total | 403.06 | 505.11 |

7 OTHER NON CURRENT ASSETS

(Rupees in lakhs)

| Particular | At 31 March 2019 | At 31 March 2018 |
|---|------------------|------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Capital Advances | 74.00 | 10.00 |
| TDS Receivable | 42.60 | 2.18 |
| Other advances- gratuity (Refer Note 34) | 6.04 | 4.86 |
| Total | 122.64 | 17.04 |

8 CURRENT ASSETS - TRADE RECEIVABLES

(Rupees in lakhs)

| Particular | At 31 March 2019 | At 31 March 2018 |
|---|------------------|------------------|
| Trade Receivables considered good - Secured | - | - |
| Trade Receivables considered good - Unsecured | 316.66 | 21.15 |
| Trade Receivable which have Significant Increase in Credit Risk | - | - |
| Trade Receivable -credit Impaired | - | - |
| | 316.66 | 21.15 |
| Less: Provision for expected credit loss | - | - |
| | - | - |
| Total | 316.66 | 21.15 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

9 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|-------------------------|-------------------------|
| On current accounts: | | |
| -Balances with banks | 4.94 | 4.47 |
| -Cash on hand | 3.46 | - |
| Total | 8.40 | 4.47 |

10 CURRENT ASSETS - OTHER BANK BALANCES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Deposits with banks to the extent held as margin money | 100.00 | 100.00 |
| Interest Accrued on Fixed Deposit | 18.92 | 12.34 |
| Total | 118.92 | 112.34 |

11 OTHER CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Financial assets carried at amortised cost | | |
| Financial Guarantee | 133.00 | 164.48 |
| Other receivable | 1,528.71 | 1,528.71 |
| Total | 1,661.71 | 1,693.19 |

12 OTHER CURRENT ASSETS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Prepaid expenses | 6.15 | 6.97 |
| Balance with Govt. Authority (Refer Note 50) | 1,026.25 | 1,069.37 |
| Total | 1,032.40 | 1,076.34 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

13

| Particulars | As at March 31, 2018 | As at March 31, 2019 |
|---|----------------------|----------------------|
| I) Authorised Share Capital | | |
| 1,78,00,000 (As at March 31, 2018: 1,78,00,000) Equity shares of Rupees 10 each | 1,780.00 | 1,780.00 |
| 22,00,000 (As at March 31, 2018: 22,00,000) Preference Shares of Rupees 10 each | 220.00 | 220.00 |
| Total | 2,000.00 | 2,000.00 |
| I) Issued, Subscribed & Fully Paid up | | |
| 1,72,37,152 (As at March 31, 2018: 1,72,37,152) Equity Shares of Rupees 10 each | 1,723.72 | 1,723.72 |
| Total | 1,723.72 | 1,723.72 |

II) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year:

| Particulars | In numbers | Amount (Rupees in lakhs) |
|---|-------------|--------------------------|
| Equity Share Capital | | |
| Equity shares of Rupees 10 each issued, subscribed and fully paid | | |
| At March 31, 2018 | 1,72,37,152 | 1,723.72 |
| Issued during the year | - | - |
| At March 31, 2019 | 1,72,37,152 | 1,723.72 |

Reconciliation of Zero% optionally convertible redeemable preference shares outstanding as at the beginning and end of the year

| Particulars | In numbers | Amount (Rupees in lakhs) |
|--|------------|--------------------------|
| Preference Share Capital | | |
| Zero Percent Optionally Convertible Redeemable Preference Shares (OCRPS) of Rupees 10 each | | |
| At April 1, 2017 | - | - |
| Issued during the year | 1,20,000 | 12.00 |
| At March 31, 2018 | 1,20,000 | 12.00 |
| Issued during the year | - | - |
| At March 31, 2019 | 1,20,000 | 12.00 |

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. The shareholders who held shares on the record date are entitled to dividend as may be proposed by the Board of Directors and is subject to approval of the Shareholders at the ensuing General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/rights attached to preference shares

During the previous year, the Company has issued & allotted 1,20,000 Zero % OCRPS of Rupees 10 each at a premium of Rupees 990 per OCRPS aggregating to Rupees 1,20,00,000 lakhs.

Tenure of OCRPS: 6 years.

Conversion option: The right of conversion shall be exercised at the last day of sixth year from the date of allotment of the OCRPS, only in event of failure on part of the Company to redeem the OCRPS or inability of the Promoters to buyback the OCRPS.

Redemption: The OCRPS Series 1 shall be redeemed in one single instalment of Rupees 1200 lakh (including premium) at the end of 6th year from the date of allotment of OCRPS - Series I.

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

| Name of the shareholder | As at March 31, 2018 | | As at March 31, 2019 | |
|--|----------------------|---------|----------------------|-----------|
| | No. | Holding | Number | % Holding |
| Equity shares of Rupees 10 each fully paid Arshiya Limited (Holding Company) Shares held by Nominee and jointly shareholders | 1,72,36,552 600 | 100 | 1,72,36,552 600 | 100 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in lakhs)

14

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Securities Premium Account | 49,775.15 | 49,775.15 |
| Retained Earnings | (38,117.30) | (31,782.51) |
| Equity Component of Guarantee given by Parent Company | 1,085.28 | 1,085.28 |
| Equity Component of loan from Parent Company | 31.21 | 31.21 |
| Equity Component of Zero% Optionally Convertible Redeemable Preference shares (OCRPS) | 519.09 | 519.09 |
| Total | 13,293.43 | 19,628.22 |

(a) Securities Premium Account

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Opening balance | 49,775.15 | 49,775.15 |
| Closing Balance | 49,775.15 | 49,775.15 |

(b) Retained Earnings

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------|-------------------------|-------------------------|
| Opening balance | (31,782.51) | (32,813.08) |
| Add/(Less): | | |
| Net Profit/(Loss) for the year | (6,333.09) | 1,030.43 |
| Other comprehensive income | (1.70) | 0.14 |
| Closing balance | (38,117.30) | (31,782.51) |

(c) Equity Component of Guarantee given by Parent Company

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Equity Component of Guarantee given by Parent Company | | |
| Opening balance | 1,085.28 | 1,081.58 |
| Add/(Less): Transaction during the year | - | 3.70 |
| Closing balance | 1,085.28 | 1,085.28 |

(d) Nature & purpose of Reserve

Securities Premium Account:

Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Provision of Companies Act, 2013.

Retained Earnings :

Retained Earnings are the profits/losses of the Company earned till date net of appropriations.

Equity Component of Guarantee given by Parent Company:

The fair value of financial guarantees given to the lenders of the Company by the Parent Company is recognised as a deemed equity component.

Equity Component of loan from Parent Company:

The difference between the fair value of interest free loans on the date of issue and the transition price is recognised as a deemed equity component by the Parent Company.

For computation of the fair value benefit, the Company has estimated the fair value of the financial liability on the date of issue of considering complete market interest rates adjusted to the facts and circumstances relevant to the Company.

Equity Component of Zero% Optionally Convertible Preference shares (OCRPS)

The fair value of liability component is deducted from the fair value of Instruments as a whole, with the resulting residual amount being recognised as the equity component.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15 NON CURRENT BORROWINGS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Secured | | |
| (a) Term Loans | | |
| - From Others (Refer Note 15.1 & 45) | 24,706.25 | 26,589.56 |
| Liability Component of Compound Financial Instruments | 762.62 | 680.91 |
| Total | 25,468.87 | 27,270.47 |

15.1 Rupee term loan from other parties :-

(1) Rupee term loans (including current maturity) of Rupees 26,591.94 lakhs (March 31, 2018 : Rupees 26,589.56 lakhs) are secured by

(a) Details of Security

- First charge on all movable assets and immovable assets of the company both present and future on pari passu basis.
- First charge by way of Hypothecation of the entire current assets of the company on pari passu basis.
- Pledge of 100% equity shares of the Company held by Promoter
- Personal guarantees from Promoters of Holding Company.
- Corporate Guarantee from Holding Company.

(b) Rate of Interest :

- on Term Loans from others 10% p.a.compounded quarterly,

(c) Repayment Schedule of above Term loans as on March 31, 2019 is as follows :-

(Rupees in lakhs)

| Particulars | Term Loans from others |
|--------------|---------------------------|
| 31-Mar-20 | 1,885.69 |
| 31-Mar-21 | 4,034.74 |
| 31-Mar-22 | 2,209.30 |
| 31-Mar-23 | 18,470.27 |
| Total | 26,600.00 |

(d) The amortised cost disclose above is net off interest cost of borrowings aggregating to Rupees 8.06 lakhs for March 31, 2019 and Rupees 10.44 lakhs for March 31, 2018.

16 OTHER NON CURRENT FINANCIAL LIABILITIES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Financial Liabilities at amortised cost | | |
| Advance warehouse rent | 10.52 | - |
| Security Deposit | 11.59 | - |
| Total | 22.11 | - |

17 NON CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|-------------------------|-------------------------|
| Provision for employee benefits | | |
| Leave encashment (Refer Note 34) | 2.61 | 2.49 |
| Total | 2.61 | 2.49 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

18 CURRENT BORROWINGS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Secured | | |
| (a) Loan from other party (Refer note 18.1 below) | 3,000.00 | 3,000.00 |
| Unsecured | | |
| (b) Loans from Holding Company (Refer note 18.2 below & 39) | 15,202.13 | 14,471.17 |
| Total | 18,202.13 | 17,471.17 |

18.1 Short term loan from other party

Term loans of Rupees 3,000 lakhs (March 31, 2018 : Rupees 3000 lakhs) are secured by

(a) **Security:**

i) First Ranking charges on all present and future cash flows, all assets and movable collateral available to the existing lenders of the Company as per the Deeds of Hypothecation,

ii) Personal Guarantee of both promoter directors of Parent Company

iii) Corporate Guarantee of Parent Company

(b) **Rate of Interest:** 18% p.a

(c) **Repayment:** Bullet payment after expiry of 3 months.

(d) **Amount and period of default in repayment of borrowings:** Default in repayment of principal of Rupees 3,000 lakhs as at March 31, 2019. The same has been recall by the lenders.

18.2 Interest free loan upto 1 year and repayable on demand.

19 CURRENT LIABILITIES- TRADE PAYABLES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Total outstanding dues of Micro and Small Enterprises (Refer Note 37 & 48) | 7.73 | 5.35 |
| Total outstanding dues of creditors Other than Micro and Small Enterprises (Refer note 48) | 469.12 | 183.19 |
| Total | 476.85 | 188.54 |

20 OTHER CURRENT FINANCIAL LIABILITIES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Financial Liabilities at amortised cost | | |
| Current maturities of long term borrowings | | |
| Term Loans from others (Refer Note 15.1) | 1,885.69 | - |
| Interest accrued and due on borrowings # | | |
| On term loans from others | 2,945.77 | 777.88 |
| On term loans from others short term | 630.04 | 97.20 |
| Interest accrued but not due on borrowings | 1,765.13 | 950.97 |
| Advance warehouse rent | 8.98 | - |
| Security Deposit | 61.14 | - |
| Others | | |
| Project Creditors(Refer Note 33 & 48) | 482.90 | 893.14 |
| Employee's Dues*** | 67.27 | 48.96 |
| Other Payables | 7.45 | 12.97 |
| Total | 7,854.37 | 2,781.12 |

*** Include Full and Final settlement of Rupees 7.70 lakhs (Year 2018 Rupees 5.88 lakhs)



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount and period of default in payment of interest on borrowings

(Rupees in lakhs)

| Particulars | March 31, 2019 | |
|--------------|----------------------|-------------------|
| | Interest from Others | Period of Default |
| Interest | 526.72 | 2017-18 |
| | 3,049.09 | 2018-19 |
| Total | 3,575.81 | |

21 OTHER CURRENT LIABILITIES

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| | | |
| Statutory Liabilities* | 273.84 | 170.87 |
| Interest on delayed payment of statutory dues | 296.28 | 262.59 |
| Total | 570.12 | 433.46 |

* Statutory liabilities include TDS, Goods and Service tax (GST), PF, ESIC payable, Employee professional tax.

22 CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|-------------------------|-------------------------|
| | | |
| Provision for employee benefits | | |
| Leave encashment (Refer Note 34) | 0.61 | 0.48 |
| Total | 0.61 | 0.48 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

23 REVENUE FROM OPERATIONS

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------------------------|------------------------------|------------------------------|
| Rail Freight Income | 725.45 | 59.55 |
| Road Freight Income | 87.96 | 11.77 |
| Rent Income | 302.03 | 0.02 |
| THC & DO Income | 66.13 | 6.46 |
| Other operating Income | 10.55 | 0.58 |
| | 1,192.12 | 78.38 |

24 OTHER INCOME

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Other Income | | |
| Interest on Fixed Deposit | 7.31 | 6.78 |
| Sundry Balance / Excess provision Written Back | 257.03 | 165.70 |
| Miscellaneous Income | 0.47 | - |
| | 264.81 | 172.48 |

25 COST OF OPERATIONS

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--------------------------|------------------------------|------------------------------|
| Rail Freight Expenses | 764.11 | 66.75 |
| Road Freight Expenses | 54.08 | 15.79 |
| Handling Expenses | 1.62 | 4.69 |
| Other operating expenses | 63.54 | 24.38 |
| | 883.35 | 111.61 |

26 EMPLOYEE BENEFITS EXPENSE

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 287.81 | 444.05 |
| Contribution to provident and other funds | 4.69 | 12.98 |
| Staff welfare expenses | 11.30 | 10.47 |
| | 303.80 | 467.50 |

27 FINANCE COST

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest expense on Financial liabilities measured at amortised cost | | |
| Interest expense on borrowings | 3,696.43 | 3,481.44 |
| Unwinding of interest on loan from related parties | 11.60 | 207.61 |
| Unwinding of interest on security deposit from customers | 6.42 | - |
| Interest expense others | | |
| Interest on Delayed Payment of Statutory Dues | 49.92 | 64.74 |
| Interest on MSME vendors | 0.34 | - |
| Interest Expenses Others | 97.73 | - |
| Others | | |
| Guarantee Commission Expense | 133.53 | 178.44 |
| Finance cost on Amortisation of Liability Component | 81.71 | - |
| Finance cost on derecognition of financial guarantee | - | 0.54 |
| Bank charges | 0.86 | 0.94 |
| | 4,078.54 | 3,933.71 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| 28 DEPRECIATION | | (Rupees in lakhs) | |
|---------------------------------|------------------------------|------------------------------|--|
| Particular | Year ended March 31, 2019 | Year ended March 31, 2018 | |
| Depreciation on tangible assets | 2,225.55 | 2,369.61 | |
| | 2,225.55 | 2,369.61 | |

| 29 OTHER EXPENSES | | (Rupees in lakhs) | |
|---|------------------------------|------------------------------|--|
| Particular | Year ended March 31, 2019 | Year ended March 31, 2018 | |
| Repairs and maintenance | | | |
| -Building | - | 8.30 | |
| -Others | 32.58 | 25.34 | |
| Advertisement | 3.45 | 38.38 | |
| Payments to Auditors (Refer note below) | 6.00 | 6.23 | |
| Electricity charges | 32.14 | 35.27 | |
| Insurance | 11.81 | 17.74 | |
| Legal and professional fees | 27.93 | 44.14 | |
| Rates and taxes | 7.58 | 7.97 | |
| Rent | 3.86 | 15.68 | |
| Printing and Stationary | 1.54 | 4.77 | |
| Security charges | 35.52 | 36.50 | |
| Telephone and internet expenses | 7.20 | 10.09 | |
| Travelling & conveyance expenses | 9.14 | 3.02 | |
| Vehicle Expenses | 5.41 | 13.92 | |
| Miscellaneous expenses | 34.60 | 18.58 | |
| Total | 218.76 | 285.93 | |

| (a) Details of Payments to auditors | | (Rupees in lakhs) | |
|-------------------------------------|------------------------------|------------------------------|--|
| | Year ended March 31, 2019 | Year ended March 31, 2018 | |
| As Statutory Auditor | | | |
| Audit Fee | 6.00 | 6.00 | |
| Certification fees | - | 0.23 | |

| 30 EXCEPTIONAL ITEMS | | (Rupees in lakhs) | |
|--|------------------------------|------------------------------|--|
| Particular | Year ended March 31, 2019 | Year ended March 31, 2018 | |
| Reconciliation of loan accounts (net) | - | (562.39) | |
| Property, Plant and Equipment Written off | - | 247.30 | |
| Sundry Balance written back | - | (47.33) | |
| Gain due to settlement with banks (Refer Note 45 & 46) | - | (18,189.68) | |
| Loss on sale of Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD) (Refer Note 47) | - | 10,350.00 | |
| Settlement of Claim | 80.02 | 254.17 | |
| | 80.02 | (7,947.93) | |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

31 Earnings per share (Basic and Diluted)

| Particulars | March 31, 2019 | As at March 31, 2018 |
|--|----------------|----------------------|
| Profit available to equity shareholders | | |
| Profit / (loss) after tax (A) (Rupees in Lakhs) | (6,333.09) | 1,030.43 |
| Number of equity shares | | |
| Weighted average number of equity shares outstanding (B) | 1,72,37,152 | 1,72,37,152 |
| Add: Adjustment on account of 0% Optionally Convertible Redeemable Preference Shares (OCRPS) | 1,20,000 | 24,000 |
| Total Weighted average number of equity shares/OCRPS (C) | 1,73,57,152 | 1,72,61,152 |
| Nominal Value of an equity share (Rupees) | 10.00 | 10.00 |
| Basic earnings per share(A/B) (Rupees) | (36.74) | 5.98 |
| Diluted earnings per share(A/C) (Rupees)* | (36.74) | 5.97 |

* Diluted Earning per share when anti dilutive is restricted to Basic Earnings Per Share.

32 CONTINGENT LIABILITIES & COMMITMENT

(To the extent not provided for)

i) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) | 88.18 | 48.62 |

Cash outflow expected on execution on such capital contracts

(ii) Contingent liabilities:

(Rupees in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| (a) Claims against the Company not acknowledged as Debt | - | 51.94 |
| (b) Custodian cum Carrier Bond (Company has provided bond in favour of custom department for duty free movement of goods from respective ports to ICD khurja) | 1,000.00 | 1,000.00 |
| No Cash outflow is expected in near future | | |

33 Certain creditors have initiated legal proceedings against the company and its directors and the company has defaulted in payment of instalments of consent terms for which the company is in process of negotiating and finalising the revised consent terms. Majority of the creditors have been settled over the past few years and some of the creditors have also shown interest and faith not only in logistics and infrastructure sector but also in the Company and are being allotted equity shares of Holding Company.

34 EMPLOYEE BENEFIT

34.1 Disclosure pursuant to Indian Accounting Standard (IND AS) 19 – Employee Benefits

(a) Defined contribution plans

Contribution to Defined Contribution Plan, recognised as expenses for the years are as under:

(Rupees in lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---------------------------|---------------------------|
| Employer's Contribution to Provident Fund | 1.70 | 2.00 |
| Employer's Contribution to Pension Scheme | 3.87 | 4.54 |
| Employer's Contribution to ESIC | - | 0.15 |

(b) Brief descriptions of the plans

The Company's defined contribution plans are Provident Fund and Employees State Insurance where the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees are also entitled to leave encashment as per the Company's policy.

(c) Leave Obligations

(Rupees in lakhs)

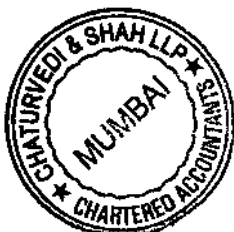
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Provisions for Leave encashment | | |
| Current | 0.61 | 0.48 |
| Non Current | 2.61 | 2.49 |
| Total | 3.22 | 2.97 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(d) Defined benefit plan – Gratuity:

The employee's Gratuity fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognised each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up to final obligation.

| Particulars | March 31, 2019 | March 31, 2018 |
|--|--|--|
| I. Actuarial assumptions | | |
| Mortality Table | Indian Assured lives Mortality (2006-08) Ult | Indian Assured lives Mortality (2006-08) Ult |
| Discount rate | 8.95% | 7.40% |
| Expected return on plan assets | 7.40% | 7.40% |
| Salary Escalation Rate | 9.00% | 7.00% |
| Withdrawal Rate | 19.00% | 15.00% |
| Retirement Age | 58 Years | 58 Years |
| II. Change in Present value of defined benefit obligations | | |
| Liability as at the beginning of the year | 3.76 | 5.55 |
| Interest cost | 0.28 | 0.36 |
| Current service cost | 0.96 | 2.20 |
| Benefits paid | - | (6.98) |
| Actuarial (gain)/loss on obligations | 1.70 | 2.63 |
| Acquisition adjustments | (3.48) | - |
| Liability as at the end of the year | 3.22 | 3.76 |
| III. Change in Fair value of plan assets | | |
| Fair value of plan assets as at the beginning of the year | 8.63 | 8.63 |
| Expected return on plan assets | 0.64 | 0.57 |
| Actual Enterprise's Contributions | - | 8.98 |
| Benefits paid | - | (6.98) |
| Actuarial gain/(loss) on plan assets | - | (0.57) |
| Fair value of plan assets as at the end of the year | 9.27 | 8.63 |
| IV. Actual return on plan assets | | |
| Expected return on plan assets | 0.64 | 0.57 |
| Actuarial gain/(loss) on plan assets | - | (0.57) |
| Actual return on plan assets | 0.64 | - |
| V. Liability recognised in the Balance Sheet | | |
| Liability as at the end of the year | 3.22 | 3.76 |
| Fair value of plan assets as at the end of the year | 9.27 | 8.62 |
| Liability recognised in the Balance Sheet | (6.04) | (4.86) |
| VI. Percentage of each category of plan assets to total fair value of plan assets | | |
| Insurer managed funds | 100% | 100% |
| VII. Amount recognised in the Statement of Profit and Loss | | |
| Current service cost | 0.96 | 2.19 |
| Interest cost | - | 0.36 |
| Expected return on plan assets | (0.36) | (0.57) |
| Expense recognised in Statement of Profit and Loss | 0.60 | 1.98 |
| VIII. Amount recognised in the Other Comprehensive Income (OCI) | | |
| Amount recognised in OCI, beginning of the year | (7.33) | (7.19) |
| Components of actuarial gain/losses on obligations | | |
| Due to Change in demographic assumptions | (0.28) | - |
| Due to Change in financial assumptions | 0.57 | (0.12) |
| Due to Change in experience assumption | 1.42 | 2.76 |
| Expected return on plan assets | - | (0.57) |
| Total remeasurement recognised in OCI | 1.70 | (0.14) |
| Amount recognised in OCI, end of year | (5.62) | (7.33) |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

| | | |
|---|--------|--------|
| IX. Balance Sheet reconciliation | | |
| Opening net liability | (4.86) | (3.07) |
| Expenses recognised in Profit & Loss | 0.60 | 1.98 |
| Actual Employer Contribution | - | (3.63) |
| Acquisition adjustments | (3.48) | - |
| Total Remeasurement recognised in OCI | 1.70 | (0.14) |
| Closing net liability/ (Asset) | (6.04) | (4.86) |

- (e) Salary escalation assumption has been set in discussions with the enterprise based on their estimates of overall long-term salary growth rates after taking into consideration expected earnings inflation as well as performance and seniority related increases.

34.2 Sensitivity analysis:

| Particulars | Changes in assumptions | Effect on Gratuity obligation |
|--|------------------------|-------------------------------|
| For the year ended 31st March, 2018 | | |
| Salary growth rate | +0.50% | 3.69 |
| | -0.50% | 3.64 |
| Discount rate | +0.50% | 3.64 |
| | -0.50% | 3.69 |
| For the year ended 31st March, 2019 | | |
| Salary growth rate | +0.50% | 3.32 |
| | -0.50% | 3.13 |
| Discount rate | +0.50% | 3.12 |
| | -0.50% | 3.33 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognised in the balance sheet.

These plans typically expose the Company to actuarial risks such as: longevity risk and salary risk.

- (A) Interest risk - A decrease in the discount rate will increase the plan liability.
- (B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants. As such, an increase the plan's liability.
- (C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

34.3 The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 years (31st March, 2018 - 6 years).

36 Disclosure pursuant to Indian Accounting Standard 108 - Segment Information
36.1 Primary Segment Information

The Company operates in two primary reportable business segments, i.e. "Inland Container Depot" and "Domestic Warehousing Zone" and one geographical segment i.e. India as per Accounting Standard 108 - "Segment Reporting".

36.2 Segment Revenue, results, assets and liabilities

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment.

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes trade receivable and other receivables. Segment liabilities primarily include trade payables and other liabilities. Assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

36.3 The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of the nature of services.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

35.4 Segmental Information as at and for the year ended 31st March, 2019 is as follows:-

| Particulars | (Rupees in lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year Ended 31st March 2019 | Year Ended 31st March 2018 |
| Segment Revenue | | |
| ICD | 884.78 | 78.38 |
| Domestic Warehouse (DTA) | 307.34 | - |
| Less: Inter Segment | - | - |
| Total Revenue from Operations | 1,192.12 | 78.38 |
| Segment Results Before Tax and Interest | | |
| ICD | (949.16) | (1,505.78) |
| Domestic Warehouse | (1,225.38) | (1,478.01) |
| Total Segment Result | (2,174.63) | (2,983.79) |
| Less: Unallocated Expenses net of Income | - | - |
| Less: Finance Costs | 4,078.54 | 3,933.71 |
| Less: Exceptional Items (Net) | 80.02 | (7,947.93) |
| Loss before tax | (6,333.09) | 1,030.43 |
| Less: Tax Expenses | - | - |
| Loss after tax | (6,333.09) | 1,030.43 |
| Segment Assets | | |
| ICD | 24,131.48 | 24,972.29 |
| Domestic Warehouse | 41,418.56 | 42,329.08 |
| Unallocated | 2,064.77 | 2,198.30 |
| Total | 67,614.81 | 69,499.67 |
| Segment Liabilities | | |
| ICD | 1,581.88 | 1,580.04 |
| Domestic Warehouse | 118.16 | - |
| Unallocated | 50,897.63 | 46,567.69 |
| Total | 52,597.67 | 48,147.73 |
| Other Disclosures | | |
| Capital Expenditure | | |
| ICD | 93.10 | 88.23 |
| Domestic Warehouse | 13.45 | - |
| Unallocated | - | - |
| Total | 106.55 | 88.23 |
| Depreciation and amortisation expenses | | |
| ICD | 814.21 | 891.60 |
| Domestic Warehouse | 1,411.34 | 1,478.01 |
| Unallocated | - | - |
| Total | 2,225.55 | 2,369.61 |
| Non-cash Expenditure | | |
| ICD | - | 247.30 |
| Domestic Warehouse | - | - |
| Unallocated | - | - |
| Total | - | 247.30 |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

36 Deferred Taxes

36.1 In view of loss for the year, no provision for current tax has been made.

36.2 The Company has not recognised any deferred tax assets on deductible temporary differences, unused tax losses as it is not probable that the Company will have sufficient future taxable profit which can be available against the available tax losses.

36.3 Unused tax losses for which no deferred tax assets has been recognised

| (Rupees in lakhs) | | | |
|-------------------|------------------|--|-------------------------|
| Assessment Year | Business Loss | Available for Utilization till Assessment Year | Unabsorbed Depreciation |
| 2013-2014 | - | 2021-2022 | 3,037.19 |
| 2014-2015 | 5,093.64 | 2022-2023 | 5,977.49 |
| 2015-2016 | 794.27 | 2023-2024 | 5,257.31 |
| 2016-2017 | 334.53 | 2024-2025 | 4,661.18 |
| 2017-2018 | 14,781.78 | 2025-2026 | 4,148.96 |
| 2018-2019 | - | 2026-2027 | - |
| 2019-2020 | - | 2027-2028 | 2,263.72 |
| Total | 20,984.20 | | 25,365.85 |

Deferred tax assets as at March 31, 2019 Rupees 9,389.39 Lakh (March 31, 2018 - Rupees 5,482.99 Lakh) has not been recognised, as there is no convincing evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

Details of Deferred tax assets are mentioned below:-

| (Rupees in lakhs) | | |
|---|----------------------|----------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Property plant equipment | 3,903.51 | 3,724.65 |
| Financial Instruments | 146.76 | 179.83 |
| Unabsorbed depreciation | (6,595.12) | (5,211.68) |
| Expense allowable on payments under section 43B and 40(a)(ia) | (1,388.65) | (472.29) |
| Unabsorbed loss | (5,455.89) | (3,703.50) |
| Total Deferred Tax Assets | (9,389.39) | (5,482.99) |

37 DISCLOSURES UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

To the extent, the company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under

| (Rupees in lakhs) | | |
|--|-----------------------------------|-----------------------------------|
| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| (i) Principal amount remaining unpaid | 7.73 | 5.35 |
| (ii) Interest due thereon remaining unpaid | 0.34 | - |
| (iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year. | - | - |
| (iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| (v) Interest accrued and remaining unpaid (net of tax deducted at source) | 0.34 | - |
| (vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | - | - |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

38 RECENT ACCOUNTING PRONOUNCEMENTS

STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) ISSUE OF IND AS 116 - LEASES

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of leasing arrangement.

B) AMENDMENT TO EXISTING STANDARD

The MCA has also carried out amendments of the following accounting standards

- i. Ind AS 101- First time adoption of Indian Accounting Standards
- ii. Ind AS 103 – Business Combinations
- iii. Ind AS 109 - Financial Instruments
- iv. Ind AS 111 – Joint Arrangements
- v. Ind AS 12 – Income Taxes
- vi. Ind AS 19 – Employee Benefits
- vii. Ind AS 23 – Borrowing Costs
- viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

39 RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

| Sr. No. | Name of Related Party | Nature of Relationship | % of equity interest | Country of Incorporation |
|---------|---|--------------------------------------|----------------------|--------------------------|
| 1 | Arshiya Limited | Holding Company | 100% | India |
| 2 | Mira Supply Chain Management Private Limited (formerly known as Arshiya Supply Chain Management Private Limited) (January 2, 2018 till March 21, 2018) | Subsidiary Company | 100% | India |
| 3 | Arshiya Northern FTWZ Limited Mira Supply Chain Management Private Limited (formerly known as Arshiya Supply Chain Management Private Limited) (till January 1, 2018) Arshiya Rail Infrastructure Limited | Fellow Subsidiaries | | India |
| 4 | Mr. Ajay S. Mittal - Director Mrs. Archana A. Mittal - Director Mr. Navnit Choudhary - Director Mr. Ashish Kumar Belnagra - Independent Director Mr. Dinesh Kumar Sodani - Chief Financial Officer (w.e.f. March 26, 2019) Mr. Amit Gupta - Chief Executive Officer (w.e.f. March 26, 2019) Mr. Rishabh Parkash Shah - Independent Director Mr. Sanjay Lakhani - Company Secretary (till February 7, 2019) | Key Managerial Personnel (KMP) | | |
| 5 | Mr. Ananya Mittal - V.P. Strategy | Relative of Key Managerial Personnel | | |

(ii) Transactions with related parties

(Rupees in lakhs)

| Name of Related Party | Nature of Transaction | March 31, 2019 | March 31, 2018 |
|--|--|----------------|----------------|
| Arshiya Rail Infrastructure Limited | Loans received | - | (376.05) |
| | Loan repayment / adjusted ** | - | 1,312.83 |
| | Rail Freight expense | (745.49) | (23.48) |
| | Unwinded Interest expense on Loan from fellow subsidiaries | - | (67.20) |
| Arshiya Northern FTWZ Limited | Loans received | - | (54.99) |
| | Loan repayment / adjusted ** | - | 90.80 |
| | Unwinded Interest expense on Loan from fellow subsidiaries | - | (7.28) |
| | Purchase of equity shares of ASCM*** | - | 47.87 |
| Arshiya Limited | Loans received** | (719.57) | (14,470.75) |
| | Loan repayments | 102.17 | 514.50 |
| | Allocation of cost and common expenses by Holding Company* | (101.95) | (418.25) |
| | Unwinded Interest expense on Loan from Holding Company | (11.60) | (10.38) |
| | Financial Guarantees | (133.53) | (178.99) |
| | Purchase of equity shares of ASCM | - | 330.83 |
| Mira Supply Chain Management Private Limited (formerly known as Arshiya Supply Chain Management Private Limited) | Loan given | - | (11,500.00) |
| | Investment made in Compulsory Convertible Debentures (CCD) and adjusted against loan given | - | 11,500.00 |
| Ananya Mittal | Salary Paid | 25.87 | 25.87 |

* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to Rupees 101.95 lakhs (Previous year Rupees 418.25 lakhs) based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 26) and certain expenses stated under other expenses (Refer Note No. 28) are presented as inclusive of such allocation of certain common costs and expenses.

** The Company has adjusted balance payable amount of Arshiya Rail Infrastructure Limited (ARAIL) on March 31, 2019 NIL (March 31, 2018 Rupees 1,269.42 lakhs) and payable amount of Arshiya Northern FTWZ Limited (ANFTWZ) on March 31, 2019 NIL (March 31, 2018 Rupees 90.18 lakhs) with Arshiya Limited.

*** During the previous year, the Company had made payment of Rupees 47.87 lakhs on behalf of Arshiya Northern FTWZ Limited (ANFTWZ) to Arshiya Limited for equity share purchase of Mira Supply Chain Management Private Limited.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| (iii) Closing Balances | | (Rupees in lakhs) | |
|-------------------------------------|----------------------|----------------------|--|
| Name | As at March 31, 2019 | As at March 31, 2018 | |
| Arshiya Limited | 15,202.13 | 14,471.17 | |
| Arshiya Limited | 536.06 | 699.60 | |
| Arshiya Rail Infrastructure Limited | 289.56 | - | |
| Arshiya Limited | 29,600.00 | 29,600.00 | |
| Ajay S Mittal | 42,351.00 | 42,351.00 | |
| Archana A Mittal | 42,351.00 | 42,351.00 | |



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
40 FAIR VALUE MEASUREMENTS
(i) Financial Instruments by Category
(Rupees in lakhs)

| Particulars | Carrying Amount | | Fair Value | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| FINANCIAL ASSETS | | | | |
| Amortised cost | | | | |
| Trade Receivables | 316.66 | 21.15 | 316.66 | 21.15 |
| Cash and Cash Equivalents | 8.40 | 4.47 | 8.40 | 4.47 |
| Other Bank Balances | 118.92 | 112.34 | 118.92 | 112.34 |
| Other Financial Assets | 1,528.71 | 1,528.71 | 1,528.71 | 1,528.71 |
| Financial Guarantee | 536.06 | 669.59 | 536.06 | 669.59 |
| Total | 2,508.75 | 2,336.26 | 2,508.75 | 2,336.26 |
| FINANCIAL LIABILITIES | | | | |
| Amortised cost | | | | |
| Borrowings | 45,556.69 | 44,741.64 | 45,556.69 | 44,741.64 |
| Trade Payables | 476.85 | 188.54 | 476.85 | 188.54 |
| Other financial liabilities | 5,968.68 | 2,781.13 | 5,968.68 | 2,781.13 |
| Total | 52,002.22 | 47,711.31 | 52,002.22 | 47,711.31 |

(ii) Fair Valuation techniques used to determine fair value

The Company maintains procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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.

The following methods and assumptions were used to estimate the fair values:

- The Company assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.
- The fair values of security deposits and other financial liabilities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

(iii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measure at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

- Level 1** - Level 1 hierarchy includes financial instruments measured using quoted prices.
- Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3** - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares, contingent consideration and indemnification assets included in level 3.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to manage for the Company's operations. The Company's financial assets comprises of trade and other receivables, cash and deposits that arises directly from its operations.

The company's activities expose it to variety of financial risks including credit risk, liquidity risk and market risk. The Company's risks management assessment, management and processes are established to identify and analyze the risks faced by the Company to set up appropriate risks limits and controls, and to monitor such risks and compliances with the same. Risks assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the company's activities.

| Risk | Exposure arising from | Measurement | Management |
|-----------------------------|---|-----------------------------|---|
| Credit risk | Cash and cash equivalents, trade receivables and Financial assets measured at amortised cost. | Ageing analysis | Regular review of credit limits |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of financial support from parent company |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Unhedged |

The Company's risk management is carried out by a corporate finance team under the policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas, such as credit risk, interest rate risk.

(A) Credit risk

The Company is exposed to credit risk, which is risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents as well as credit exposures to trade customers including outstanding receivables.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the company through continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any further services to major customers are approved by the senior management. Credit risk is high as only few customers' account for majority of the revenue in the year presented. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain.

(B) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times; maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company limits its liquidity risk by ensuring funds from trade receivables. The Company relies on operating cash flows and funding from holding company to meet its needs for funds.

The table below provides undiscounted cash flows towards financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Contractual maturities of financial liabilities

(Rupees in lakhs)

| Particulars | Less than 1 year | Between 1 year and 5 years | More than 5 year |
|------------------------------------|------------------|----------------------------|------------------|
| March 31, 2019 | | | |
| Borrowings | 20,087.82 | 24,714.31 | - |
| OCRPS (Debt and Equity component) | - | 1,200.00 | - |
| Trade payables | 476.85 | - | - |
| Other financial liabilities | 5,968.68 | - | - |
| Total Financial liabilities | 26,533.35 | 25,914.31 | - |
| March 31, 2018 | | | |
| Borrowings | 17,482.77 | 26,600.00 | - |
| OCRPS (Debt and Equity component) | - | - | 1,200.00 |
| Trade payables | 188.54 | - | - |
| Other financial liabilities | 2,781.12 | - | - |
| Total Financial liabilities | 20,452.43 | 26,600.00 | 1,200.00 |

(C) Market risk

Market Risk is the risk that the fair value of future cash flow of a financial instruments will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: 1) Foreign currency risk and 2) Interest rate risk

1) Foreign currency risk

1) Foreign currency risk is the risk that the fair value or future cash flow or an exposure will fluctuate because of changes in foreign exchange rates. However, the Company does not have any foreign currency exposure.

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the 31st March, 2019 the Company's borrowings at the variable rate were mainly denominated in Rupees.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IND AS- 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 CAPITAL MANAGEMENT

For the company's objective when managing capital is to safeguard the company's ability to continue going concern in order to provide the return for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is debt divided by total equity.

| (Rupees in lakhs) | | |
|--|------------------|------------------|
| Particular | March 31, 2019 | March 31, 2018 |
| Borrowings (Amortised) | 45,556.69 | 44,741.64 |
| Other Financial Liabilities (interest accrued) | 5,340.84 | 1,826.05 |
| Total Debt | 50,897.63 | 46,567.69 |
| Equity | 1,723.72 | 1,723.72 |
| Other equity | 13,293.43 | 19,628.22 |
| Total Equity | 15,017.15 | 21,351.94 |
| Debt to Equity Ratio | 3.39 | 2.18 |

Notes:-

- (i) Debt is defined as long term and short term borrowings including current maturities and interest.
(ii) Total equity (as shown in balance sheet) includes issued capital and all other equity.

As stated in Notes to accounts, the company is also having scheme of arrangements to reorganise the capital structure.

Debt Covenants

Under the terms of Restructuring Agreement, the company is required to comply with following financial covenants:-
Without prior approval of lender, the company shall not:

- (i) **Loans, debenture & charge** - Issue or subscribe to any debentures, shares, raise any loans, deposit from public, issue equity or preference capital, change its capital structure or create any charge on its assets including its cash flow or give any guarantees.
(ii) **Dividend on equity shares** - declare/pay dividend on equity shares unless otherwise approved by the Lender/BM Committee and subject to the payment of recompense amount payable by the borrower to the lender in accordance with the provisions of RA.

In order to achieve this overall objective, the Capital Management, amongst other thing, aims to ensure that it meets Financial covenants attached to the interest bearing Loans and borrowings that define Capital structure requirements, there have been breaches in the Financial covenants of interest bearing loans and borrowing in the Current period and previous period.

The Company has not proposed any dividend in last two years in view of losses incurred.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Preparation of financial statements on "Going Concern" basis

The company has incurred net loss of Rupees 6,334.79 Lakhs during the year ended March 31, 2019 and as of that date, the company's current liabilities exceeded by its current assets by Rupees 23,985.99 lakhs. Some of its lenders have recalled their loans and the company is in the process of negotiating the revised payment terms with the lenders. In view of the focussed emphasis of the Government on logistics Infrastructure sector, the proposed restructuring and considering the fact that the facilities are yet to achieve full operational potential besides the strategic locations of the facilities, the management's future outlook of its businesses is very promising. Accordingly the financials have been prepared on going concern basis, based on financial support from the Parent Company.

The management of the company is in the process of restructuring its business operations and steps are as under :

- i) Fully operational facility has now entered into long term contract with global shipping majors;
- ii) The planned long term contract for transportation of Reefer cargo to increase revenue;
- iii) Increasing throughput through collaborative 'Pooling of assets' with other ICD and Private Container Train Operators (PCTO);
- iv) Increasing interest from various Global customers for integrated solutions including rail transport and warehousing.

44 As per debt covenant, the Company are required to adhere to repayment schedule and any short payment gives Edelweiss Asset Reconstruction Company (EARC) the right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. No such notice of conversion in writing has been given by EARC and the Company continues to disclose the amount as non-current and current as per repayment schedule, in the Balance Sheet.

45 Borrowings:-

Re-structuring of loans assigned by Lenders to Edelweiss Asset Reconstruction Company Limited (EARC)/Lender on behalf of the various EARC Trusts)

During the previous year two lenders of the company have assigned their rights, title, and interest in financial assistance granted by them to Edelweiss Assets Reconstruction Parent Company Limited (EARC). Post assignment of loans, EARC has become a secured lender of the Parent Company and right, title and interest of the lenders have vested into EARC.

Pursuant to the assignment of such loans, and in terms of the restructuring package approved by EARC for the loans so assigned, the company has executed Restructuring Agreement (RA) with EARC, on behalf of EARC Trusts on 13th January, 2018 taking the aggregate amount of assigned loans to Rupees 20,998 lakhs.

As a result of this restructuring and assignment of debts of lenders the gain earned amounting to Rupees 10,398.92 lakhs has been credited to the profit and loss in respective year. This has been disclosed as part of an exceptional item.

46 During the previous year ended 31st March, 2018 the company has completed one time settlement (OTS) with a lender in respect of the term loan taken. OTS stipulates payment and allotment of Optionally Convertible Redeemable Preference Shares. The Company has made a payment of Rs 3000 lakhs on 18th January, 2018 and issued 1,20,000 OCRPS. Gain of Rs 7,790.75 lakhs on this OTS has been credited to the Statement of Profit & Loss as an exceptional item in respective year.

47 During the previous year, Company have acquired 33,08,333 equity shares from Arshiya Limited(AL) and 4,78,787 equity shares from Arshiya Northern FTWZ Limited (ANFTWZ) @ Rupees 10 each of Arshiya Supply Chain Management Private Limited (ASCM) and thereby ASCM became wholly owned subsidiary of the Company.

The company has also subscribed and allotted to 11,50,000 Zero Coupon unsecured compulsorily and fully convertible debentures (CCD) of Rupees 10 each at a premium of Rupees 990 each of ASCM. At the end of tenure, these CCD's are convertible into equal number of equity shares of ASCM. However on March 22, 2018, the Company has sold its investment of Equity shares in ASCM including CCD's to third party incurring a net loss of Rupees 10,350 lakhs which has been recognised in the Profit & Loss account as an exceptional item in respective year.

48 The Company has sent request letters/ emails to various parties for confirmations of balances under borrowings, trade receivables, trade payables and loans and advances to which only few parties have responded. the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable.

49 Scheme of Arrangement and Amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013 has been filed before the National Company Law Tribunal ("NCLT") between Arshiya Rail Infrastructure Limited, the company and Arshiya Transport & Handling Limited and their respective shareholders. The scheme is conditional on various approval / sanctions and is effective thereafter; accordingly no effect of the said Scheme is given in the financial statements of the company. The creditors meeting of the respective companies was held on 6th May, 2019. The Scheme shall be given effect after receipt of necessary approvals.



ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

50 Input Tax Credit (ITC) Receivable:-

The Company has been legally advised that post merger of the Company with ARAIL, the unutilised input tax credit of the Company can be utilised for discharging the service tax liability of ARAIL.

- 51** The Company disaggregates revenue from contracts with customers by type of products and services, geography and timing of revenue recognition. Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers". The effect on adoption of Ind AS 115 was insignificant.

Revenue disaggregation by type of goods and services is given note no. 23

Revenue disaggregation by geography is as follows:

| Geography | (Rupees in lakhs) | |
|---------------|--|--|
| | For the year ended 31 st March 2019 | For the year ended 31 st March 2018 |
| In India | 1,192.12 | 78.38 |
| Outside India | - | - |

Geographical revenue is allocated based on the location of the customers.

Revenue disaggregation by timing of revenue recognition is as follows:

| Geography | (Rupees in lakhs) | |
|--------------------------------------|--|--|
| | For the year ended 31 st March 2019 | For the year ended 31 st March 2018 |
| Goods transferred at a point in time | - | - |
| Service transferred over time | 1,192.12 | 78.38 |

- 52** Based on recent Supreme court judgement on Provident Fund dated February 28, 2019 there are various interpretive issues including its applicability thus prospective provision w.e.f. March 01, 2019 been considered of Rs. 0.04 lakhs.

- 53** The Company's borrowings have been assigned by bankers to an ARC. The ARC have charged interest/ penal interest/additional interest amounting to Rs. 9.58 lakhs upto the year ended March 31, 2018, which was not accepted by the Company and hence is under negotiation. In light of audit qualifications in previous year as a matter of prudence, the company has recognised the said interest/ additional interest/ penal interest and has accordingly restated the finance cost and other consequential impacts in the respective years. Further, during the year ended March 31, 2018 reported figure of finance cost, other Equity and Interest Accrued on borrowings was Rs. 3,924.16 lakhs, Rs. 19,637.77 lakhs and Rs. 768.33 lakhs respectively. Restated figures of finance cost, other equity and Interest Accrued on Borrowings are Rs. 3,933.71 lakhs, Rs. 19,628.22 lakhs and Rs. 777.88 lakhs respectively. Earning Per Share (EPS) also recalculated based on the restated figures.

- 54** Punjab National Bank (lead Bank), on behalf of Certain Consortium Banks, has initiated debt recovery action under Section 13(2) of Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) (ACT) vide notice dated 19th October, 2015 aggregating to Rupees 58,857.51 lakhs (reduced to Rupees 29,369.94 lakhs after the RA is signed with EARC on 31st March, 2017). The bank has also invoked the Corporate Guarantee issued by the Promoter Company, Arshiya Limited and Personal Guarantees of Promoter Directors i.e. Mr. Ajay S. Mittal and Mrs. Archana A. Mittal. Further on 19th January 2016, the Company received a notice of Possession from the authorised officer of the bank under Power Conferred on the bank u/s 13(4) of the said Act read with Rule 8 (i) of the Rules. The said loan has been assigned by Punjab National Bank to EARC & further EARC has filed an application for withdrawal for the same.

- 55** The figures for the previous year have been re-grouped / re-arranged, wherever necessary, to correspond with the current year's classification/disclosure.

Notes to the financial statements

1-56

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration Number 101720WVW100355

Vijay Napawaliya
Partner
Membership Number: 109859



Place : Mumbai
Date: May 27, 2019

For and on behalf of Board of Directors of
Arshiya Industrial & Distribution Hub Limited

Ajay S Mittal
Director
DIN : 00226355

Dinesh Kumar Sodani
Chief Financial Officer

Navnit Choudhary
Director
DIN : 00613576



INDEPENDENT AUDITOR'S REPORT

To The Members of Arshiya Lifestyle Limited Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Arshiya Lifestyle Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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



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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 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 Responsibility 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 the 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.



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Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

The Company has not paid / provided remuneration to its directors and accordingly provisions of section 197 of the Act related to the managerial remuneration are not applicable.



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- 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, as amended, 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Manoj H. Dama
Partner
(Membership No. 107723)

Place: Mumbai
Date: 16th May, 2019



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARSHIYA LIFESTYLE LIMITED**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 Arshiya Lifestyle Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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, to the best of our information and according to the explanations given to us, 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 31st March, 2019, based on the criteria for internal financial control over financial reporting 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 **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Manoj H. Dama

(Partner)

(Membership No. 107723)

Place: Mumbai

Date: 16th May, 2019



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARSHIYA LIFESTYLE LIMITED
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory
Requirements' section of our report of even date)**

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) 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) The Company has not granted any loans, made investments or provided guarantees, or security covered under sections 185 and 186 of the Act, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

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- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Goods and service tax as on 31st March, 2019 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause 3(viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid / provided managerial remuneration and accordingly, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable. Hence, reporting under clause 3(xi) of the Order is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standard. The provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Manoj H. Dama

Partner

(Membership No. 107723)

Place: Mumbai

Date: 16th May, 2019



ARSHIYA LIFESTYLE LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Amount in INR Lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 4 | 10.04 | 5.59 |
| (b) Financial Assets | | | |
| Other Financial Assets | 5(a) | - | - |
| (c) Income Tax Assets | 6 | 89.04 | 11.56 |
| (d) Other Non-Current Assets | 9 | 1,266.22 | 1,668.11 |
| Total Non-Current Assets | | 1,365.30 | 1,685.26 |
| Current assets | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 7 | 2,196.75 | 743.82 |
| (ii) Cash and Cash Equivalents | 8 | 739.63 | 658.55 |
| (iii) Other Financial Assets | 5(b) | 10.89 | 14.50 |
| (b) Other Current Assets | 9 | 394.99 | 262.74 |
| Total Current Assets | | 3,342.26 | 1,679.61 |
| TOTAL ASSETS | | 4,707.56 | 3,364.87 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 10 | 148.50 | 148.50 |
| (b) Other Equity | 11 | 1,853.11 | 1,649.71 |
| Total Equity | | 2,001.61 | 1,798.21 |
| Liabilities | | | |
| Non Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 12(a) | - | 1.00 |
| (ii) Other Financial Liabilities | 13 | 364.05 | 358.36 |
| (b) Provisions | 16 | 2.47 | - |
| (c) Other Non-Current Liabilities | 15 | 703.55 | 129.20 |
| Total Non-Current Liabilities | | 1,070.07 | 488.56 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 12(b) | 691.70 | 691.70 |
| (ii) Trade Payables | 14 | | |
| Micro enterprises and small enterprises | | 14.66 | - |
| Other than micro enterprises and small enterprises | | 654.92 | 138.37 |
| (iii) Other Financial Liabilities | 13 | 4.02 | 6.16 |
| (b) Other Current Liabilities | 15 | 270.16 | 241.87 |
| (c) Provisions | 16 | 0.42 | - |
| Total Current Liabilities | | 1,635.88 | 1,078.10 |
| TOTAL EQUITY AND LIABILITIES | | 4,707.56 | 3,364.87 |

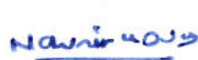
See accompanying notes 1 - 37 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants



Manoj H. Dama
Partner
Place: Mumbai
Date: May 16, 2019

For and on behalf of the Board of Directors
of Arshiya Lifestyle Limited



Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 16, 2019



Pramod Raqhvahan
Director
DIN : 07634838



ARSHIYA LIFESTYLE LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

(Amount in INR Lakhs)

| Particulars | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|-------|------------------------------|------------------------------|
| (I) INCOME | | | |
| (a) Revenue from operations | 17 | 10,165.30 | 1,890.38 |
| (b) Other income | 18 | 199.39 | 49.24 |
| (II) Total Income (a) + (b) | | 10,364.69 | 1,939.62 |
| (III) EXPENSES | | | |
| (a) Warehousing and Handling costs | 19 | 9,094.60 | 1,897.96 |
| (b) Employee benefits expense | 20 | 23.71 | - |
| (c) Finance costs | 21 | 358.88 | 25.40 |
| (d) Depreciation expense | 22 | 2.09 | 0.00 |
| (e) Other expenses | 23 | 851.57 | 38.64 |
| (IV) Total Expenses (a) to (e) | | 10,330.85 | 1,962.00 |
| (V) Profit/(Loss) before tax (II-IV) | | 33.84 | (22.38) |
| (VI) Tax expense | 24 | 6.98 | - |
| (VII) Profit/(Loss) for the year | | 26.86 | (22.38) |
| (VIII) OTHER COMPREHENSIVE INCOME | | | |
| Remeasurement of defined benefit plans | | (0.35) | - |
| Total Other Comprehensive loss for the year | | (0.35) | - |
| (IX) TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | | 26.51 | (22.38) |
| (X) Earnings per equity share (Face value per Equity share Rs.10) | 26 | | |
| Basic and Diluted | | 1.81 | (1.51) |
| See accompanying notes 1 - 37 to the financial statements | | | |
| <div> <p>In terms of our report attached For Deloitte Haskins & Sells LLP Chartered Accountants</p> <p><i>Manoj H. Dama</i> Manoj H. Dama Partner Place: Mumbai Date: May 16, 2019</p> </div> <div> <p>For and on behalf of the Board of Directors of Arshiya Lifestyle Limited</p> <p><i>Navnit Choudhary</i> Navnit Choudhary Director DIN : 00613576 Place: Mumbai Date: May 16, 2019</p> <p><i>Pramod Raghavan</i> Pramod Raghavan Director DIN : 07634838</p> </div> | | | |



ARSHIYA LIFESTYLE LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019****A Equity Share Capital****(Amount in INR Lakhs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|----------------------------|----------------------------|
| Equity Share Capital | 148.50 | 148.50 |

B Other Equity

| Particulars | Reserves and Surplus | | (Amount in INR Lakhs) | |
|--|-----------------------|----------------------|-----------------------------------|-----------------|
| | Securities Premium | Retained Earnings | Deemed Capital Contribution | Total |
| As at March 31, 2017 | 962.50 | (1,095.48) | - | (132.98) |
| Loss for the year | - | (22.38) | - | (22.38) |
| Other comprehensive income | - | - | - | - |
| Fair value difference of security deposits placed by the Parent on behalf of the Company | - | - | 1,306.58 | 1,306.58 |
| Fair value of financial guarantee provided by the Parent on behalf of the Company | - | - | 498.49 | 498.49 |
| As at March 31, 2018 | 962.50 | (1,117.86) | 1,805.07 | 1,649.71 |
| Profit for the year | - | 26.86 | - | 26.86 |
| Other comprehensive loss for the year | - | (0.35) | - | (0.35) |
| Fair value difference of security deposits placed | - | - | 173.53 | 173.53 |
| Fair value of financial guarantee provided by the Parent on behalf of the Company | - | - | 3.36 | 3.36 |
| As at March 31, 2019 | 962.50 | (1,091.35) | 1,981.96 | 1,853.11 |

C Total Equity**(Amount in INR Lakhs)**

| Particulars | Total |
|----------------------|----------|
| As at March 31, 2018 | 1,798.21 |
| As at March 31, 2019 | 2,001.61 |

See accompanying notes 1 - 37 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants



Manoj H. Dama
Partner
Place: Mumbai
Date: May 16, 2019

For and on behalf of the Board of Directors
of Arshiya Lifestyle Limited



Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 16, 2019



Pramod Raghavan
Director
DIN : 07634838



ARSHIYA LIFESTYLE LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019**

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Profit/(Loss) before Tax | 33.84 | (22.38) |
| Adjustments for: | | |
| Depreciation expense (Previous year *Rs.291) | 2.09 | 0.00 |
| Bad debts written off | 5.09 | 5.31 |
| Allowance for doubtful debts | 45.80 | - |
| Finance costs | 358.88 | 25.40 |
| Foreign exchange differences (Net) | 13.40 | (2.98) |
| Sundry balances written back | (0.97) | (3.61) |
| Interest on Fixed Deposits | (11.12) | (17.11) |
| Interest on Financial assets carried at amortised cost | (187.30) | (24.94) |
| Dividend income | - | (0.60) |
| Operating profit before working capital changes | 259.71 | (40.91) |
| Movement in working capital: | | |
| (Increase) in trade receivables | (1,517.22) | (723.37) |
| Increase in trade payables | 531.21 | 296.90 |
| Decrease/(increase) in other assets | 272.95 | (173.35) |
| Increase in other liabilities and provisions | 606.26 | 606.40 |
| Cash generated from/(used in) operations | 152.91 | (34.34) |
| Income taxes paid | (84.46) | (11.16) |
| Net cash generated from/(used in) operating activities (A) | 68.45 | (45.49) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments for property, plant and equipment | (6.54) | (5.59) |
| Dividends received | - | 0.60 |
| Interest received | 20.17 | 17.11 |
| Net cash generated from investing activities (B) | 13.63 | 12.12 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | - | 690.70 |
| Repayment of borrowings | (1.00) | - |
| Net cash (used in)/generated from financing activities (C) | (1.00) | 690.70 |
| Net increase in cash and cash equivalents | 81.08 | 657.32 |
| Cash and Cash Equivalents at the beginning of the financial year | 658.55 | 1.23 |
| Cash and Cash Equivalents as per Note No.8 | 739.63 | 658.55 |

See accompanying notes 1 - 37 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner

Place: Mumbai
Date: May 16, 2019

For and on behalf of the Board of Directors
of Arshiya Lifestyle Limited

Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 16, 2019

Pramod Raghavan
Director
DIN : 07634838



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Corporate Information

These statements comprises of financial statements of Arshiya Lifestyle Limited (CIN : U74110MH2010PLC201330) for the year ended March 31, 2019. The company is a public company domiciled in India and is incorporated on March 26, 2010 under the provisions of the Companies Act applicable in India. The registered office of the company is located at 301, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

Arshiya Lifestyle Limited (ALL) is a subsidiary of Arshiya Limited (AL), a company listed on Bombay Stock Exchange and National Stock Exchange. Arshiya Lifestyle Limited is a Co-developer under the Special Economic Zones Act, 2005.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 16, 2019.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").

The Company prepared its financial statements in accordance the Indian Accounting Standards (IND AS) are notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements have been prepared on a historical cost convention and accrual basis and there are no financial assets and liabilities as at the year end which are measured at fair value at on going basis.

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to profit or loss for the year/period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to profit or loss when the Property, plant and equipment is de-recognized.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the profit or loss.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on straight line basis using the useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013.

The estimated useful lives are as follows:

| Asset Category | No. of Years |
|------------------|--------------|
| Office Equipment | 3-5 years |



The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the profit or loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(d) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases of property, plant and equipment where the Company, as lessee, bears substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(e) Revenue recognition

Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring services to a customer as specified in the contract, net off allowances, trade discounts and excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and the receivable is recognized when it becomes unconditional.

Revenue from contracts with customers includes warehousing storage income, transportation income and handling, value optimisation and other services. Revenue from rendering of services is recognised on an accrual basis as per the agreed terms.

The following are the specific revenue recognition criteria:

(i) Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(f) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. 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.

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum alternate Tax (MAT)

MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(g) Financial Instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial Recognition

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 (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Profit or Loss.

Classification and Subsequent Measurement: Financial Assets

The Company has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

(i) Amortised Cost

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

(ii) Fair Value through other comprehensive income

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset 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.

(iii) Fair Value through Profit or Loss (FVTPL)

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

(i) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Profit or Loss.

(ii) Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Derecognition of financial liabilities

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(h) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

(i) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans viz. gratuity,
- (b) defined contribution plans viz. provident fund.

Gratuity obligations

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is included in employee benefit expense in the statement of profit and loss.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

(j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably 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 Profit or Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(i) Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

(k) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(l) Current/non current classification

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 or 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 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



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(m) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

(n) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby 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.

(o) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to Lakhs in two decimal as per the requirement of Schedule III, unless otherwise stated.

3 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of non-financial assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement.

(i) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost
- (b) Financial assets that are debt instruments and are measured as at FVTOCI
- (c) Trade receivables or any contractual right to receive cash or another financial asset
- (d) Loan commitments which are not measured as at FVTPL
- (e) Financial guarantee contracts which are not measured as at FVTPL

(ii) Impairment of non - financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(iii) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (i) above.

(iv) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(v) Provisions and Contingent Liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(vi) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(vii) Recent Accounting pronouncements

(a) New standard issued and effective

Ind AS 115 - Revenue from Contracts with Customers

On March 28, 2018, the Ministry of Corporate Affairs (MCA) notified the new revenue recognition standard, viz., Ind AS 115 "Revenue from Contracts with Customers". Ind AS 115 is applicable to the Company from the financial years beginning on or after April 01, 2018. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It prescribes a five-step model to help entities decide the timing and amount of revenue recognition from contracts with customers.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115. Except for the disclosure requirements, application of above standard does not have any significant impact on the Company's Financial Statements.

(b) Standards issued but not yet effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Lease. These amendments shall be applicable to the Company from April 01, 2019.

IND AS 116 will replace the existing IND AS 17 Lease. IND AS 116 set outs the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lease accounting model, requiring lessees to recognise right of use assets for granted rights of use and corresponding lease liabilities. However, IND AS 116 contains the option of exercising exemptions for the recognition of short term leases and those pertaining to low-value assets.

The Company will adopt IND AS 116 effective from April 01, 2019, is in process of accessing impact.

The following are amendments to Ind AS which have been published but not yet effective as on the reporting date:

| Ind AS | Amendments to standards / interpretations | Mandatory application | Impact |
|-------------------------|--|-----------------------|-----------------------------|
| Ind AS 12 | Amendment to Ind AS 12 - Income taxes (amendments relating to Income tax consequences of dividend in profit or loss, other comprehensive income or equity) and Ind AS Appendix C, Uncertainty over Income tax treatments. | April 1, 2019 | No material impact expected |
| Ind AS 109 | Amendment to Ind AS 12 - Financial Instruments- April 1, 2019 (amendments relation to Prepayment Features with Negative Compensation) | April 1, 2019 | No material impact expected |
| Ind AS 19 | Amendment to Ind AS 19- Employee Benefits (amendment relating to Plan Amendment, Curtailment or Settlements and Its impact on future service cost and interest cost) | April 1, 2019 | No material impact expected |
| Ind AS 23 | Amendment to Ind AS 23 - Borrowing Costs (Amendment relating to inclusion of specific borrowing in general borrowing while computing capitalisation rate) | April 1, 2019 | No material impact expected |
| Ind AS 28 | Amendment to Ind AS 28 - Investments in Associate and joint ventures (amendment clarifying that Long-term Interests in Associates and Joint Ventures to which equity method is not applied will be cover under Ind AS 109) | April 1, 2019 | No Impact |
| Ind AS 103 & Ind AS 111 | Ind AS 103 - Business Combinations and Ind AS 111- Joint arrangements (amendment relating to re-measurement of previous held Interest in the joint control arrangement when control is obtained) | April 1, 2019 | No Impact |



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4. PROPERTY, PLANT AND EQUIPMENT

| | | (Amount in INR Lakhs) |
|--|--|-----------------------|
| Particulars | | Office Equipment |
| AT COST | | |
| Balance as at March 31, 2017 | | - |
| Additions during the year | | 5.59 |
| Balance as at March 31, 2018 | | 5.59 |
| Additions during the year | | 6.54 |
| Balance as at March 31, 2019 | | 12.13 |
| ACCUMULATED DEPRECIATION | | |
| Balance as at March 31, 2017 | | - |
| Depreciation for the year (*Rs. 291) | | 0.00* |
| Balance as at March 31, 2018 | | - |
| Depreciation for the year | | 2.09 |
| Balance as at March 31, 2019 | | 2.09 |
| Net Carrying value as at March 31, 2017 | | - |
| Net Carrying value as at March 31, 2018 | | 5.59 |
| Net Carrying value as at March 31, 2019 | | 10.04 |



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5. OTHER FINANCIAL ASSETS

| (Amount in INR Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| (a) Non Current | | |
| Security deposits placed with sub-lessor(Refer Note No.28(iv) and 36) | 1,732.14 | 1,718.37 |
| Less: Amount retained by sub-lessor from upfront lease payment payable to the parent | (1,732.14) | (1,718.37) |
| Total | - | - |
| (b) Current | | |
| Financial assets carried at amortised cost | | |
| Interest Accrued | 5.45 | 14.50 |
| Unbilled Revenue | 5.44 | - |
| Security deposits placed with sub-lessor(Refer Note No.28(iv) and 36) | 3,160.33 | 6,289.29 |
| Less: Amount retained by sub-lessor from upfront lease payment payable to the parent | (3,160.33) | (6,289.29) |
| Total | 10.89 | 14.50 |

6. INCOME TAX ASSETS

| (Amount in INR Lakhs) | | |
|-----------------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Non Current | | |
| Income Tax Assets | 89.04 | 11.56 |
| Total | 89.04 | 11.56 |

7. TRADE RECEIVABLES

| (Amount in INR Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Secured, considered good | | |
| Secured, considered good | 60.93 | 29.97 |
| Unsecured, considered good | 2,135.82 | 713.85 |
| Trade Receivables which have significant increase in credit risk | 45.80 | - |
| | 2,242.55 | 743.82 |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (45.80) | - |
| Total | 2,196.75 | 743.82 |

8. CASH AND CASH EQUIVALENTS

| (Amount in INR Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Cash on hand | 0.52 | 0.42 |
| Balances with banks on current accounts (Refer note below) | 739.11 | 658.13 |
| Total | 739.63 | 658.55 |

Note:

Cash and cash equivalents comprise of restricted bank balances held in escrow account with bank. This account can only be operated with the specific permission / instructions in terms of the Escrow Agreement entered into by the Company with Ascendas Panvel FTWZ Limited [formerly known as Arshiya Rail Siding & Infrastructure Limited ("APFL")].

9. OTHER ASSETS

| (Amount in INR Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| (a) Non Current | | |
| - Prepaid Expenses | 104.23 | 131.20 |
| - Prepaid rent | 948.21 | 1,055.40 |
| - Financial Guarantee (Refer note below) | 213.78 | 481.51 |
| Total | 1,266.22 | 1,668.11 |
| (b) Current | | |
| Advances other than Capital advances | | |
| - Advance to suppliers | 0.18 | - |
| Others | | |
| - Prepaid expenses | 27.23 | 28.46 |
| - Prepaid rent | 247.36 | 217.76 |
| - Balances with Government Authorities | 0.17 | - |
| - Financial Guarantee (Refer note below) | 119.47 | 16.52 |
| - Others | 0.58 | - |
| Total | 394.99 | 262.74 |

Note:

Corporate guarantee given by the parent, Arshiya Limited, to Ascendas Panvel FTWZ Limited (formerly known as Arshiya Rail Siding & Infrastructure Limited) (sub-lessor) in respect of warehouses taken on lease by the Company from sub-lessor.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

10. EQUITY SHARE CAPITAL

i. Authorised Share Capital

(Amount in INR Lakhs)

| Particulars | Equity Share of Rs.10 each | |
|----------------------|----------------------------|--------|
| | Number | Amount |
| As At March 31, 2018 | 30,00,000 | 300.00 |
| As At March 31, 2019 | 30,00,000 | 300.00 |

ii. Issued subscribed and paidup equity shares

(Amount in INR Lakhs)

| Equity shares of INR 10 each issued, subscribed and fully paidup | Number | | Amount |
|--|-----------|--|--------|
| | | | |
| As At March 31, 2018 | 14,85,000 | | 148.50 |
| As At March 31, 2019 | 14,85,000 | | 148.50 |

iii. Rights, Preferences and restrictions attached to equity shares

The Company has only one class of shares, namely, equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv. Shares held by the parent company

Out of equity shares issued by the Company, shares held by its parent company are as below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------|----------------------|----------------------|
| Arshiya Limited | | |
| Equity shares | 14,85,000 | 14,85,000 |
| Percentage | 100% | 100% |

v. Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|-----------|----------------------|-----------|
| | Number | % Holding | Number | % Holding |
| Equity shares of INR 10 each fully paid Arshiya Limited | 14,85,000 | 100% | 14,85,000 | 100% |



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

11. OTHER EQUITY

Reserves and Surplus

| Particulars | (Amount in INR Lakhs) | |
|---------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| (a) Securities Premium | 962.50 | 962.50 |
| (b) Retained Earnings | (1,091.35) | (1,117.86) |
| (c) Deemed Capital Contribution | 1,981.96 | 1,805.07 |
| | 1,853.11 | 1,649.71 |

(a) Securities Premium

| Particulars | (Amount in INR Lakhs) | |
|------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Opening balance | 962.50 | 962.50 |
| Closing balance | 962.50 | 962.50 |

Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.

(b) Retained Earnings

| Particulars | (Amount in INR Lakhs) | |
|---------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Opening balance | (1,117.86) | (1,095.48) |
| Profit/(Loss) for the year | 26.86 | (22.38) |
| Other comprehensive loss for the year | (0.35) | - |
| Closing balance | (1,091.35) | (1,117.86) |

(c) Deemed Capital Contribution

| Particulars | (Amount in INR Lakhs) | |
|------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Opening balance | 1,805.07 | - |
| During the year | 176.89 | 1,805.07 |
| Closing balance | 1,981.96 | 1,805.07 |

Deemed Capital contribution comprises notional interest on security deposits received by Ascendas Panvel FTWZ Limited (formerly known as Arshiya Rail Siding & Infrastructure Limited ("APFL")) (the Sub-lessor) out of amount payable to the parent and Financial guarantee issued by parent to the Sub-lessor accounted at fair value.

12. BORROWINGS

| Particulars | (Amount in INR Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| (a) Non Current Borrowings | | |
| Loans from Others (Refer Note below (i)) | - | 1.00 |
| Total | - | 1.00 |
| (b) Current Borrowings | | |
| Loans from Related Parties (Refer Note below(ii)) | 691.70 | 691.70 |
| Total | 691.70 | 691.70 |

Note:

(i) Loan pertains to outside party, which is interest free.

(ii) Of the above, Rs.691.70 Lakhs (Previous year Rs.691.70) is inter corporate loan from Arshiya Limited - Parent Company which is interest free.



13. OTHER FINANCIAL LIABILITIES

| (Amount in INR Lakhs) | | |
|----------------------------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| (a) Non Current | | |
| Security Deposits from customers | 364.05 | 358.36 |
| Total | 364.05 | 358.36 |
| (b) Current | | |
| Security Deposits from customers | 4.02 | 6.16 |
| Total | 4.02 | 6.16 |

14. TRADE PAYABLES

| (Amount in INR Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Micro enterprises and small enterprises (Refer note below) | 14.66 | - |
| Other than micro enterprises and small enterprises | 654.92 | 138.37 |
| Total | 669.58 | 138.37 |

A) DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

| (Amount in INR Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Principal amount due to suppliers under MSMED Act, 2006 | 14.49 | - |
| Interest accrued and due to suppliers under MSMED Act, on the above amount | 0.17 | - |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006 | 0.17 | - |

Note:

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

15. OTHER LIABILITIES

| (Amount in INR Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| (a) Non current | | |
| Lease equalisation reserve | 703.55 | 129.20 |
| Total | 703.55 | 129.20 |
| (b) Current | | |
| Advance received from Customers | 220.27 | 202.22 |
| Statutory Liabilities (Refer note below) | 49.89 | 39.65 |
| Total | 270.16 | 241.87 |

Note:

Statutory dues includes TDS, Provident Fund, Profession Tax and Interest payable for delayed payments of statutory dues.

16. PROVISIONS

| (Amount in INR Lakhs) | | |
|---------------------------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| (a) Non Current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 25) | 1.76 | - |
| Compensated absences | 0.71 | - |
| | 2.47 | - |
| (b) Current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 25) | 0.28 | - |
| Compensated absences | 0.14 | - |
| Total | 0.42 | - |

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ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

17. REVENUE FROM OPERATIONS

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------------|------------------------------|------------------------------|
| Sale of services | | |
| Warehousing services | 9,274.01 | 1,738.95 |
| Handling and other services | 891.29 | 151.43 |
| Total | 10,165.30 | 1,890.38 |

18. OTHER INCOME

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest income on | | |
| - Deposit with bank | 11.12 | 17.11 |
| - Financial assets carried at amortised cost (Refer Note No.36) | 187.30 | 24.94 |
| Dividend income | - | 0.60 |
| Net gain on foreign currency transactions and translation | - | 2.98 |
| Sundry Balances written back | 0.97 | 3.61 |
| Total | 199.39 | 49.24 |

19. WAREHOUSING AND HANDLING COSTS

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Business conducting fees (Refer Note No.35) | 3,351.11 | 972.91 |
| Lease Rent | 5,484.68 | 902.70 |
| Handling equipment hire charges | 96.11 | 4.92 |
| Labour Charges | 162.70 | 17.43 |
| Total | 9,094.60 | 1,897.96 |

20. EMPLOYEE BENEFITS EXPENSE

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 21.48 | - |
| Contribution to provident and other funds | 1.01 | - |
| Staff welfare expenses | 0.73 | - |
| Gratuity Expense | 0.49 | - |
| | 23.71 | - |

21. FINANCE COSTS

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest expense on unwinding deposit (Refer Note No.36) | 187.30 | 24.94 |
| Interest on Delayed Payment of Statutory Dues | 3.27 | - |
| Interest on Micro enterprises and small enterprises vendors | 0.17 | - |
| Guarantee Commission expense | 168.14 | 0.46 |
| Total | 358.88 | 25.40 |



ARSHIYA LIFESTYLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****22. DEPRECIATION EXPENSE**

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Depreciation expense (Previous year *Rs.291) | 2.09 | 0.00 |
| Total | 2.09 | 0.00 |

23. OTHER EXPENSES

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Electric power, fuel and water | 352.99 | - |
| Repairs and maintenance | 27.92 | 2.61 |
| Payments to auditors (Refer note below) | 52.55 | 9.75 |
| Bad debts written off | 5.09 | 5.31 |
| Legal and professional fees | 22.37 | 3.06 |
| Rates and taxes | 27.81 | 5.29 |
| Travelling and conveyance expenses | 86.47 | 12.10 |
| Allowance for doubtful debts | 45.80 | - |
| Security charges | 209.26 | - |
| Net loss on foreign currency transactions and translation | 16.36 | - |
| Miscellaneous expenses | 4.95 | 0.52 |
| Total | 851.57 | 38.64 |

Note : Payments to auditors

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------|------------------------------|------------------------------|
| As auditor | | |
| Audit Fee | 12.00 | 7.50 |
| Other services | 40.55 | 2.25 |
| Total | 52.55 | 9.75 |

24. TAX EXPENSES

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--------------------|------------------------------|------------------------------|
| Current Tax | 6.88 | - |
| Earlier Year's Tax | 0.10 | - |
| Total | 6.98 | - |



25. EMPLOYEE BENEFITS OBLIGATION

(i) Defined contribution plans

The Company has provident fund, Employee State Insurance and Employee's pension scheme which are classified as defined contribution plans. Contributions are made to provident fund for eligible employees at the prescribed rate of the eligible salary as per the regulation. The contributions are made to Regional Provident fund Authority. The obligation of the Company is limited to the amount contributed and it has no further contractual or any contractual obligation. The expense recognised during the year towards defined contribution plan is INR 1.01 Lakhs (March 31, 2018: INR Nil)

(ii) Defined benefit plans (unfunded)

The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn eligible monthly salary proportionately for 15 days salary and multiplied by number of years of service. The Company provides for gratuity liability based on the Actuarial valuation carried out by the independent actuary at the end of the year.

(a) Reconciliation of balances of Defined Benefit Obligation:

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Defined Benefit Obligation, balance transferred | - | - |
| Current service cost | 0.41 | - |
| Interest cost | 0.08 | - |
| Remeasurements - Actuarial (gain)/ loss | - | - |
| - Change in demographic assumptions | - | - |
| - Change in financial assumptions | - | - |
| - experience variance | 0.35 | - |
| Benefits paid | - | - |
| Liabilities transfer in* | 1.20 | - |
| Defined Benefit obligation at year end | 2.04 | - |

*Some employees of Arshiya Limited are transferred to the Company w.e.f 01-06-2018. Along with employees, the Company has taken over corresponding employee benefit liabilities outstanding as on the date transfer determined on the actuarial bases by independent actuary.

(b) Expenses recognised in the statement of profit and loss :

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Current service cost | 0.41 | - |
| Interest cost | 0.08 | - |
| Net Cost | 0.49 | - |
| In Other Comprehensive Income | | |
| Remeasurements - Actuarial gain/ (loss) for the year on defined benefits obligations | (0.35) | - |
| Recognised in OCI | (0.35) | - |

(c) Actuarial assumptions:

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|--------------------------|-------------------------|
| Discount rate | 6.95% | - |
| Salary escalation rate | 9.00% | - |
| Withdrawal Rate | 17.00% | - |
| Mortality Rate | 100% IALM (2006-2008) | - |

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligations.

Salary escalation assumption has been set based on their estimates of overall long term salary growth rates after taking into consideration expected earnings inflation as well as performance and seniority related increases.

Assumptions regarding withdrawal rates are set based on their estimates of expected long term future employee turnover within the organisations.

(c) Sensitivity Analysis of the defined benefit obligation :

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| (I) Impact of the change in discount rate | | |
| Present value of obligation at the end of the period | | - |
| (i) Impact due to increase of 0.50% | 1.98 | - |
| (ii) Impact due to decrease of 0.50% | 2.10 | - |
| (II) Impact of the change in salary increase | | |
| Present value of obligation at the end of the period | | - |
| (i) Impact due to increase of 0.50% | 2.10 | - |
| (ii) Impact due to decrease of 0.50% | 1.98 | - |

These plans typically expose the Company to actuarial risks such as: interest risk, longevity risk and salary risk.

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

26. EARNINGS PER EQUITY SHARE

| (Amount in INR Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| (a) Basic and diluted earnings per equity share | | |
| Profit/(Loss) for the year used in calculating basic / diluted earnings per share | 1.81 26.86 | (1.51) (22.38) |
| (b) Weighted average number of equity shares used as the denominator | | |
| Weighted average number of equity shares used as the denominator in calculating basic / diluted earnings per share | 14,85,000 | 14,85,000 |

27. COMMITMENTS AND CONTINGENCIES

(Amount in INR Lakhs)

A. Leases

Operating lease commitments - Company as lessee

The Company has entered into operating lease arrangements for certain warehouse facilities. The lease is non-cancellable and is for a period of 6 years and may be renewed for a further period of 6 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5 % every year from lease commencement date.

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Future Non-Cancellable minimum lease commitments | | |
| Within one year | 4,916.73 | 4,642.37 |
| Later than one year but not later than five years | 21,214.21 | 21,009.65 |
| Later than five years | - | 4,896.67 |
| | 26,130.94 | 30,548.68 |

(Amount in INR Lakhs)

B. Contingent Liabilities

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Bond-cum Legal Undertaking (Refer note below) | 1,000.00 | 1,000.00 |

Note:

Bond-cum Legal Undertaking has been given to SEEPZ Authority for safeguarding duty liability on goods stored in warehouses within FTWZ on behalf of Unit holders.



ARSHIYA LIFESTYLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****28. RELATED PARTY TRANSACTIONS****(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures**

| Name of Related Party | Nature of Relationship |
|--|------------------------|
| Parent Company | |
| Arshiya Limited | Parent Company |
| List of Related party and relationship, with whom transaction have taken place | |
| Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited) | Fellow Subsidiary |

(ii) Transactions with related parties

The following transactions occurred with related parties for sales and purchase of services, and reimbursements.

(Amount in INR Lakhs)

| Name | Nature of Transactions | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|--|-------------------------|-------------------------|
| Arshiya Limited | Business conducting fees | 3,351.11 | 972.91 |
| Arshiya Limited | Income billed to customer on behalf of the Company | 1,777.01 | 257.65 |
| Arshiya Limited | Corporate guarantee received | 241.87 | 31,288.61 |
| Arshiya Limited | Corporate guarantee reduced | 4,659.61 | 739.93 |
| Arshiya Logistics Services Limited | Warehousing and handling services income | 4,838.52 | 723.76 |
| Arshiya Limited | Cost sharing | 615.65 | - |
| Arshiya Limited | Repayment of Borrowings | - | 724.98 |
| Arshiya Limited | Interest expense on unwinding deposit | 187.30 | 24.94 |
| Arshiya Limited | Guarantee Commission expense | 168.14 | 0.46 |

Also see note 11(c) for deemed capital contribution from Arshiya Limited.

(iii) Outstanding balances arising from sales/purchases of services

(Amount in INR Lakhs)

| Name | Nature of Relationship | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|------------------------|-------------------------|-------------------------|
| Trade Receivables | | | |
| Arshiya Logistics Services Limited | Fellow Subsidiary | 1,182.89 | 245.53 |
| Trade Payables | | | |
| Arshiya Limited | Parent Company | 553.40 | 104.81 |

(iv) Loans from related parties

(Amount in INR Lakhs)

| Name | Nature of Relationship | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------------|------------------------|--|-------------------------|-------------------------|
| Loans from related parties | | | | |
| Arshiya Limited | Parent Company | Beginning of the year | 691.70 | - |
| | | Loans received | - | 1,416.68 |
| | | Amount retained by sub-lessor from upfront lease payment payable to the parent (Refer Note No. 36) | 6,160.33* | 9,289.29 |
| | | Less: Loan repayments made | - | (724.98) |
| | | Less: Security deposits placed with sub-lessor (Refer Note No. 36) | (6,160.33)* | (9,289.29) |
| | | End of the year | 691.70 | 691.70 |
| | | Corporate guarantee | | |
| Arshiya Limited | Parent Company | Beginning of the year | 30,548.68 | - |
| | | Corporate guarantee taken | 241.87 | 31,288.61 |
| | | Corporate guarantee reduced | (4,659.61) | (739.93) |
| | | End of the year | 26,130.94 | 30,548.68 |

* During the year INR 3,128.96 Lakhs has been received from sub-lessor which is paid to the Parent.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

29. SEGMENT REPORTING

The Company is primarily engaged in providing end to end supply chain management solutions to its customers in FTWZ. In the opinion of the Company, the entire business is governed by same set of risks and returns and hence, the Company has only one reportable segment, namely, "Operation of warehouses in Free Trade Warehousing Zone". The Company provides services within India and hence, doesn't have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in single geographical segment.

30. FAIR VALUE MEASUREMENTS

Fair value of Financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required

i. Financial Instruments by Category

| Particulars | Carrying Amount | | (Amount in INR Lakhs) | |
|------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| FINANCIAL ASSETS | | | | |
| Amortised cost | | | | |
| Trade Receivables | 2,196.75 | 743.82 | 2,196.75 | 743.82 |
| Cash and Cash Equivalents | 739.63 | 658.55 | 739.63 | 658.55 |
| Other Financial Assets | 10.89 | 14.50 | 10.89 | 14.50 |
| Total | 2,947.27 | 1,416.87 | 2,947.27 | 1,416.87 |
| FINANCIAL LIABILITIES | | | | |
| Amortised cost | | | | |
| Borrowings | 691.70 | 692.70 | 691.70 | 692.70 |
| Trade Payables | 669.58 | 138.37 | 669.58 | 138.37 |
| Other financial liabilities | 368.07 | 364.52 | 368.07 | 364.52 |
| Total | 1,729.35 | 1,195.59 | 1,729.35 | 1,195.59 |

The management have assessed that the fair value of cash and cash equivalent, trade receivables, other financial assets, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.



ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

31. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and foreign exchange risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, loans given and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business. Concentration of Revenues from four customers of the Company are 83.79% and 84.42% of total revenue for the year ended March 31, 2019 and March 31, 2018 respectively out of which revenue from fellow subsidiary is 47.62% and 47.04% respectively. Concentration of trade receivables from three customers of the Company are 91.82% and 68.60% of total trade receivable as at March 31, 2019 and March 31, 2018 respectively out of which trade receivable from fellow subsidiary is 52.75% and 33.01% respectively.

(b) Trade Receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Company has recognised Rs. 44.95 Lakhs as at March 31, 2019 (Rs. Nil as at March 31, 2018) allowances for doubtful trade receivables, estimated using ECL model.

(Amount in INR Lakhs)

| Financial assets for which loss allowances is measured using the expected credit loss | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Current | | |
| Trade receivables | | |
| Secured, considered good | 60.93 | 29.97 |
| Unsecured, considered good | 2,135.82 | 713.85 |
| Total | 2,196.75 | 743.82 |

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

(d) Foreign exchange risk

The Company's foreign exchange risk arises from its foreign currency revenues (primarily in US Dollar and Euro). As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Management of the Company monitor movement in the exchange rate of determine appropriate action.

(i) Significant foreign currency risk exposure relating to trade receivables and balance with bank

(Amount in Lakhs)

| Particulars | Foreign Currency amount | | Equivalent amount in INR | |
|------------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Trade receivables | | | | |
| USD | 14.93 | 6.36 | 1,050.80 | 409.62 |
| EUR | 0.10 | 0.05 | 3.86 | 4.14 |
| Advance from customer | | | | |
| USD | 0.26 | - | 20.27 | - |
| Balance with banks | | | | |
| USD | - | 0.13 | - | 8.42 |

(ii) Sensitivity

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

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32. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company working monitors capital on the basis of the amount of working capital

The Company's objective for capital management is to maintain an optimum overall, working capital.

33. TAX RECONCILIATION

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Reconciliation of tax expense | | |
| Profit/(loss) before tax | 33.84 | (22.38) |
| Enacted income tax rate (%) applicable to the Company # | 27.820% | 27.820% |
| Tax expenses calculated at enacted income tax rate | 9.41 | (6.23) |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | (9.41) | (6.23) |
| Tax paid under provision of Minimum Alternate Tax (MAT) | 6.88 | - |
| Earlier Year's tax | 0.10 | - |
| Income tax expense recognised in profit or loss | 6.98 | - |

The tax rate used for reconciliation above is the corporate tax rate of 27.820% at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

34. DEFERRED TAX

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Tax losses | 42.69 | 78.59 |
| Unabsorbed depreciation | 2.51 | 0.42 |
| Total | 45.20 | 79.01 |
| Tax effect of the aforesaid unrecognised deferred tax assets | 12.58 | 21.98 |

Note:

Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

The Unrecognised Tax Losses carried Forward will expire as follows:-

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|-------------------------|-------------------------|
| Assessment Years: | | |
| 2019-2020 | - | 0.28 |
| 2020-2021 | 1.76 | 37.38 |
| 2021-2022 | 2.57 | 2.57 |
| 2022-2023 | 14.28 | 14.28 |
| 2023-2024 | - | - |
| 2024-2025 | 1.10 | 1.10 |
| 2025-2026 | - | - |
| 2026-2027 | 22.97 | 22.97 |
| Total | 42.69 | 78.59 |

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ARSHIYA LIFESTYLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

35. During the previous year, the Parent Company (AL) has entered into Business Conducting and Services Agreement and addendum thereto with the Company in relation to operation of Six Warehouses taken on sub-lease from Ascendas Panvel FTWZ Ltd (formerly known as Arshiya Rail Siding and Infrastructure Limited (APFL)) and operation of Container Yard and Open Yard owned by the Parent Company. The aforesaid Business Conducting and Services Agreement and addendum thereto is to be read in the overall context of Master Lease agreement (MLA) dated 3rd February, 2018, Sub-Lease agreement dated 3rd February, 2018 and other agreements and documents entered into in connection with lease of Six Warehouses by the Parent Company, being owner, to APFL and Sub-Lease of the said Six Warehouses by APFL to the Company and transfer of all rights and obligations under the Existing Unit Holder Agreements entered into by the Parent Company to and in favour of the Company. The Parent Company for the administration and operational expediency entrusted the Company to carry out operating and managing the open yard, the container yard and warehouses whereby the Company agreed to undertake and conduct the business of operating and managing the open yard and the container yard and warehouses and provide other services by utilising the infrastructure facilities provided by the Parent Company. The Company shall also receive all the incomes generated from the warehouses and storage yard, bearing the cost and expenses to operate and maintain the warehouses and storage yard. Pursuant to the aforesaid Business Conducting and Services Agreement, the Company will pay 99% of Excess Revenue / Total Income over all the expenses / charges / provisions to the Parent Company as Business Conducting Fees. Accordingly, the Company has recognised as Business Conducting fees (expenses) Rs. 3,351.11 Lakh during the year ended 31st March, 2019 (year ended March 31, 2018: 972.91 Lakh).

36. Ascendas Panvel FTWZ Ltd (formerly known as Arshiya Rail Siding & Infrastructure Limited ('the Sub-lessor' or 'APFL') has retained Rs. 6,160.33 lakhs (March 31, 2018: Rs. 9,289.29 lakhs) from the consideration by way of lump sum rent ('Upfront Lease Payment') payable by APFL to the Company's Parent, Arshiya Limited ('AL') in terms of Master Lease Agreement dated February 03, 2018 (MLA) and considered the same as deposit paid by the Company to ARSIL for guaranteeing the payment of the Sub-Lease Rent and all other amounts as payable by the Company and/or AL and/or and/or Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited ('ALSL')) and ALSL are fellow subsidiaries of the Company] under the Sub-Lease Deed and/or all the other Transaction Documents and for the due observance of certain undertakings provided by AL to APFL in relation to payments to be made by AL to its creditors and to certain Government Authorities.

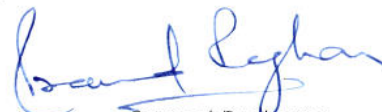
Pursuant to the terms of the aforesaid agreements, the Management has offset the security deposits with APFL and payable to ALL. The related finance income and finance expenses arising on discounting of security deposits with APFL and payable to AL are disclosed under Notes 18 and 21, respectively.

37. Previous year's figures have been regrouped wherever necessary to comply with requirement of Ind AS and Schedule III. Previous year's figures are not comparable with those of current year since the Company has commenced warehousing operations w.e.f. February 03, 2018.

**For and on behalf of the Board of Directors
of Arshiya Lifestyle Limited**



Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 16, 2019



Pramod Raghavan
Director
DIN : 07634838



INDEPENDENT AUDITOR'S REPORT

To The Members of Arshiya Logistics Services Limited (Formerly known as Laxmipati Balaji Exim Trading Limited) Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Arshiya Logistics Services Limited (Formerly known as Laxmipati Balaji Exim Trading Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 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 Responsibility 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 the 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.



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- 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

The Company has not paid / provided remuneration to its directors and accordingly provisions of section 197 of the Act related to the managerial remuneration are not applicable.



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- 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, as amended, 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Manoj H. Dama
Partner
(Membership No. 107723)

Place: Mumbai
Date: 16th May, 2019



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI
BALAJI EXIM TRADING LIMITED)
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory
Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 **Arshiya Logistics Services Limited (Formerly known as Laxmipati Balaji Exim Trading Limited)** ("the Company") as of 31st March, 2019 in conjunction with our audit of the 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

Deloitte Haskins & Sells LLP

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, to the best of our information and according to the explanations given to us, 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 31st March, 2019, based on the criteria for internal financial control over financial reporting 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Manoj H. Dama
(Partner)
(Membership No. 107723)

Place: Mumbai
Date: 16th May, 2019



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI
BALAJI EXIM TRADING LIMITED)**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory
Requirements' section of our report of even date)**

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) 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) The Company has not granted any loans, made investments or provided guarantees, or security covered under sections 185 and 186 of the Act, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other

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material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became

- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Goods and service tax as on 31st March, 2019 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause 3(viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid / provided managerial remuneration and accordingly, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable. Hence, reporting under clause 3(xi) of the Order is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standard. The provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Manoj H. Dama

Partner

(Membership No. 107723)

Place: Mumbai

Date: 16th May, 2019



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
BALANCE SHEET AS AT MARCH 31, 2019

(Amount in INR Lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, plant and equipment | 4 | 1.83 | 1.36 |
| (b) Financial Assets | | | |
| (i) Investment in subsidiary | 5 | 5.00 | - |
| (ii) Other Financial Assets | 6 | 32.07 | - |
| (c) Income Tax Assets | 7 | 232.51 | 80.59 |
| (d) Other Non-Current Assets | 8 | 8.37 | - |
| Total Non-current Assets | | 279.78 | 81.95 |
| Current assets | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | 9 | 1,593.03 | 1,121.86 |
| (ii) Cash and cash equivalents | 10 | 74.46 | 92.54 |
| (iii) Loans | 11 | 0.25 | - |
| (iv) Other Financial Assets | 6 | 2.83 | - |
| (b) Other current assets | 8 | 7.91 | 3.07 |
| Total Current Assets | | 1,678.48 | 1,217.47 |
| TOTAL ASSETS | | 1,958.26 | 1,299.42 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 12 | 160.00 | 160.00 |
| (b) Other equity | 13 | (233.91) | (122.21) |
| Total Equity | | (73.91) | 37.79 |
| Liabilities | | | |
| Non current liabilities | | | |
| (a) Provisions | 14 | 27.51 | 19.87 |
| Total Non-current Liabilities | | 27.51 | 19.87 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 15 | | |
| -total outstanding Dues of micro enterprises and small enterprises | | 0.30 | 2.43 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,509.60 | 830.54 |
| (ii) Other financial liabilities | 16 | 380.57 | 280.15 |
| (b) Other current liabilities | 17 | 108.94 | 125.22 |
| (c) Provisions | 14 | 5.25 | 3.42 |
| Total Current Liabilities | | 2,004.66 | 1,241.76 |
| TOTAL EQUITY AND LIABILITIES | | 1,958.26 | 1,299.42 |

See accompanying notes 1 - 36 to the financial statements

In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on Behalf of the Board of Directors of
Arshiya Logistics Services Limited

Manoj H. Dama
Partner

Navnit Choudhary
Director
DIN: 00613576
Place: Mumbai
Date: May 16, 2019

Pramod Raghavan
Director
DIN: 07634838

Place: Mumbai
Date: May 16, 2019



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR Lakhs)

| Particulars | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|-------|------------------------------|------------------------------|
| (I) INCOME | | | |
| (a) Revenue from operations | 18 | 6,795.46 | 4,845.64 |
| (b) Other income | 19 | 4.49 | 44.16 |
| (II) Total Income (a) + (b) | | 6,799.95 | 4,889.80 |
| (III) EXPENSES | | | |
| (a) Warehousing, Transportation and Handling Costs | 20 | 6,425.44 | 4,654.42 |
| (b) Employee benefits expense | 21 | 236.82 | 158.44 |
| (c) Finance costs | 22 | 0.36 | 3.51 |
| (d) Depreciation expense | 23 | 0.27 | 0.02 |
| (e) Other expenses | 24 | 245.94 | 189.27 |
| (IV) Total Expenses (a) to (e) | | 6,908.83 | 5,005.66 |
| (V) Loss before tax (II-IV) | | (108.88) | (115.86) |
| (VI) Tax expense | | - | - |
| Loss for the year | | (108.88) | (115.86) |
| (VII) OTHER COMPREHENSIVE INCOME/(LOSS) | | | |
| Remeasurement of defined benefit plans | | (2.82) | 17.32 |
| Total Other Comprehensive income/(loss) for the year | | (2.82) | 17.32 |
| (VIII) TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (111.70) | (98.54) |
| (IX) Earnings per share (Face value of Rs. 10 each) | | | |
| Basic and Diluted | 25 | (6.80) | (18.40) |

See accompanying notes 1 - 36 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on Behalf of the Board of Directors of
Arshiya Logistics Services Limited

Manoj H. Dama
Partner
Place: Mumbai
Date: May 16, 2019

Navnit Choudhary
Director
DIN: 00613576
Date: May 16, 2019

Pramod Raghavan
Director
DIN: 07634838



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(A) Equity Share Capital

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|-------------------------|-------------------------|
| Equity share capital | 160.00 | 160.00 |

(B) Retained earnings

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Opening balance | (122.21) | (23.67) |
| Loss for the year | (108.88) | (115.86) |
| Other Comprehensive Income/(loss) - remeasurement of defined benefit plans | (2.82) | 17.32 |
| Closing balance | (233.91) | (122.21) |

(C) Total Equity

(Amount in INR Lakhs)

| Particulars | Total |
|----------------------|---------|
| As at March 31, 2018 | 37.79 |
| As at March 31, 2019 | (73.91) |

See accompanying notes 1 - 36 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama

Manoj H. Dama
Partner
Place: Mumbai
Date: May 16, 2019

For and on Behalf of the Board of Directors
Arshiya Logistics Services Limited

Navnit Choudhary

Navnit Choudhary
Director
DIN: 00613576
Date: May 16, 2019

Pramod Raghavan

Pramod Raghavan
Director
DIN: 07634838



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Loss before tax: | (108.88) | (115.86) |
| Adjustments for: | | |
| Depreciation expense | 0.27 | 0.02 |
| Sundry balances written back | (0.13) | - |
| Bad debts written off | 37.56 | - |
| Allowance for expected credit losses | 33.45 | 50.17 |
| Net unrealised foreign exchange (gain)/loss | 26.26 | (19.84) |
| Interest income on deposits with banks | - | (0.97) |
| Interest on Financial assets at amortised cost | (1.77) | - |
| Finance costs | 0.36 | 3.51 |
| Operating loss before working capital changes | (12.88) | (82.97) |
| Movement in working capital: | | |
| Increase in trade receivables | (565.59) | (1,145.53) |
| Increase in other assets | (46.34) | (3.07) |
| Increase in trade payables | 677.05 | 822.97 |
| Increase in Other financial liabilities | 97.38 | 279.65 |
| (Decrease) / Increase in other liabilities | (16.45) | 121.14 |
| Increase in provisions | 6.66 | 40.61 |
| Cash flow after working capital changes | 139.83 | 32.80 |
| Income taxes paid | (151.92) | (81.47) |
| Net cash used in operating activities (A) | (12.09) | (48.67) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (0.74) | (1.38) |
| Investment made in equity shares of a subsidiary company | (5.00) | - |
| Interest received | - | 0.97 |
| Net cash used in investing activities (B) | (5.74) | (0.41) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from issue of equity shares | - | 155.00 |
| (Repayment of) Proceeds from borrowings | (0.25) | (13.51) |
| Loans to subsidiary | - | - |
| Net cash (used in) / generated from financing activities (C) | (0.25) | 141.49 |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | (18.08) | 92.41 |
| Cash and cash equivalents at the beginning of the year | 92.54 | 0.13 |
| Cash and cash equivalents as per Note No. 10 | 74.46 | 92.54 |

See accompanying notes 1 - 36 to the financial statements

In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama

Manoj H. Dama
Partner
Place: Mumbai
Date: May 16, 2019

For and on Behalf of the Board of Directors
Arshiya Logistics Services Limited

Navnit Choudhary *Pramod Raghavan*

Navnit Choudhary
Director
DIN: 00613576
Date: May 16, 2019

Pramod Raghavan
Director
DIN: 07634838



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Corporate Information

The Company is a Public Company domiciled in India and is incorporated on June 21, 2008 under the provisions of the Companies Act applicable in India. The registered office of the Company is located at 301, Ceejay House, Level-3, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai Mumbai City MH 400018. These statements comprise financial statements of Arshiya Logistics Services Limited (CIN : U93000MH2008PLC183791) for the year ended March 31, 2019.

Arshiya Logistics Services Limited is a subsidiary of Arshiya Limited (AL), a Company listed on Bombay Stock Exchange and National Stock Exchange. Arshiya Logistics Services Limited is an integrated logistics and supply chain management solution and value optimisation services provider.

The Company is registered as a service unit in Free Trade Warehousing Zone (FTWZ) of Arshiya Limited, at Panvel, Maharashtra and in FTWZ of Arshiya Northern FTWZ Limited, at Khurja, Uttar Pradesh.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 16, 2019.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These are the Company's first Ind AS financial statements. Refer to Note 34 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost convention and accrual basis, except for certain financial assets and liabilities which are measured at fair value.

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to profit or loss for the year/period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to profit or loss when the Property, plant and equipment is de-recognized.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the profit or loss.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on straight line basis using the useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013.

| The estimated useful lives are as follows: | |
|--|--------------|
| Asset Category | No. of Years |
| Office Equipment | 3-5 years |
| Computers | 3-5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the profit or loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(d) Revenue recognition

Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring services to a customer as specified in the contract, net off allowances, trade discounts and excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and the receivable is recognized when it becomes unconditional.

Revenue from contracts with customers includes warehousing storage income, transportation income and handling, value optimisation and other services. Revenue from rendering of services is recognised on an accrual basis as per the agreed terms.

The following are the specific revenue recognition criteria:

(i) Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(e) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. 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.

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum alternate Tax (MAT)

MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial Recognition

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 (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Profit or Loss.

Classification and Subsequent Measurement: Financial Assets

The Company has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

(i) Amortised Cost

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

(ii) Fair Value through other comprehensive income (FVTOCI)

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset 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.

(iii) Fair Value through Profit or Loss (FVTPL)

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

(i) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Profit or Loss.

(ii) Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Derecognition of financial liabilities

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(g) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

(h) Convertible financial instrument

Convertible instruments are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(i) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans viz. gratuity,
- (b) defined contribution plans viz. provident fund.

Gratuity obligations

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

(j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably 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 Profit or Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(k) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(l) Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.



(m) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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 or 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 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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

Cash Flows are reported using the indirect method, whereby 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.

All amounts disclosed in the financial statements and notes have been rounded off Lakhs in decimals as per the requirement of Schedule III, unless otherwise stated.

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of non-financial assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost
- (b) Financial assets that are debt instruments and are measured as at FVTOCI
- (c) Trade receivables or any contractual right to receive cash or another financial asset
- (d) Loan commitments which are not measured as at FVTPL
- (e) Financial guarantee contracts which are not measured as at FVTPL



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(ii) Impairment of non - financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(iii) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iv) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (i) above.

(v) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vi) Provisions and Contingent Liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

(vii) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Recent Accounting pronouncements

New standard issued and effective

Ind AS 115 - Revenue from Contracts with Customers

On March 28, 2018, the Ministry of Corporate Affairs (MCA) notified the new revenue recognition standard, viz., Ind AS 115 "Revenue from Contracts with Customers". Ind AS 115 is applicable to the Company from the financial years beginning on or after April 01, 2018. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It prescribes a five-step model to help entities decide the timing and amount of revenue recognition from contracts with customers.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115. Except for the disclosure requirements, application of above standard does not have any significant impact on the Company's Financial Statements.

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 and companies (Indian Accounting Standards) second amendment rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019.

Ind AS 116 - Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lessee accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the caption of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Company will adopt Ind AS 116 effective from April 1, 2019, the Company is in process of assessing impact.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The following are other amendments to Ind AS which have been published but not yet effective as on the reporting date:

| Ind AS | Amendments to standards / interpretations | Mandatory application | Impact |
|-------------------------|--|------------------------------|---|
| Ind AS 12 | Amendment to Ind AS 12 - Income taxes (amendments relating to Income tax consequences of dividend in profit or loss, other comprehensive income or equity) and Ind AS Appendix C, Uncertainty over Income tax treatments. | April 1, 2019 | Company is in process of assessing the impact |
| Ind AS 109 | Amendment to Ind AS 12 - Financial Instruments- (amendments relation to Prepayment Features with Negative Compensation) | April 1, 2019 | Company is in process of assessing the impact |
| Ind AS 19 | Amendment to Ind AS 19- Employee Benefits (amendment relating to Plan Amendment, Curtailment or Settlements and Its impact on future service cost and interest cost) | April 1, 2019 | Company is in process of assessing the impact |
| Ind AS 23 | Amendment to Ind AS 23 - Borrowing Costs (Amendment relating to inclusion of specific borrowing in general borrowing while computing capitalisation rate) | April 1, 2019 | No material impact expected |
| Ind AS 28 | Amendment to Ind AS 28 - Investments in Associate and joint ventures (amendment clarifying that Long-term Interests in Associates and Joint Ventures to which equity method is not applied will be covered under Ind AS 109) | April 1, 2019 | No Impact |
| Ind AS 103 & Ind AS 111 | Ind AS 103 - Business Combinations and Ind AS 111- Joint arrangements (amendment relating to re-measurement of previous held Interest in the joint control arrangement when control is obtained) | April 1, 2019 | No Impact |



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR Lakhs)

| Particulars | Equipments | Computers | Total |
|--|-------------|-------------|-------------|
| At cost | | | |
| Balance as at April 1, 2017 | - | - | - |
| Additions | 1.38 | - | 1.38 |
| Balance as at March 31, 2018 | 1.38 | - | 1.38 |
| Additions | - | 0.74 | 0.74 |
| Balance as at March 31, 2019 | 1.38 | 0.74 | 2.12 |
| ACCUMULATED DEPRECIATION | | | |
| Balance as at April 1, 2017 | - | - | - |
| Depreciation for the year | 0.02 | - | 0.02 |
| Balance as at March 31, 2018 | 0.02 | - | 0.02 |
| Depreciation for the year | 0.26 | 0.01 | 0.27 |
| Balance as at March 31, 2019 | 0.28 | 0.01 | 0.29 |
| Net Carrying value as at March 31, 2018 | 1.36 | - | 1.36 |
| Net Carrying value as at March 31, 2019 | 1.10 | 0.73 | 1.83 |



| ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED) | | |
|--|-------------------------|-------------------------|
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 | | |
| (Amount in INR Lakhs) | | |
| 5. INVESTMENT | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Non Current-unquoted Investments in Equity Instruments of Subsidiary at cost (Refer note below) | 5.00 | - |
| Total | 5.00 | - |
| Note: 50,000 Equity shares of Arshiya 3PL Services Private Limited of the face value of Rs. 10 each, fully paid up (as at March 31, 2018: NIL) Note on Exemption of preparation of consolidated financial statement as per IND AS 110: Arshiya 3PL Services Private Limited became wholly owned subsidiary of the Company w.e.f. August 27, 2018. Arshiya Limited (Parent Company) produces consolidated financial statement in compliance with Indian Accounting Standards that are available for public use. Thus the Company is exempted from preparing consolidated financial statements. | | |
| 6. OTHER FINANCIAL ASSETS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Non Current Financial assets carried at amortised cost Security Deposit with fellow subsidiary (refer note below) | 32.07 | - |
| Total | 32.07 | - |
| Current Others - Unbilled Revenue | 2.83 | - |
| Total | 2.83 | - |
| Note: As per terms of Unit holder agreement between Developer and Unit holder, the Company (Unit Holder) has given interest free refundable security deposit to Fellow Subsidiary Company Arshiya Northern FTWZ Limited (Developer) for Free Trade Warehousing Zone at Khurja, Uttar Pradesh. | | |
| 7. INCOME TAX ASSETS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Non Current Income Tax Assets | 232.51 | 80.59 |
| Total | 232.51 | 80.59 |
| 8. OTHER ASSETS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Non Current Others - Prepaid rent | 8.37 | - |
| Total | 8.37 | - |
| Current Advances other than Capital advances - Trade advances | 0.38 | 0.15 |
| Others - Prepaid rent | 4.22 | - |
| - Prepaid expenses | 3.31 | 2.92 |
| Total | 7.91 | 3.07 |



| ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED) | | |
|---|-------------------------|-------------------------|
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019 | | |
| 9. TRADE RECEIVABLES | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Trade receivables considered good-Secured | 149.84 | 201.10 |
| Trade receivables considered good-Unsecured | 1,443.19 | 920.76 |
| Trade receivables which have significant increase in credit risk | 83.62 | 50.17 |
| | 1,676.65 | 1,172.03 |
| Less: Allowance for doubtful debts (expected credit loss allowance) (refer note below) | (83.62) | (50.17) |
| Total | 1,593.03 | 1,121.86 |
| Note: Movement in the allowance for doubtful debts (expected credit loss allowance) | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Balance at the beginning of the year | 50.17 | - |
| Add: Impairment losses recognised during the year | 33.45 | 50.17 |
| Balance at the end of the year | 83.62 | 50.17 |
| 10. CASH AND CASH EQUIVALENTS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Balances with banks in current accounts | 73.28 | 90.78 |
| Cash on hand | 1.18 | 1.76 |
| Total | 74.46 | 92.54 |
| Cash and cash equivalents as of March 31, 2019 INR 64.70 Lakhs (March 31, 2018 INR 86.72 Lakhs) comprise of restricted bank balances held in escrow account with banks. These accounts can only be operated with the specific permission / instructions in terms of the Escrow Agreement entered into by the Company with third parties i.e. Ascendas Panvel FTWZ Limited (formerly known as Arshiya Rail Siding & Infrastructure Limited ("ARSIL")) & Banks. | | |
| 11. LOANS | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Loan to subsidiary (refer note below) | 0.25 | - |
| Total | 0.25 | - |
| Note: Interest free loan given to wholly owned Subsidiary Company Arshiya 3PL Services Private Limited to fulfill their initial compliance to open new bank account and the same is receivable on demand. | | |



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

EQUITY SHARE CAPITAL

| Particulars | (Amount in INR Lakhs) | |
|----------------------|-----------------------------|----------|
| | Equity Share of Rs. 10 each | |
| | Number | Amount |
| As at March 31, 2018 | 2,50,00,000 | 2,500.00 |
| As at March 31, 2019 | 2,50,00,000 | 2,500.00 |

i) Issued, subscribed and fully paid up equity shares

| Particulars | Number | Amount |
|---|-----------|--------|
| Equity shares of Rs. 10 each issued, subscribed and fully paid up | | |
| As at April 1, 2017 | 50,000 | 5.00 |
| Issued during the year | 15,50,000 | 155.00 |
| As at March 31, 2018 | 16,00,000 | 160.00 |
| Issued during the year | - | - |
| As at March 31, 2019 | 16,00,000 | 160.00 |

ii) Shares held by the Parent Company

Out of equity shares issued by the Company, shares held by its Parent Company are as below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Arshiya Limited (Parent Company w.e.f. June 13, 2017) | 16,00,000 | 16,00,000 |

v) Details of shareholders holding more than 5% equity shares in the Company

| Name of the shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|-----------|----------------------|-----------|
| | Number | % holding | Number | % holding |
| Equity shares of Rs. 10 each fully paid | | | | |
| Arshiya Limited | 16,00,000 | 100% | 16,00,000 | 100% |

v) Rights, preferences and restrictions

The Company has issued only one class of equity shares, namely, equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

13. OTHER EQUITY

| (Amount in INR Lakhs) | | |
|-----------------------------|---------------------------------|---------------------------------|
| Reserves and Surplus | | |
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Retained Earnings | (233.91) | (122.21) |
| Total | (233.91) | (122.21) |

| (Amount in INR Lakhs) | | |
|--|--------------------------------------|--------------------------------------|
| Retained Earnings | | |
| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Balance at the beginning of the reporting period | (122.21) | (23.67) |
| Loss for the year | (108.88) | (115.86) |
| Other Comprehensive Income/(loss) - remeasurement of defined benefit plans | (2.82) | 17.32 |
| Balance at the closing of the reporting period | (233.91) | (122.21) |

14. PROVISIONS

| (Amount in INR Lakhs) | | |
|---------------------------------|---------------------------------|---------------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Non Current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 26) | 18.87 | 13.72 |
| Compensated absences | 8.64 | 6.15 |
| | 27.51 | 19.87 |
| Current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 26) | 3.49 | 2.24 |
| Compensated absences | 1.76 | 1.18 |
| Total | 5.25 | 3.42 |

15. TRADE PAYABLES

| (Amount in INR Lakhs) | | |
|--|---------------------------------|---------------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Trade Payables to Micro enterprises and Small enterprises (refer note below) | 0.30 | 2.43 |
| Trade Payables to Related Parties (refer note 28) | 1,236.17 | 565.21 |
| Trade Payables to Others than Micro enterprises and Small enterprises | 273.43 | 265.33 |
| Total | 1,509.90 | 832.97 |

A) DETAILS OF DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES

| (Amount in INR Lakhs) | | |
|---|---------------------------------|---------------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Principal amount due to suppliers under MSMED Act, 2006 | 0.30 | 2.42 |
| Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount | - | 0.01 |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006 | - | 0.01 |

Note:
The above information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

16. OTHER FINANCIAL LIABILITIES

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------|-------------------------|-------------------------|
| Current | | |
| Financial Liabilities | | |
| Deposits from customers | 380.57 | 280.15 |
| Total | 380.57 | 280.15 |

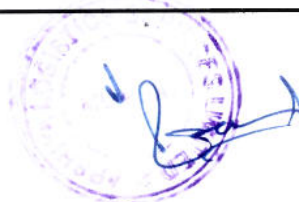
17. OTHER CURRENT LIABILITIES

(Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|-------------------------|-------------------------|
| Current | | |
| Advance received from Customers | 6.21 | 34.82 |
| Others | | |
| Statutory Dues (refer notes below) | 102.73 | 90.17 |
| Others | - | 0.23 |
| Total | 108.94 | 125.22 |

Notes:

1. Statutory dues includes TDS, Provident Fund, Profession Tax, ESIC, Goods and Service Tax and Interest payable for delayed payments of statutory dues.
2. Based on recent Supreme court judgement on Provident Fund dated February 28, 2019 there are various interpretive issues including its applicability thus prospective provision w.e.f. March 01, 2019 been considered of Rs. 0.40 lakhs.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

18. REVENUE FROM OPERATIONS

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Revenue from Operations | | |
| Warehousing income | 3,106.88 | 2,175.18 |
| Transportation income | 1,695.55 | 1,377.14 |
| Handling, value optimisation and others services | 1,993.03 | 1,293.32 |
| Total | 6,795.46 | 4,845.64 |

19. OTHER INCOME

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Interest income on deposits with banks | - | 0.97 |
| Financial assets at amortised cost | 1.77 | - |
| Foreign exchange gain | - | 43.19 |
| Sundry balance written back | 0.13 | - |
| Miscellaneous Income | 2.59 | - |
| Total | 4.49 | 44.16 |

20. WAREHOUSING, TRANSPORTATION AND HANDLING COSTS

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------|------------------------------|------------------------------|
| Warehouse storage charges | 4,516.18 | 3,175.14 |
| Transportation charges | 763.08 | 725.76 |
| Material Handling and other Charges | 1,146.18 | 753.52 |
| Total | 6,425.44 | 4,654.42 |

21. EMPLOYEE BENEFITS EXPENSE

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 210.36 | 128.53 |
| Compensated absences (refer note 26) | 4.43 | 1.61 |
| Contribution to provident fund and employees' state insurance | 11.00 | 6.79 |
| Gratuity expense (refer note 26) | 4.52 | 16.88 |
| Staff welfare expenses | 6.51 | 4.63 |
| Total | 236.82 | 158.44 |

22. FINANCE COSTS

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Interest on delayed payment of Statutory Dues | 0.36 | 3.50 |
| Interest on delayed payment of dues to Micro enterprises and Small enterprises | - | 0.01 |
| Total | 0.36 | 3.51 |

23. DEPRECIATION EXPENSE

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------|------------------------------|------------------------------|
| Depreciation expenses | 0.27 | 0.02 |
| Total | 0.27 | 0.02 |



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

24. OTHER EXPENSES

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--------------------------------------|------------------------------|------------------------------|
| Rent | 44.61 | 80.30 |
| Repairs and maintenance | 4.70 | 6.24 |
| Insurance | 1.35 | 0.01 |
| Rates and taxes | 0.46 | 2.06 |
| Legal and professional fees | 19.21 | 11.32 |
| Telephone and internet expenses | 15.01 | 10.31 |
| Printing and Stationery Expenses | 1.64 | 0.71 |
| Bank charges | 22.13 | 7.96 |
| Travelling and conveyance expenses | 0.82 | 0.81 |
| Audit Fees (Refer note (a) below) | 23.25 | 11.25 |
| Advertisement | 1.71 | 1.22 |
| Sales Promotion expenses | - | 3.04 |
| Temporary shed hire charges | 19.85 | - |
| Bad Debts written off | 37.56 | - |
| Foreign exchange loss | 14.04 | - |
| Postage and courier charges | 0.67 | 0.70 |
| Allowance for expected credit losses | 33.45 | 50.17 |
| Miscellaneous expenses | 5.48 | 3.17 |
| Total | 245.94 | 189.27 |

(a) Audit Fees

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------------------------------------|------------------------------|------------------------------|
| As auditor | | |
| Audit Fee including limited review | 12.00 | 11.25 |
| Other services | 11.25 | - |
| Total | 23.25 | 11.25 |

25. EARNINGS PER SHARE

(Amount in INR Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| (a) Basic and diluted earnings per equity share | (6.80) | (18.40) |
| Loss for the year attributable to the equity holders of the Company used in calculating basic / diluted earnings per share | (108.88) | (115.86) |
| (b) Weighted average number of equity shares used as the denominator | 16,00,000 | 6,29,589 |



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

26. EMPLOYEE BENEFITS OBLIGATION

(i) Defined contribution plans

The Company has provident fund, Employee State Insurance and Employee's pension scheme which are classified as defined contribution plans. Contributions are made to provident fund and ESIC for employees at the rate prescribed of the eligible salary as per the regulation. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the year towards defined contribution plan is INR 11.00 Lakhs (March 31, 2018: INR 6.79 Lakhs)

(ii) Defined benefit plans

Gratuity

The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service.

(a) Reconciliation of opening and closing balances of Defined Benefit Obligation: (Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Defined Benefit Obligation, balance transferred * | 15.95 | 17.92 |
| Current service cost | 3.34 | 15.95 |
| Interest cost | 1.18 | 0.93 |
| Remeasurements - Actuarial (gain)/ loss | 2.82 | (17.32) |
| Benefits paid | (0.92) | (1.52) |
| Defined Benefit obligation at year end | 22.36 | 15.96 |

*All the employees of one of the fellow subsidiaries are transferred to the Company w.e.f July 01, 2017. Along with employees, the Company has taken over all the employee benefit liabilities outstanding as on the date transfer.

(b) Expenses recognised in the statement of profit and loss : (Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Current service cost | 3.34 | 15.95 |
| Interest cost | 1.18 | 0.93 |
| Net Cost | 4.52 | 16.88 |
| In Other Comprehensive Income | | |
| Remeasurements - Actuarial gain/ (loss) for the year on defined benefits obligations | 2.82 | (17.32) |
| Income for the period recognised in OCI | 2.82 | (17.32) |

(c) Actuarial assumptions: (Amount in INR Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Discount rate | 6.95% | 7.40% |
| Salary escalation rate | 9.00% | 7.00% |
| Withdrawal Rate | 17.00% | 15.00% |
| Mortality Rate | IALM (2006-2008) | IALM (2006-2008) |

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligations.

Salary escalation assumption has been set based on their estimates of overall long term salary growth rates after taking into consideration expected earnings inflation as well as performance and seniority related increases.

Assumptions regarding withdrawal rates are set based on their estimates of expected long term future employee turnover within the organisations.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(c) Sensitivity Analysis of the defined benefit obligation :

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

| Particulars | (Amount in INR Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| (I) Impact of the change in discount rate | | |
| Present value of obligation at the end of the period | 22.37 | 15.95 |
| (i) Impact due to increase of 0.50% | (0.59) | (0.40) |
| (ii) Impact due to decrease of 0.50% | 0.62 | 0.42 |
| (II) Impact of the change in salary increase | | |
| Present value of obligation at the end of the period | 22.37 | 15.95 |
| (i) Impact due to increase of 0.50% | 0.60 | 0.42 |
| (ii) Impact due to decrease of 0.50% | (0.58) | (0.40) |

These plans typically expose the Company to actuarial risks such as: interest risk, longevity risk and salary risk.

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

27. CONTINGENT LIABILITIES

| Particulars | (Amount in INR Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Bond-cum Legal Undertaking (refer note below) | 15,000.00 | 15,000.00 |

Note:

Bond-cum Legal Undertaking has been given to SEEPZ Authority for safeguarding duty liability on goods stored in FTWZ on behalf of customers.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

28. RELATED PARTIES TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

| Name of Related Party | Nature of Relationship |
|---|---|
| Parent Company | |
| Arshiya Limited | Parent Company (w.e.f. June 13, 2017) |
| List of related parties and relationship, with whom transaction have taken place | |
| Arshiya 3PL Services Private Limited | Wholly owned Subsidiary (w.e.f. August 27, 2018) |
| Arshiya Lifestyle Limited | Fellow Subsidiaries |
| Arshiya Northern FTWZ Limited | |
| Arshiya Rail Infrastructure Limited | |
| Arshiya Supply Chain Management Private Limited (upto March 21, 2018) | |
| Mega Management Services Private Limited | Company having common Key Managerial personnel (KMP's) (upto June 28, 2017) |
| Welldone Software Consultancy Private Limited | |

(ii) Transactions during the year with related parties

The following transactions occurred with related parties for sales and purchase of services, and reimbursements.

| (Amount in INR Lakhs) | | | | |
|---|------------------------|--------------------------------|---------------------------|---------------------------|
| Name | Nature of Relationship | Nature of Transaction | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Arshiya Limited | Parent Company | Warehousing and Handling Costs | - | 2,694.77 |
| Arshiya Lifestyle Limited | Fellow Subsidiary | Warehousing and Handling Costs | 4,838.52 | 723.76 |
| Arshiya Northern FTWZ Limited | Fellow Subsidiary | Warehousing and Handling Costs | 325.05 | 146.88 |
| Arshiya Supply Chain Management Private Limited | Fellow Subsidiary | Revenue from operations | - | 1.62 |
| Arshiya Northern FTWZ Limited | Fellow Subsidiary | Security deposits | 45.00 | - |
| Arshiya 3PL Services Private Limited | Subsidiary | Loans | 0.25 | - |
| Arshiya 3PL Services Private Limited | Subsidiary | Investments | 5.00 | - |
| Arshiya Rail Infrastructure Limited | Fellow Subsidiary | Other Advances * | - | 0.23 |

(iii) Outstanding balances arising from sales/purchases of services

| (Amount in INR Lakhs) | | | | |
|----------------------------------|------------------------|----------------------|----------------------|--|
| Name | Nature of Relationship | As at March 31, 2019 | As at March 31, 2018 | |
| Trade Payables | | | | |
| Arshiya Limited * | Parent Company | - | 288.87 | |
| Arshiya Lifestyle Limited | Fellow Subsidiary | 1,182.89 | 245.53 | |
| Arshiya Northern FTWZ Limited | Fellow Subsidiary | 53.28 | 30.81 | |
| Security Deposits | | | | |
| Arshiya Northern FTWZ Limited ** | Fellow Subsidiaries | 45.00 | - | |

(iv) Loans to/from related parties

| (Amount in INR Lakhs) | | | | |
|---|--|--------------------------------------|----------------------|----------------------|
| Name | Nature of Relationship | Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Loans to related parties ** | | | | |
| Arshiya Supply Chain Management Private Limited | Fellow Subsidiary | Beginning of the year | - | - |
| | | Loans given # | - | 5,710.21 |
| | | Loan repayments received/ adjusted # | - | (5,710.21) |
| | | End of the year | - | - |
| Arshiya 3PL Services Private Limited | Subsidiary | Beginning of the year | - | - |
| | | Loans given | 0.25 | - |
| | | Loan repayments received/ adjusted | - | - |
| | | End of the year | 0.25 | - |
| Loans from related parties | | | | |
| Arshiya Limited | Parent Company | Beginning of the year | - | - |
| | | Loans received # | 168.62 | 4,735.75 |
| | | Loan repayments made/ adjusted # | (168.62) | (4,735.75) |
| | | End of the year | - | - |
| Arshiya Rail Infrastructure Limited | Fellow Subsidiary | Beginning of the year | 0.23 | - |
| | | Loan repayments made/ adjusted * | (0.23) | 0.23 |
| | | End of the year | - | 0.23 |
| Mega Management Services Private Limited | Company having common Key Managerial Personnel | Beginning of the year | - | 13.32 |
| | | Loans received | - | - |
| | | Loan repayments made | - | (13.32) |
| | | End of the year | - | - |
| Welldone Software Consultancy Private Limited | Company having common Key Managerial Personnel | Beginning of the year | - | 0.19 |
| | | Loan repayments made | - | (0.19) |
| | | End of the year | - | - |

As per the arrangements, inter-alia, entered into between the Company, Arshiya Limited (AL) and Arshiya Supply Chain Management Private Limited (ASCM), a fellow subsidiary, upto March 21, 2018 the balance receivable from ASCM has been adjusted against balance payable to AL and the net payable to AL has been disclosed.

** These loans have been granted to the above entities for the purpose of their business.

*Payment made on behalf of Arshiya Rail Infrastructure Limited

(v) Issue of Rights shares to Arshiya Limited

| (Amount in INR Lakhs) | | |
|-----------------------------|----------------------|----------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Equity Share of INR 10 each | - | 155.00 |

During the year ended March 31, 2019 Company has made Right issue of Nil equity share (March 31, 2018 15.50 Lakhs).

29. SEGMENT REPORTING

The Company is primarily engaged in providing integrated logistics and supply chain management solution and value optimisation services to its customers in Free Trade Warehouse Zone (FTWZ). In the opinion of the Company, the entire business is governed by same set of risks and returns and hence, the Company has only one reportable business segment, namely, "Operation of Free Trade Warehousing Zone". The Company provides services within India and hence, doesn't have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in single geographical segment.



ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

30. FAIR VALUE MEASUREMENTS

Fair value of financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required.

Financial Instruments by Category

| Particulars | Carrying Amount | | Fair Value | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| FINANCIAL ASSETS | | | | |
| Amortised cost | | | | |
| Trade Receivables | 1,593.03 | 1,121.86 | 1,593.03 | 1,121.86 |
| Cash and Cash Equivalents | 74.46 | 92.54 | 74.46 | 92.54 |
| Loans | 0.25 | - | 0.25 | - |
| Other Financial Assets | 34.90 | - | 34.90 | - |
| Total | 1,702.64 | 1,214.40 | 1,702.64 | 1,214.40 |
| FINANCIAL LIABILITIES | | | | |
| Amortised cost | | | | |
| Trade Payables | 1,509.90 | 832.97 | 1,509.90 | 832.97 |
| Other financial liabilities | 380.57 | 280.15 | 380.57 | 280.15 |
| Total | 1,890.47 | 1,113.12 | 1,890.47 | 1,113.12 |

The management have assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, loans, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

31. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and foreign exchange risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customers contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Customer credit risk is managed by each team subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date for major clients. In addition, large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables. Concentration of Revenues from two customers of the Company were 15% and 12% of total revenue for the year ended March 31, 2019 and March 31, 2018 respectively. Concentration of Receivables from three customers of the Company were 32% and 19% of total trade receivables for the year ended March 31, 2019 and March 31, 2018 respectively.

(b) Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

| Financial assets for which loss allowances is measured using the expected credit loss model | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Current | | |
| Trade receivables | | |
| Trade receivables considered good-Secured | 149.84 | 201.10 |
| Trade receivables considered good-Unsecured | 1,443.19 | 920.76 |
| Trade receivables which have significant increase in credit risk | 83.62 | 50.17 |
| | 1,676.65 | 1,172.03 |
| Less: Allowance for doubtful debts (expected credit loss allowance) (refer note below) | (83.62) | (50.17) |
| | 1,593.03 | 1,121.86 |

Note: Movement in the allowance for doubtful debts (expected credit loss allowance)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the year | 50.17 | - |
| Add: Impairment losses recognised during the year | 33.45 | 50.17 |
| Balance at the end of the year | 83.62 | 50.17 |

(c) Liquidity risk

The Company closely monitors its risk of shortage of funds. The Company assessed the concentration of risk with respect to its debt as low. As at reporting date the Company does not have any loans and all other financial liabilities of the Company are short term. Further, the Company believes that carrying value of all of its financial liabilities approximates to its fair value.

(d) Foreign exchange risk

The Company's foreign exchange risk arises from its foreign currency revenues primarily in US Dollar and Euro. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies has changed in recent periods and may continue to fluctuate in the future.

(i) Significant foreign currency risk exposure relating to trade receivables and balance with bank

| Particulars | Foreign Currency amount | | Equivalent amount in INR | |
|--|-------------------------|-------------------------|--------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Trade receivables | | | | |
| USD | 27.35 | 17.82 | 1,891.52 | 1,145.11 |
| EUR | 0.26 | 0.32 | 20.27 | 25.63 |
| OAR | - | 0.04 | - | 0.79 |
| Advance from customer | | | | |
| USD | 0.09 | 0.53 | 6.18 | 34.01 |
| EUR | 0.0003 | - | 0.02 | - |
| Security deposits from customer | | | | |
| USD | 0.73 | 0.14 | 50.66 | 9.29 |
| EUR | 0.02 | 0.03 | 1.35 | 2.72 |
| AED | 0.35 | - | 6.65 | - |
| Balance with banks | | | | |
| USD | - | 0.002 | - | 0.14 |

(ii) Sensitivity

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

ARSHIYA LOGISTICS SERVICES LIMITED (FORMERLY KNOWN AS LAXMIPATI BALAJI EXIM TRADING LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

2. DEFERRED TAX

deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

| Particulars | (Amount in INR Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Tax losses | 148.39 | 84.26 |
| Unabsorbed depreciation | 0.44 | 0.07 |
| Deductible temporary differences | 67.80 | 23.20 |
| Total | 216.63 | 107.53 |
| Tax effect of the aforesaid unrecognised deferred tax assets | 60.27 | 29.92 |

Note:

Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

The Unrecognised Tax Losses carried Forward will expire as follows:-

| Particulars | (Amount in INR Lakhs) | |
|--------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Assessment Years: | | |
| 2018-2019 | - | - |
| 2019-2020 | - | - |
| 2020-2021 | - | - |
| 2021-2022 | - | - |
| 2022-2023 | 0.61 | 0.61 |
| 2023-2024 | 0.63 | 0.63 |
| 2024-2025 | 1.84 | 1.84 |
| 2025-2026 | 81.18 | 81.18 |
| 2026-2027 | 64.14 | - |
| Total | 148.39 | 84.26 |

33. TAX RECONCILIATION

| Particulars | (Amount in INR Lakhs) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Reconciliation of tax expense | | |
| Profit/(loss) before tax | (108.88) | (115.86) |
| Enacted income tax rate (%) applicable to the Company # | 27.82% | 27.82% |
| Income tax (credit)/debit calculated at enacted income tax rate | (30.29) | (32.23) |
| Effect of expenses that are not deductible | (0.06) | 3.17 |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | 30.35 | 29.06 |
| Income tax expense recognised in profit or loss | - | - |

The tax rate used for reconciliation above is the corporate tax rate of 27.820% at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

34. PREPARATION OF FINANCIAL STATEMENTS ON GOING CONCERN BASIS

The Company has incurred net loss of Rs.108.88 lakhs during the year ended March 31, 2019 and the Company's current liabilities are Rs. 2,004.60 lakhs which includes payables to fellow subsidiaries of Rs. 1,236.17 lakhs and current assets of Rs. 1,678.48 lakhs. Due to accumulated losses, Net worth of the Company eroded. However the Company is expanding its FTWZ Business and getting more clients over past few quarters and expected to achieve full capacity utilization in near future. The Company also focusing on higher margin business and focusing on cost control at Panvel and Khurja FTWZ.

35. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital
The Company monitors working capital on the basis of the amount of working capital
The Company's objective for capital management is to maintain optimum overall working capital.

36. Previous year's figures have been regrouped wherever necessary to comply with requirement of Ind AS and Schedule III. Previous year's figures are not comparable with those of current year since the Company has commenced warehousing operations w.e.f. July 01, 2017.



For and on Behalf of the Board of Directors of
Arshiya Logistics Services Limited

Navnit Choudhary
Director
DIN: 00613576
Place: Mumbai
Date: May 16, 2019

Pramod Raghavan
Director
DIN: 07634838

INDEPENDENT AUDITORS' REPORT

**To the Members of
Arshiya Transport and Handling Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Arshiya Transport and Handling Limited ('the Company')**, which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 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.

Material Uncertainty Related to Going Concern

We draw attention to the Note no. 20 of the Financial Statement, regarding preparation of financial statements on going concern basis, which indicates that the Company has incurred net losses and as of that date their accumulated losses is resulting in negative net worth of Company. Arshiya Limited, the Parent Company, has given a support letter to extend, for the foreseeable future and any financial support which may be required. Therefore, the financial statement is prepared on going concern basis. Our Opinion is not modified in respect of the above said matter.



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 Director's report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not and 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors is also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibility 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comment in the Annexure A, 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), the Cash Flow Statement 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 financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;
 - e. On the basis of the written representations received from the directors of the Company as on 31st March, 2019 and taken on record by the Board of Directors, we report that 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. The matters described in the paragraphs above Material Uncertainty Related to Going Concern, in our opinion, may have an adverse effect on the functioning of the Company;
 - g. 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 B**";
 - h. 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;



In our opinion and to the best of our information and according to the explanations given to us, no remuneration is paid by the Company to its directors during the year hence the provisions of section 197 of the Act is not applicable.

- i. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 pending litigation which would impact the financial position.
 - ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.
 - iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355



Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 25/05/2019

“Annexure A” to the Independent Auditors’ Report

(Referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of the Arshiya Transport and Handling Limited on the financial statements for the year ended 31st March 2019)

- (i) The Company does not have fixed assets therefore the Provisions of Clause 3 (i) of the Order are not applicable to the Company.
- (ii) The nature of business of the Company does not require any inventory during the year therefore the Provisions of Clause 3(ii) of the Order are not applicable to the Company.
- (iii) 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. Therefore the Provisions of Clause 3(iii) of the Order are not applicable to the Company.
- (iv) The Company has not made any loan, investment, guarantees and securities to any person specified under section 185 and section 186 of the Companies Act, 2013. Therefore the Provisions of Clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) The Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular except delays in tax deducted at source and interest thereon, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, , goods and service tax, cess and any other statutory dues to the appropriate authorities, as applicable, during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable except Tax deducted at Source amounting to Rs. 5.66Lakh and interest on TDS Rs. 7.88 Lakh, respectively.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any dues in respect of



loans or borrowings to any financial institution or bank and government as at balance sheet date. There are no dues to debenture holders as at the balance sheet date.

- (ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and no term loans was raised during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) 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. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355


Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 25/05/2019

“Annexure B” to the Independent Auditor’s Report

Referred to in paragraph 2(g) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of the Arshiya Transport and Handling Limited on the financial statements for the year ended 31st March 2019.

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 Arshiya Transport and Handling Limited (“the Company”) as of 31st March, 2019 in conjunction with our audit of the 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.

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 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 authorizations of management, 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

According to the information and explanations given to us and based on the audit of test of controls, 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 31st March, 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 Chaturvedi & Shah LLP
Chartered Accountants
Registration No. 101720W/ W100355


Vijay Napawaliya
Partner
Membership No. 109859



Place: Mumbai
Date: 25/05/2019

ARSHIYA TRANSPORT AND HANDLING LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rupees in Lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------------|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Current assets | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 4 | 0.02 | 0.42 |
| Total Current Assets | | 0.02 | 0.42 |
| TOTAL ASSETS | | 0.02 | 0.42 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 5 | 5.00 | 5.00 |
| (b) Other Equity | 6 | (1,079.59) | (964.74) |
| Total Equity | | (1,074.59) | (959.74) |
| Liabilities | | | |
| Non Current Liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 7 | - | 936.79 |
| Total Non-Current Liabilities | | - | 936.79 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 8 | 1,059.68 | 5.10 |
| (ii) Other Financial Liabilities | 9 | 1.37 | 0.96 |
| (b) Other Current Liabilities | 10 | 13.56 | 17.31 |
| Total Current Liabilities | | 1,074.61 | 23.37 |
| TOTAL EQUITY AND LIABILITIES | | 0.02 | 0.42 |

See accompanying notes 1 - 21 to the financial statements

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg.No.101720W/W100355

Vijay Napawaliya

Partner
Membership Number 109859

Place: Mumbai
Date: May 25, 2019



For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary

Navnit Choudhary
Director
DIN : 00613576

Place: Mumbai
Date: May 25, 2019

Vinod Parekh

Vinod Parekh
Director
DIN : 06529752



ARSHIYA TRANSPORT AND HANDLING LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in Lakhs)

| Particulars | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|-------|------------------------------|------------------------------|
| (I) INCOME | | | |
| Revenue from operations | | - | - |
| (II) Total Income | | - | - |
| (III) EXPENSES | | | |
| (a) Finance costs | 11 | 113.92 | 102.09 |
| (b) Other expenses | 12 | 0.93 | 1.23 |
| (IV) Total Expenses (a) to (b) | | 114.85 | 103.32 |
| (V) Loss before exceptional items and tax (II-IV) | | (114.85) | (103.32) |
| Exceptional Items | | - | - |
| Loss before tax | | (114.85) | (103.32) |
| (VI) Tax expense | 21 | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Loss for the year | | (114.85) | (103.32) |
| OTHER COMPREHENSIVE INCOME (OCI) | | - | - |
| Item not to be reclassified to profit and loss : | | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (114.85) | (103.32) |
| (VII) Earnings per equity share (Face Value Rupees 10 each) | | | |
| Basic and Diluted | 13 | (229.70) | (206.64) |

See accompanying notes 1 - 21 to the financial statements

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg.No.101720W/W100355

Vijay Napawaliya

Vijay Napawaliya

Partner
Membership Number 109859

Place: Mumbai
Date: May 25, 2019



For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary

Navnit Choudhary

Director
DIN : 00613576

Place: Mumbai
Date: May 25, 2019

Vinod Parekh

Vinod Parekh

Director
DIN : 06529752

ARSHIYA TRANSPORT AND HANDLING LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A Equity Share Capital

(Rupees in Lakhs)

| Particulars | Balance at the Beginning of the year | Balance at the end of the year |
|----------------------|--------------------------------------|--------------------------------|
| As at March 31, 2018 | 5.00 | 5.00 |
| As at March 31, 2019 | 5.00 | 5.00 |

B Other Equity

(Rupees in Lakhs)

| Particulars | Retained Earnings | Equity component of loan from Parent Company | Total |
|---|-------------------|--|------------|
| As at March 31, 2017 | (1,163.82) | 302.40 | (861.42) |
| Loss for the year | (103.32) | - | (103.32) |
| Other comprehensive income | - | - | - |
| As at March 31, 2018 | (1,267.14) | 302.40 | (964.74) |
| Loss for the year | (114.85) | - | (114.85) |
| Other comprehensive income for the year | - | - | - |
| As at March 31, 2019 | (1,381.99) | 302.40 | (1,079.59) |

C Total Equity

(Rupees in Lakhs)

| Particulars | Total |
|----------------------|------------|
| As at March 31, 2018 | (959.74) |
| As at March 31, 2019 | (1,074.59) |

See accompanying notes 1 - 21 to the financial statements

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg.No.101720W/W100355

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 25, 2019



For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Place: Mumbai
Date: May 25, 2019

Vinod Parekh
Director
DIN : 06529752

ARSHIYA TRANSPORT AND HANDLING LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees in Lakhs)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Loss before Tax | (114.85) | (103.32) |
| Adjustments for: | | |
| Finance costs | 113.92 | 102.09 |
| Operating loss before working capital changes | (0.93) | (1.23) |
| Changes in working capital: | | |
| Decrease/(Increase) in other financial liabilities | 0.41 | (1.28) |
| Decrease in other current liabilities | (5.25) | (1.96) |
| Cash generated from operations | (5.77) | (4.47) |
| Income taxes paid | - | - |
| Net cash flow from operating activities (A) | (5.77) | (4.47) |
| B. CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from related parties (net) | 5.37 | 4.12 |
| Net cash generated from financing activities (B) | 5.37 | 4.12 |
| Net increase in cash and cash equivalents (A+B) | (0.40) | (0.35) |
| Cash and Cash Equivalents at the beginning of the year | 0.42 | 0.77 |
| Cash and cash equivalents at the end of the year | 0.02 | 0.42 |
| Balances with bank: | | |
| - in current account | 0.02 | 0.42 |
| Cash and Cash equivalents at the end of the year | 0.02 | 0.42 |

See accompanying notes 1 - 21 to the financial statements

As per our Report of even date

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg.No.101720W/W100355

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 25, 2019



For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Place: Mumbai
Date: May 25, 2019

Vinod Parekh
Director
DIN : 06529752

ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 Corporate Information

Arshiya Transport and Handling Limited 'the Company', was incorporated on March 5, 2010 to engage in the business of transport and handling of containers/goods within India including movement of containers, cargo, goods trains using Indian Railway Network and also to acquire, procure, obtain, on lease/license or otherwise container trains, rakes, wagons, bogies and create, develop or obtain on lease/license basis Railway sidings, Rail yards and Warehouse required for business of the Company. The registered office of the Company is located at 301, Ceejay House, Level-3, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai City MH 400018. These statements comprise financial statements of Arshiya Transport and Handling Limited (CIN : U63030MH2010PLC200604) for the year ended March 31, 2019.

The financial statements of the Company for the year ended March 31, 2019 were approved and adopted by board of directors in their meeting held on May 25, 2019.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act").

The financial statements have been prepared on a historical cost convention and accrual basis, except for certain financial assets and liabilities which are measured at fair value.

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Revenue recognition

Revenue is recognized upon transfer of control of goods or rendering of services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services.

Generally, control is transfer upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring services to a customer as specified in the contract, net off allowances, trade discounts and excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and the receivable is recognized when it becomes unconditional.

The following are the specific revenue recognition criteria:

(i) Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(c) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. 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.

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum Alternate Tax (MAT)

MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(d) Financial instruments – initial recognition, subsequent measurement and impairment

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 -Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

(ii) Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

(a) Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.

(b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at **fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

(a) Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.

(b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Company has transferred its rights to receive cash flow from the asset.

(e) Financial liabilities - Initial recognition and measurement:

The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expenses over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of financial instruments, or where appropriate, a shorter period.

Financial liabilities - Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts are approximate at their fair value due to the short maturity of these instruments.

Financial Liabilities - Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial Liabilities - Derecognition

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 derecognition 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 and loss.

Compound Instruments

An issued financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and the residual value is recognised as equity component of other financial instrument. The liability component is subsequently measured at amortised cost, whereas the equity component is not remeasured after initial recognition. The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognised directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortised using effective interest method.

(f) Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. 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 disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(g) Segment Reporting - Identification of Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

(h) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(i) Current/non current classification

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:



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- 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 or 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 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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(j) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and cash in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

(k) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby 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.

(l) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off Lakhs in decimals as per the requirement of Schedule III, unless otherwise stated.

3 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of valuation of deferred tax assets.

(i) Valuation of deferred tax assets

The Company reviews the amount of deferred tax assets at the end of each reporting period.

3A Recent Accounting pronouncements

STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

A) ISSUE OF IND AS 116 - LEASES

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of leasing arrangement.

B) AMENDMENT TO EXISTING STANDARD

The MCA has also carried out amendments of the following accounting standards

- i. Ind AS 101- First time adoption of Indian Accounting Standards
- ii. Ind AS 103 – Business Combinations
- iii. Ind AS 109 – Financial Instruments
- iv. Ind AS 111 – Joint Arrangements
- v. Ind AS 12 – Income Taxes
- vi. Ind AS 19 – Employee Benefits
- vii. Ind AS 23 – Borrowing Costs
- viii. Ind AS 28 – Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4. CASH AND CASH EQUIVALENTS

| Particulars | (Rupees in Lakhs) | |
|--------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Balance with bank in current account | 0.02 | 0.42 |
| Total | 0.02 | 0.42 |



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5. EQUITY SHARE CAPITAL

i. Authorised Share Capital

| Particulars | Equity Share of Rs.10 each | |
|----------------------|----------------------------|-----------------------------|
| | Number | Amount (Rupees in Lakhs) |
| As At March 31, 2019 | 50,000 | 5.00 |
| As At March 31, 2018 | 50,000 | 5.00 |

50,000 (As At March 31, 2018: 50,000) Equity shares of Rs 10 each

ii. Issued subscribed and paid up equity shares

| Particulars | Number | Amount (Rupees in Lakhs) |
|----------------------|--------|-----------------------------|
| As At March 31, 2019 | 50,000 | 5.00 |
| As At March 31, 2018 | 50,000 | 5.00 |

50,000 (As At March 31, 2018: 50,000) Equity shares of Rs 10 each

iii. Rights, Preferences and restrictions attached to equity shares

The Company has only one class of shares, namely, equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv. Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its Holding Company are as below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|-------------------------|-------------------------|
| Arshiya Limited | | |
| No. of Equity shares | 50,000 | 50,000 |
| Percentage Holding | 100% | 100% |

v. Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|-----------|----------------------|-----------|
| | Number | % Holding | Number | % Holding |
| Equity shares of Rupees 10 each fully paid | | | | |
| Arshiya Limited | 49,400 | 100% | 49,400 | 100% |
| Shares held with Nominee and jointly shareholders | 600 | | 600 | |



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

6. OTHER EQUITY

| (Rupees in Lakhs) | | |
|--|-------------------------|-------------------------|
| Reserves and Surplus | As at March 31, 2019 | As at March 31, 2018 |
| Particulars | | |
| (a) Retained Earnings | (1,381.99) | (1,267.14) |
| (b) Equity component of loan from Parent Company | 302.40 | 302.40 |
| Total | (1,079.59) | (964.74) |

| (Rupees in Lakhs) | | |
|----------------------------------|-------------------------|-------------------------|
| (a) Retained Earnings | As at March 31, 2019 | As at March 31, 2018 |
| Particulars | | |
| Opening balance | (1,267.14) | (1,163.82) |
| Loss for the year | (114.85) | (103.32) |
| Other Comprehensive Income (OCI) | - | - |
| Closing balance | (1,381.99) | (1,267.14) |

Nature & purpose of reserves

(a) Retained Earnings:

Retained earnings are the losses of the Company earned till date net of appropriations.

(b) Equity component of loan from Parent Company:

The difference between the fair value of interest free loans on the date of issue and the transition price is recognised as a deemed equity component by the Parent Company.

For computation of the fair value benefit, the Company has estimated the fair value of the financial liability on the date of issue of considering complete market interest rates adjusted to the facts and circumstances relevant to the Company.

7. NON CURRENT BORROWINGS

| (Rupees in Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Loan from Holding Company* (Refer Note 14) | - | 936.79 |
| Total | - | 936.79 |

*** Note:**

Loan from Holding Company is interest free and repayable on demand.

8. CURRENT BORROWINGS

| (Rupees in Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Loans from Related Parties ** (Refer note 14) | 1,059.68 | 5.10 |
| Total | 1,059.68 | 5.10 |

**** Note:**

Loans from Related Parties are interest free and repayable on demand.

9. OTHER FINANCIAL LIABILITIES

| (Rupees in Lakhs) | | |
|----------------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Employee dues | 0.46 | 0.21 |
| Payable for expenses | 0.91 | 0.75 |
| Total | 1.37 | 0.96 |

10. OTHER CURRENT LIABILITIES

| (Rupees in Lakhs) | | |
|-----------------------------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Tax deducted at source | 5.66 | 5.96 |
| Interest on statutory liabilities | 7.90 | 11.35 |
| Total | 13.56 | 17.31 |



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

11. FINANCE COSTS

| Particulars | (Rupees in Lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest expenses on delayed payment of statutory dues | 1.00 | 1.37 |
| Unwinding interest expenses on loan from Holding Company | 112.42 | 100.37 |
| Others | 0.50 | 0.35 |
| Total | 113.92 | 102.09 |

12. OTHER EXPENSES

| Particulars | (Rupees in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Advertisement | - | 0.41 |
| Payments to Auditors (Refer note below) | 0.89 | 0.75 |
| Rates and taxes | 0.04 | 0.07 |
| Total | 0.93 | 1.23 |

Note : Payments to Auditors

| Particulars | (Rupees in Lakhs) | |
|--------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Audit Fees | 0.89 | 0.75 |
| Total | 0.89 | 0.75 |

13. EARNINGS PER EQUITY SHARE

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Profit available to equity shareholders | | |
| Loss after tax (A) (Rupees in Lakhs) | (114.85) | (103.32) |
| Number of equity shares | | |
| Weighted average number of equity shares outstanding (Basic) (B) | 50,000 | 50,000 |
| Basic & Diluted earnings per share(A/B) (Rs.) | | |
| Nominal Value of an equity share (Rs.) | 10.00 | 10.00 |



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

14. RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

| Name of Related Party | Nature of Relationship | % of equity interest |
|---|------------------------|----------------------|
| Arshiya Limited | Holding Company | 100 |
| Arshiya Northern Projects Private Limited | Fellow Subsidiary | - |

(ii) The nature and amount of transactions with the above related party are as follows

| | | (Rupees in Lakhs) | |
|---|---|----------------------|----------------------|
| Name | Nature of Transactions | As at March 31, 2019 | As at March 31, 2018 |
| Loans from related parties | | | |
| Arshiya Limited | Loans received | 5.52 | - |
| | Loan repayments made | (5.15) | - |
| | Reimbursement of Expenses | - | 4.12 |
| | Unwinding Interest expense on loan from Holding Company | (112.42) | (100.37) |
| Arshiya Northern Projects Private Limited | Loans received | 5.00 | - |

(iii) Closing Balances

| | | (Rupees in Lakhs) | |
|---|--|----------------------|----------------------|
| Name | | As at March 31, 2019 | As at March 31, 2018 |
| Loans from related parties | | | |
| Arshiya Limited | | 1,054.68 | 941.89 |
| Arshiya Northern Projects Private Limited | | 5.00 | - |



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15. SEGMENT REPORTING

There is no separate reportable segment (Business / geographical), as per requirement of IND AS 108 "Operating segment".

16. FAIR VALUE MEASUREMENTS

Fair value of Financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required

| i. Financial Instruments by Category | | (Rupees in Lakhs) | | | |
|--------------------------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Carrying Amount | | Fair Value | |
| Particulars | | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| FINANCIAL ASSETS | | | | | |
| Amortised cost | | | | | |
| Cash and Cash Equivalents | | 0.02 | 0.42 | 0.02 | 0.42 |
| Total | | 0.02 | 0.42 | 0.02 | 0.42 |
| FINANCIAL LIABILITIES | | | | | |
| Amortised cost | | | | | |
| Borrowings | | 1,059.68 | 941.89 | 1,059.68 | 941.89 |
| Other financial liabilities | | 1.37 | 0.96 | 1.37 | 0.96 |
| Total | | 1,061.05 | 942.85 | 1,061.05 | 942.85 |

The management have assessed that the fair value of cash and cash equivalent, trade receivables, other financial assets, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose to credit risk and liquidity risk.

(a) Credit risk

Credit risk arises from cash and cash equivalent and other financial assets carried at amortised cost.

(b) Liquidity risk

The Company is not exposed to any significant liquidity risk.

18. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company working monitors capital on the basis of the amount of working capital

The Company's objective for capital management is to maintain an optimum overall, working capital.

19. SCHEME OF ARRANGEMENT

Scheme of arrangement and amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013 has been filed before the National Company Law Tribunal ("NCLT") between Arshiya Rail Infrastructure Limited, Arshiya Industrial & Distribution Hub Limited and Arshiya Transport & Handling Limited and their respective shareholders. The scheme is conditional on various approval / sanctions and is effective thereafter; accordingly no effect of the said Scheme is given in the financial statements. The meeting of the creditors was held on 6th May, 2019. The Scheme(s) shall be given effect after receipt of necessary approvals.

20. GOING CONCERN

The Company has incurred net loss of Rupees 114.85 lakhs during the year ended March 31, 2019 and as of date the Company's current liabilities exceeds the current assets by Rupees 1074.60 lakhs. Accumulated losses have also resulted into more than net worth of the Company. The Company is yet to achieve its operational potential. The scheme of arrangement has been filed to restructure the business operations of the Company as disclosed in note no 19 herein above. Therefore the financial statements of the Company has been prepared on going concern basis.



ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21. DEFERRED TAX

In view of loss for the year, no provision for current tax has been made.

The Company has not recognised any deferred tax assets on deductible temporary differences, unused tax losses as it is not probable that the Company will have sufficient future taxable profit which can be available against the available tax losses.

Unused tax losses for which not deferred tax assets has been recognised

| (Rupees in Lakhs) | | | |
|-------------------------|---------------|--------------------------------|-------------------------|
| Assessment Year | Business Loss | Available for utilisation till | Unabsorbed Depreciation |
| 2012-2013 | 541.36 | A.Y. 2020-2021 | 4.76 |
| 2013-2014 | - | A.Y. 2021-2022 | 2.48 |
| 2015-2016 | 34.04 | A.Y. 2023-2024 | 0.39 |
| 2016-2017 | 2.85 | A.Y. 2024-2025 | 5.20 |
| 2017-2018 | 15.84 | A.Y. 2025-2026 | 2.08 |
| 2018-2019 | 92.33 | A.Y. 2026-2027 | 0.56 |
| As at 01-04-2018 | 686.42 | | 15.47 |
| 2019-2020 | 116.12 | A.Y.2027-2028 | 0.33 |
| Total | 802.54 | | 15.80 |

Unused deferred tax assets as at 31st March, 2019 Rs. 183.74 Lakh (31st March, 2018 - Rs. 157.10 Lakh) has not been recognised, as there is no convincing evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

For Chaturvedi & Shah LLP
Chartered Accountants
Firm Reg.No.101720W/W100355

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 25, 2019



For and on behalf of the Board of Directors,
Arshiya Transport and Handling Limited

Navnit Choudhary

Navnit Choudhary
Director
DIN : 00613576

Place: Mumbai
Date: May 25, 2019

Vinod Parekh

Vinod Parekh
Director
DIN : 06529752

