

**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**ARSHIYA NORTHERN FTWZ LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Arshiya Northern FTWZ Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the



financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

***Basis for Qualified Opinion:***

*We draw attention to the following in respect of:*

1. *non-provision of interest aggregating to Rs.30,74,64,856/- on loans other than assigned to Asset Reconstruction Company as referred to in Note no 36.*

*As stated above, the records of the company indicated that it has not provided for interest of Rs 30,74,64,856/-. Had the Company provided for said interest finance cost, loss for the year, reserves and surplus and other current liabilities would have been higher by Rs.30,74,64,856/-.*

2. *In respect of non-compliance with the provisions of sub section (1) of Section 203 of the Companies Act, 2013 relating to appointment of whole-time Company Secretary as referred to in Note no 46.*

***Qualified Opinion:***

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph*, the 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017;
  - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;
- and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Emphasis of Matter

1. The Company continues to be under severe financial stress as reflected by:
  - (a) Receipt of Notice of Possession in respect of properties mortgaged (Refer Note no. 45).
  - (b) Recalled dues of banks aggregating to Rs. 207,01,26,678/- (Refer Note no 11).
  - (c) Creditors for capital expenditure aggregating to Rs. 42,13,45,748/- remaining unpaid (Refer Note no 11).
  - (d) Unpaid employee's dues amounting to Rs. 57,66,639/- (Refer Note no 11).
  - (e) Unpaid statutory dues amounting to Rs. 80,50,859/- (Refer Note no 11).
2. Further to above, we draw attention to following matters: -
  - (i) Note no. 38 relating to Tax Deducted at Source
  - (ii) Note no. 41 relating to Inter-Company advances/loans/guarantees granted/received
  - (iii) Note no. 42 relating to pending balance confirmations
  - (iv) Note no. 43 relating to legal proceedings against company

Our Opinion is not modified in respect of these matters.

Despite the foregoing, these accounts have been prepared on a "Going Concern" basis as referred to in Note no. 33 of the financial statements.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;



- (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 "B"**; and
- (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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer to Note no. 29 (a) and Note no. 43 to the financial statements;
  - ii. The Company does not have any long-term contracts including derivative contracts and hence there are no material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not hold any Specified Bank Notes (SBNs) on 8th November, 2016. Therefore, the requirements related to disclosure of SBNs are not applicable. Refer Note no. 40 of the financial statement.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
(Firm Reg. No. 107556W)



**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017

**Annexure – A to the Auditors' Report**

**Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirement 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 explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of Freehold Lands are held in the name of the company.
- (ii) The nature of the business of the Company does not require it to purchase inventory and hence Clause 3 (ii) of the Order are not applicable.
- (iii) The Company has granted interest free unsecured loans to a party covered in the register maintained under Section 189 of the Companies Act, 2013. According to the terms of arrangement the loan are receivable after one year but within five years, hence the question of repayment during the year does not arise. There are no overdue amounts exceeding Rs. One lakh as of year-end with respect to such loans granted.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investment and guarantees made. (Refer Note no. 41)
- (v) The Company has not accepted any deposits from the public and hence clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations obtained, the Company is not required to maintain cost records as prescribed under Section 148 (1) of the Act pursuant to the Companies (Cost Accounting Records) Rules 2013 notified by the Central Government vide notification dated 1 April 2014 and hence Clause 3 (vi) of the Order is not applicable.



(vii) In respect of statutory dues:

(a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed applicable statutory dues except, Tax Deducted at Source of Rs.46,76,333/- which is outstanding as of the year-end for a period of more than six months from their due dates of payment.

(b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any disputes.

(viii) The Company has not issued any debentures. Based on our audit procedures and according to the information and explanations given by the management, during the year, the Company, has defaulted in repayment of dues to Banks, the defaults whereof are stated hereunder:

**Default on account of non-payment of principal of Term Loans from/Short Term Loan "Banks" are as stated below:**

Period of Default	Name of Lender		
	Punjab National Bank	State Bank of India	Punjab National Bank (Cash Credit)
FY 2012-13	4,02,69,413	2,03,12,741	-
FY 2013-14	9,37,04,343	4,73,18,247	-
FY 2014-15	11,16,80,279	5,63,95,625	2,63,33,689
FY 2015-16	55,88,22,269	28,20,74,691	-
Total	80,44,76,304	40,61,01,304	2,63,33,689



**Default on account of non-payment of interest on Loans from "Banks" are as stated below:**

Period of Default	Name of Lender		
	Punjab National Bank	State Bank of India	Punjab National Bank (Cash Credit)
FY 2013-14	13,64,41,977	7,08,93,142	-
FY 2014-15	11,95,20,802	5,83,70,654	51,03,888
FY 2015-16	13,48,48,586	6,80,93,767	58,30,645
Apr-16	1,17,86,786	59,51,910	4,77,666
May-16	1,22,99,807	62,10,968	4,99,268
Jun-16	1,20,24,352	60,71,873	4,88,908
July-16	1,25,47,714	63,36,152	5,11,018
Aug-16	1,26,75,598	64,00,728	5,17,094
Sep-16	1,23,91,726	62,57,384	5,06,364
Oct-16	1,29,31,078	65,29,737	5,29,264
Nov-16	1,26,41,486	63,83,503	5,18,281
Dec-16	1,31,91,708	66,61,346	5,18,177
Jan-17	1,33,26,155	67,29,237	4,95,902
Feb-17	1,21,59,201	61,39,966	4,53,238
Mar-17	1,35,85,896	68,60,397	5,02,032
<b>Total</b>	<b>54,23,72,872</b>	<b>27,38,90,764</b>	<b>1,69,51,745</b>

- (ix) According to the information and explanations given to us and based on our examination of the balance sheet and other records, we report that:
- (a) the Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
- (b) the term loan availed by the company has been applied for the purpose for which it is raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided during the year for managerial remuneration and hence clause 3(xi) of the Order is not applicable.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards (Refer Note no.25).
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has made preferential allotment of shares viz. in compliance with section 42 of the Act.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M.A.Parikh & Co.**  
**Chartered Accountants**  
(Firm's Registration No. 107556W)



**Mukul Patel**  
Partner  
Membership No. 032489



Place : Mumbai  
Date: 17<sup>th</sup> May, 2017



## **Annexure- B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Northern FTWZ Limited** ("the Company") as of 31<sup>st</sup> March 2017 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **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 Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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


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



## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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 ICAI.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W

  
**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017





**ARSHIYA NORTHERN FTWZ LIMITED**

**Financial Statement for the**

**Financial Year 2016-17**

**Arshiya Northern FTWZ Limited**  
Balance Sheet as at 31st March, 2017

(Amount in ₹)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	4	108,686,770	95,506,260
(b) Reserves and Surplus	5	3,780,625,203	3,182,392,114
		<b>3,889,311,973</b>	<b>3,277,898,374</b>
<b>2. Non-Current Liabilities</b>			
(a) Long Term Borrowings	6	1,299,397,916	701,975,975
(b) Other Long Term Liabilities	7	882,500	682,500
(c) Long Term Provisions	8	1,162,869	697,029
		<b>1,301,443,285</b>	<b>703,355,504</b>
<b>3. Current Liabilities</b>			
(a) Short Term Borrowings	9	-	-
(b) Trade Payables	10	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		12,151,708	12,180,310
(c) Other Current Liabilities	11	2,532,966,464	3,927,485,965
(d) Short Term Provisions	8	753,661	51,733
		<b>2,545,871,833</b>	<b>3,939,718,008</b>
<b>Total</b>		<b>7,736,627,091</b>	<b>7,920,971,886</b>
<b>II. Assets</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	7,425,220,423	7,552,319,879
(ii) Intangible Assets		-	20,392,706
		<b>7,425,220,423</b>	<b>7,572,712,585</b>
(b) Non Current Investments	13	114,908,880	114,908,880
(c) Long Term Loans and Advances	14	6,257,050	2,000,660
(d) Other Non Current Asset	16	-	4,172,979
		<b>7,546,386,353</b>	<b>7,693,795,104</b>
<b>2. Current Assets</b>			
(a) Trade Receivables	15	110,767,997	172,882,804
(b) Cash and Cash Equivalents	16	2,318,623	16,564,554
(c) Short Term Loans and Advances	14	77,154,118	37,729,424
		<b>190,240,738</b>	<b>227,176,782</b>
<b>Total</b>		<b>7,736,627,091</b>	<b>7,920,971,886</b>

Summary of Significant Accounting Policies 3  
See accompanying notes to the financial statements 1-47

As per our report of even date  
**For M.A. Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107556W

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

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership Number: 032489

*Ajay S Mittal*

**Ajay S Mittal**  
Director  
DIN : 00613576

*Navnit Choudhary*

**Navnit Choudhary**  
Director & Chief  
Financial Officer  
DIN : 00226355



Place: Mumbai  
Date: 17th May, 2017



**Arshiya Northern FTWZ Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2017**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>I. Revenue:</b>			
Revenue from Operations	17	34,134,514	30,422,161
Other Income	18	284,205	2,196,996
<b>Total Revenue</b>		<b>34,418,719</b>	<b>32,619,157</b>
<b>II Expenses</b>			
Cost of Operations	19	796,610	1,237,034
Employee Benefits Expenses	20	54,686,813	23,164,774
Finance Cost Expenses	21	267,309,852	339,948,754
Depreciation and Amortization Expenses	12	147,492,162	147,954,443
Other Expenses	22	97,019,850	34,136,603
<b>Total Expenses</b>		<b>567,305,287</b>	<b>546,441,608</b>
<b>III Loss for the year before Exceptional Items and Tax (I-II)</b>		<b>(532,886,568)</b>	<b>(513,822,451)</b>
<b>IV Exceptional Items (net)</b>	40	<b>173,750,833</b>	<b>101,120,358</b>
<b>V Loss for the year (III-IV)</b>		<b>(706,637,401)</b>	<b>(614,942,809)</b>
Earnings per equity share	27		
Basic and Diluted		(73.96)	(64.39)

Summary of Significant Accounting Policies 3  
See accompanying notes to the financial statements 1-47

As per our report of even date

**For M.A. Parikh & Co.**  
**Chartered Accountants**  
Firm Registration No. 107556W

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



**Mukul Patel**  
Partner  
Membership Number: 032489





**Ajay S Mittal**  
Director  
DIN : 00613576



**Navnit Choudhary**  
Director & Chief  
Financial Officer  
DIN : 00226355

Place: Mumbai  
Date: 17th May, 2017



Arshiya Northern FTWZ Limited  
Cash Flow Statement for the year ended 31st March, 2017

(Amount in ₹)

Particulars	Notes	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year		(706,637,401)	(614,942,809)
<b>Adjustments for :</b>			
Interest Income from Fixed Deposit		(220,544)	(391,009)
Sundry Balances Written Back (Net)		(1,364,858)	(9,631,517)
Reconciliation of Loan Accounts with EARC (net)		130,228,200	-
Settlement of Claims		42,185,336	-
Interest on Delayed Payment of TDS Written Back		(2,297,845)	-
Fixed Assets Written off		-	92,264,168
Fees for Restructuring		5,000,000	4,000,000
Loss on sale of Fixed Assets		-	14,487,708
Depreciation and Amortisation		147,492,162	147,954,443
Finance Expense		267,309,852	339,948,754
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>		<b>(118,305,098)</b>	<b>(26,310,262)</b>
<b>Adjustments for</b>			
Increase/(decrease) in Trade and Other Payables		1,654,998	(12,757,671)
Decrease in Trade and Other Receivables		18,569,324	4,132,923
<b>CASH GENERATED USED IN OPERATING ACTIVITIES</b>		<b>(98,080,776)</b>	<b>(34,935,010)</b>
Net Income Tax (Paid)/ Refunds		(135,601)	797,480
<b>NET CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(98,216,377)</b>	<b>(34,137,530)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale of Fixed Assets		-	11,997,900
Interest Income		220,544	339,125
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>220,544</b>	<b>12,337,025</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long Term Borrowings (net)		81,056,923	179,306,138
Short Term Borrowings (net)		-	(99,480,840)
Interest paid		(1,480,000)	(42,415,155)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>79,576,923</b>	<b>37,410,143</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(18,418,910)</b>	<b>15,609,638</b>
Cash and cash equivalents at the beginning of the year		16,564,554	1,260,128
Earmarked Balances with banks at the beginning of the year		4,172,979	3,867,767
<b>Cash and Cash Equivalents at the end of the year</b>		<b>2,318,623</b>	<b>20,737,533</b>
Cash and cash equivalents at the end of the year		2,318,623	16,564,554
Earmarked Balances with banks*		-	4,172,979
<b>Cash and Cash Equivalents at the end of the year</b>		<b>2,318,623</b>	<b>20,737,533</b>

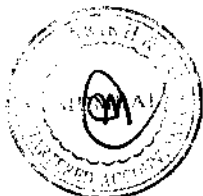
\*Earmarked Balances with Banks includes Margin Money Deposits  
As per our report of even date

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

*Mukul Patel*  
Mukul Patel

Partner

Membership Number: 032489



For and on behalf of the 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: 17th May, 2017



## **Arshiya Northern FTWZ Limited**

Notes to financial statements for the year ended 31st March, 2017

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### **1. Corporate Information**

The Company was incorporated on 16th June, 2008 with the object of setting up & carry on activities pertaining to Free Trade & Warehousing Zone.

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.

### **2. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified).

### **3. Significant Accounting Policies**

#### **i. Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amounts of revenue and expenses for the year. The difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

#### **ii. Property, Plant and Equipment (Fixed Assets) and Intangible Assets**

##### **(A) Tangible Assets**

- (a) Fixed Assets excluding land are stated at original cost of acquisition/installation (net of cenvat credit availed, if any) less accumulated depreciation and impairment losses, if any. All costs including borrowing cost incurred during pre-operational period till the commencement of commercial operations are capitalized.
- (b) Land is carried at its revalued amount being the estimated market value on the date of revaluation.

##### **(B) Capital work-in-progress**

The cost of fixed assets which are not ready for its intended use are carried at cost comprising direct costs, related incidental expenses and attributable interest.



## **Arshiya Northern FTWZ Limited**

Notes to financial statements for the year ended 31st March, 2017

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### **(C) Intangible Assets**

- (a) Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.
- (b) The capitalized cost of software includes license fees, cost of implementation and system integration services. These costs are capitalized as intangible assets in the year in which related software is implemented.

### **(D) Depreciation and Amortisation**

#### **(a) Tangible Assets**

Depreciation on all Tangible Assets is provided on the straight line method at the rates and manner in accordance with Part C of Schedule II to the Companies Act, 2013.

#### **(b) Intangible Assets**

- (b)(i) Amortisation of intangible assets other than (b)(ii) below, are provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.
- (b)(ii) Cost of Enterprise Resource Planning (ERP) software including expenditure on implementation is amortised over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.

### **iii. Borrowing Costs**

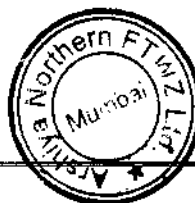
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised till the date of commencement of commercial operations as part of cost of such assets. All other borrowing costs are charged to revenue.

### **iv. Investments**

Investments intended to be held for more than a year, from the date of acquisition are classified as long term and are valued at cost. Provision for diminution, if any, in the value of long term investments is made to recognise a decline, other than temporary.

### **v. Revenue recognition**

- (a) Revenue from allotment of warehousing space and open yard area for use is recognised on accrual basis as per agreed terms.



## **Arshiya Northern FTWZ Limited**

Notes to financial statements for the year ended 31st March, 2017

- (b) Revenue from value added services and other activities is recognised based on completion of agreed contracted services.
- (c) Interest and other income is recognised on accrual basis except where the receipt of income is uncertain in which case it is recognised for on receipt basis.

### **vi. Employee benefits**

Employee benefits include schemes such as provident fund, gratuity and leave encashment entitlements.

#### **(a) Defined Contribution Plan**

Contributions to defined contribution scheme such as provident fund are charged to the Statement of Profit and Loss as and when accrued.

#### **(b) Defined Benefit Plan**

The liability for Leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS 15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

### **vii. Foreign Currency Transactions**

- (a) Transactions in foreign currencies are initially recognised at the prevailing exchange rates on the date of the transaction. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- (b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

### **viii. Accounting for Taxes on Income**

- (a) Provision for Current Tax is made, based on the tax payable under the Income-tax Act, 1961.
- (b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and are measured using relevant enacted tax rates. Deferred Tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.
- (c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is



## **Arshiya Northern FTWZ Limited**

Notes to financial statements for the year ended 31st March, 2017

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recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

### **ix. Impairment**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

### **x. Provisions ,Contingent Liabilities and Contingent Assets :**

- (a) A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.
- (b) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- (c) Contingent Assets are not recognised or disclosed in the financial statements.

### **xi. Earnings per Share**

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### **xii. Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement which presents the cash flows by operating, investing and financing activities of the Company.

- xiii. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.



4 Share Capital

Particulars	(Amount in ₹)	
	As at 31st March 2017	As at 31st March 2016
<b>Authorised</b>		
2,40,00,000 (2,50,00,000) Equity Shares of ₹10/- each	240,000,000	250,000,000
10,00,000 (NIL) Preference Shares of ₹10/- each	10,000,000	-
	<b>250,000,000</b>	<b>250,000,000</b>
<b>Issued, subscribed and fully paid</b>		
1,08,68,677 (95,50,626) Equity Shares of ₹10/- each fully paid up	108,686,770	95,506,260
8,70,000 (NIL) Zero Percent Optionally Convertible Redeemable Preference Shares of ₹ 10/- each (Refer Note No. b (ii))	-	-
<b>Total</b>	<b>108,686,770</b>	<b>95,506,260</b>

(a)(i) Terms and rights attached to the Equity Shares

The Company has one class of Equity Share having a par value of ₹ 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 the proportion to the number of equity shares held by the shareholders.

(ii) Terms and rights attached to the Preference Shares

The Company has one class of Preference Shares being Optionally Convertible Preference Shares (OCRPS) having a face value of ₹ 10/- per share. Each holder of Preference Share is entitled to carry a preferential right vis-à-vis Equity Shares of the company with respect to repayment in case of a winding up or repayment of capital and optionally converted into equal number of Equity Shares of ₹ 10 each at the option of holder within 18 months post allotment of OCRPS. The OCRPS are non-participating and do not carry a coupon rate.

(b)(i) Reconciliation of Equity Shares outstanding as at the beginning and end of the year

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Balance at the beginning of the year	9,550,626	95,506,260	9,550,626	95,506,260
Add: Issued during the year on conversion of:				
1) Loan taken from Holding Company	448,051	4,480,510	-	-
2) OCRPS	870,000	8,700,000	-	-
<b>Balance as at the end of the Year</b>	<b>10,868,677</b>	<b>108,686,770</b>	<b>9,550,626</b>	<b>95,506,260</b>

(ii) Reconciliation of Zero Percent Optionally Convertible Redeemable Preference Shares outstanding as at the beginning and end of the year

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Balance at the beginning of the year	-	-	-	-
Issued during the year	870,000	8,700,000	-	-
Conversion into equity shares during the year (Refer Note No. 35)	(870,000)	(8,700,000)	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(c) Equity Shares held by the Holding Company

Particulars	(No. of Shares)	
	As at 31st March 2017	As at 31st March 2016
Arshiya Limited *	10,868,677	9,550,626
<b>Total</b>	<b>10,868,677</b>	<b>9,550,626</b>

(d) Details of shares held by the shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	% of holding	Number of shares	% of holding
Equity Share of ₹ 10/- fully paid up				
Arshiya Limited * (Holding Company)	10,868,677	100.00	9,550,626	100.00
<b>Total</b>	<b>10,868,677</b>	<b>100.00</b>	<b>9,550,626</b>	<b>100.00</b>

\* Notes :-

(i) Shares held by the Holding Company includes 200 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013.

(ii) As per records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



5 Reserves and Surplus

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Securities Premium</b>		
Balance as at the beginning of the year	3,047,051,500	3,047,051,500
Add : On issue of Equity Shares on conversion of loan taken from Holding Company (Refer Note No. 25)	443,570,490	-
Add : On issue of Zero Percent Optionally Convertible Redeemable Preference Shares (Refer Note No. 35)	861,300,000	-
<b>Balance as at the end of the year</b>	<b>4,351,921,990</b>	<b>3,047,051,500</b>
<b>Revaluation Reserve</b>		
Balance as at the beginning of the year	2,020,272,756	2,023,738,932
Less: Adjustment on sale of land	-	3,466,176
<b>Balance as at the end of the year</b>	<b>2,020,272,756</b>	<b>2,020,272,756</b>
<b>Deficit in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(1,884,932,142)	(1,269,989,333)
Loss for the year	(706,637,401)	(614,942,809)
<b>Balance as at the end of the year</b>	<b>(2,591,569,543)</b>	<b>(1,884,932,142)</b>
<b>Total</b>	<b>3,780,625,203</b>	<b>3,182,392,114</b>

6 Long Term Borrowings

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
<b>Secured Loans</b>				
<b>Term Loans</b>				
From Banks	-	-	1,210,577,608	1,553,017,175
From Others* (Refer Note No. 35)	1,139,581,841	145,172,638	14,542,977	815,113,107
	<b>1,139,581,841</b>	<b>145,172,638</b>	<b>1,225,120,585</b>	<b>2,368,130,282</b>
<b>Unsecured Loans:</b>				
From Holding Company	18,718,788	408,057,442	-	-
From Fellow Subsidiary	141,097,287	148,745,895	-	-
	<b>159,816,075</b>	<b>556,803,337</b>	<b>-</b>	<b>-</b>
Less: Amount disclosed under the head "other current liabilities" (Refer Note No. 11)			(1,225,120,585)	(2,368,130,282)
<b>Total</b>	<b>1,299,397,916</b>	<b>701,975,975</b>	<b>-</b>	<b>-</b>

\* Comprises of EARC restructured loan ₹ 111,46,24,817/- and loan from NBFC ₹ 2,49,57,024/-

(a) Securities provided

(i) Term loans (from Banks & EARC) are secured by :-

- 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.

(ii) Term Loan from NBFC are secured by:-

- Personal Guarantee of a promoter of the Holding Company.
- Collateral security:- Registered Mortgage of certain Land Parcel.

(b) Rate of Interest

- on term loans from banks 12 % p.a.,
- on term Loan from EARC 10% p.a.,
- on term Loan from NBFC 11% p.a.

(c) Repayment Schedule of above Term Loan as on 31st March 2017 is as follows :-

(Amount in ₹)

Financial year	Term Loans from Banks	Term Loans from Others	Total
2012-2013	60,582,154	-	60,582,154
2013-2014	141,022,590	-	141,022,590
2014-2015	168,075,904	-	168,075,904
2015-2016	181,698,494	-	181,698,494
2016-2017	195,129,217	795,513	195,924,730
2017-2018	208,751,807	13,747,464	222,499,271
2018-2019	168,267,771	17,215,647	185,483,418
2019-2020	87,049,671	218,605,106	305,654,777
2020-2021	-	32,209,981	32,209,981
2021-2022	-	338,354,080	338,354,080
2022-2023	-	533,197,027	533,197,027
<b>Total</b>	<b>1,210,577,608</b>	<b>1,154,124,818</b>	<b>2,364,702,426</b>



(d) Details of continuing default in repayment of Principal amount of Term Loan as on 31st March, 2017 are as follows:-

Financial year	Term Loans from Banks
2012-2013	60,582,154
2013-2014	141,022,590
2014-2015	168,075,904
2015-2016	840,896,960
<b>Total</b>	<b>1,210,577,608</b>

(e) Conversion of Loan taken from Holding Company into Equity Shares

4,48,051 Equity shares of ₹ 10 each issued and allotted at ₹ 1,000/- including premium of ₹ 990/- per share aggregating to ₹ 44,80,510/- to holding company on preferential allotment basis, in lieu of and against conversion of loan.

(f) Unsecured Loan from Holding Company and Fellow Subsidiary Company

Interest free loan repayable after 12 months but before 5 years.

**7 Other Long Term Liabilities**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Security Deposit	882,500	682,500
<b>Total</b>	<b>882,500</b>	<b>682,500</b>

**8 Provisions**

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
Gratuity (Refer Note No. 23)	743,582	428,503	525,921	-
Leave Encashment (Refer Note No. 23)	419,287	268,526	227,740	51,733
<b>Total</b>	<b>1,162,869</b>	<b>697,029</b>	<b>753,661</b>	<b>51,733</b>

**9 Short Term Borrowings**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Secured:</b>		
Cash Credit From a bank	26,333,689	30,705,157
	<b>26,333,689</b>	<b>30,705,157</b>
Amount disclosed under the head "other current liabilities" (Refer Note No. 11)	(26,333,689)	(30,705,157)
<b>Total</b>	<b>-</b>	<b>-</b>

(a) Cash credit :

(i) Secured by:

- 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 from Holding Company.

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

(iii) Continuing default in repayment of short term borrowings as at 31st March, 2017 is ₹ 26,333,689/- since FY 2014-15.

**10 Trade Payables**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Trade Payables</b>		
(i) Total outstanding dues of micro enterprises & small enterprises (Refer Note No. 30)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No. 42)	12,151,708	12,180,310
<b>Total</b>	<b>12,151,708</b>	<b>12,180,310</b>



11 Other Current Liabilities

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Current Maturities of Long Term Borrowings</b>		
Term Loans from Banks *	1,210,577,608	1,553,017,175
Term Loan from Others	14,542,977	815,113,107
Cash Credit from Bank **	26,333,689	30,705,157
	<b>1,251,454,274</b>	<b>2,398,835,439</b>
<b>Interest accrued and due</b>		
On Term Loans from Banks (Refer Note No. 36)***	816,263,636	744,651,614
On Term Loan from Others	684,487	369,701,767
On Cash Credit from Bank ****	16,951,745	10,929,376
	<b>833,899,868</b>	<b>1,125,282,757</b>
<b>Interest accrued but not due</b>		
On Loan from Others	104,979	-
	<b>104,979</b>	<b>-</b>
<b>Other Liabilities</b>		
Project Creditors (Refer Note No. 42 and 43)	421,345,748	383,714,757
Provision for Expenses	6,293,136	2,836,734
Employee's Dues (including full and final settlement dues of ₹ 57,66,639/- P.Y. of ₹ 47,47,628/-)	9,626,302	7,072,834
Statutory Dues (Refer Note No. 38)	8,050,859	5,412,255
Interest on delayed payment of Statutory dues (Refer Note No. 38)	2,191,298	4,331,189
	<b>447,507,343</b>	<b>403,367,769</b>
<b>Total</b>	<b>2,532,966,464</b>	<b>3,927,485,965</b>

\* Reflect loans aggregating to ₹ 1,21,05,77,608 /- recalled by banks.

\*\*Reflects Cash Credit facility aggregating to ₹ 2,63,33,689 /- recalled by bank.

\*\*\* Reflects interest accrued and due on Term Loans aggregating to ₹ 81,62,63,636 /- recalled by banks.

\*\*\*\*Reflects interest accrued and due on Cash credit facility aggregating to ₹ 1,69,51,745 /- recalled by bank.

(i) Details of Unpaid Interest on Term Loans as on 31st March 2017 are as follows :-

Period of Default	Total
F.Y. 2013-14	207,335,119
F.Y. 2014-15	177,891,456
F.Y. 2015-16	202,942,353
Apr-16	17,738,696
May-16	18,510,775
Jun-16	18,096,225
Jul-16	18,883,866
Aug-16	19,076,326
Sep-16	18,649,110
Oct-16	19,460,815
Nov-16	19,024,989
Dec-16	19,853,054
Jan-17	20,055,392
Feb-17	18,299,167
Mar-17	20,446,293
<b>Total</b>	<b>816,263,636</b>

(ii) Detail of Unpaid Interest on Cash Credit from Banks as on 31 March 2017 are as follows :-

Period of Default	Total
Upto March 2015	5,103,888
F.Y. 2015-16	5,830,645
Apr-16	477,666
May-16	499,268
Jun-16	488,908
Jul-16	511,018
Aug-16	517,094
Sep-16	506,364
Oct-16	529,264
Nov-16	518,281
Dec-16	518,177
Jan-17	495,902
Feb-17	453,238
Mar-17	502,032
<b>Total</b>	<b>16,951,745</b>





Arshiya Northern FTWZ Limited  
Notes to the financial statements for the Year ended 31st March, 2017

12. Fixed Assets

Description of assets	Gross Block		Depreciation / Amortization		Net Block	
	As at April 1, 2016	As at March 31, 2017	As at April 1, 2016	As at March 31, 2017	As at April 1, 2016	As at March 31, 2017
<b>a) Tangibles</b>						
Freehold Land	4,242,865,102	4,242,865,102	-	-	4,242,865,102	4,242,865,102
Building	3,021,318,123	3,021,318,123	-	-	2,780,786,056	2,828,603,531
Plant & Equipment	405,918,648	405,918,648	-	-	286,330,159	312,956,293
Furniture and Fixtures	72,034,867	72,034,867	-	-	39,097,719	46,147,012
Equipments	111,225,072	111,225,072	-	-	103,764,886	38,508,571
Computers	17,776,073	17,776,073	-	-	14,349,702	5,978,409
Electrical Installation	110,675,694	110,675,694	-	-	64,965,924	76,865,393
Vehicle	816,052	816,052	-	-	288,906	395,568
<b>Total (A)</b>	<b>7,982,629,631</b>	<b>7,982,629,631</b>	<b>127,099,456</b>	<b>557,409,208</b>	<b>7,425,220,423</b>	<b>7,552,319,879</b>
<b>Previous Year</b>	<b>6,994,463,613</b>	<b>1,018,117,802</b>	<b>127,449,382</b>	<b>430,309,752</b>	<b>7,552,319,879</b>	
<b>b) Intangibles</b>						
Softwares	120,740,959	120,740,959	-	-	20,392,706	20,392,706
<b>Total (B)</b>	<b>120,740,959</b>	<b>120,740,959</b>	<b>20,392,706</b>	<b>120,740,959</b>	<b>20,392,706</b>	<b>20,392,706</b>
<b>Previous year</b>	<b>120,740,959</b>	<b>120,740,959</b>	<b>20,505,061</b>	<b>100,348,253</b>	<b>20,392,706</b>	
<b>Total (A+B)</b>	<b>8,103,370,590</b>	<b>8,103,370,590</b>	<b>147,492,162</b>	<b>678,150,167</b>	<b>7,425,220,423</b>	<b>7,572,712,585</b>
<b>Previous Year Total</b>	<b>7,115,204,572</b>	<b>1,018,117,802</b>	<b>147,954,443</b>	<b>530,658,005</b>	<b>7,572,712,585</b>	

Note:

- Refer Note No. 44 relating to "Component Accounting".



13 Non-Current Investment

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
(Trade and Unquoted)		
478,787 (478,787) Equity Shares of ₹ 10/- each, fully paid up of Arshiya Supply Chain Management Private Limited (Fellow Subsidiary)	114,908,880	114,908,880
<b>Total</b>	<b>114,908,880</b>	<b>114,908,880</b>

- 13.1 In the opinion of the Management, the erosion of net worth of the Investee Company is considered temporary in nature, in view of the expected developments in relation to long term Business Strategies and in-built synergies of the Company. Hence, diminution in the value of Investment is not considered necessary.

14 Loans and Advances

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
(Unsecured, Considered Good)				
Deposits	1,749,000	1,749,000	-	513,900
Loan and Advances to Related Parties	1,749,000	1,749,000	-	513,900
Unsecured, considered good (Refer note below)	3,581,052	251,660	-	-
<b>Other Loans and Advances</b>	<b>3,581,052</b>	<b>251,660</b>	<b>-</b>	<b>-</b>
Prepaid expenses	-	-	214,283	105,437
Income Tax Payments	926,998	-	-	791,397
Other Advances	-	-	41,035,212	713,067
Advance to Employees	-	-	399,000	100,000
Indirect Tax Refund Receivable (Refer Note No. 37)	-	-	35,505,623	35,505,623
	926,998	-	77,154,118	37,215,524
<b>Total</b>	<b>6,257,050</b>	<b>2,000,660</b>	<b>77,154,118</b>	<b>37,729,424</b>

Loan to Related Party is as follows :-

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Arshiya Industrial & Distribution Hub Limited	3,581,052	251,660
<b>Total</b>	<b>3,581,052</b>	<b>251,660</b>

15 Trade Receivables

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six months	92,921,385	142,127,574
- others	17,846,612	30,755,230
<b>Total</b>	<b>110,767,997</b>	<b>172,882,804</b>

- 15.1 \*Includes ₹ 10,97,37,939/- (P.Y. ₹ 17,23,84,330/-) due from Arshiya Supply Chain Management Private Limited, a fellow subsidiary.

- 15.2 In the opinion of the Management, the dues from Arshiya Supply Chain Management Private 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.

16 Cash and Cash Equivalents

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
Balance with banks	-	-	2,318,623	16,564,554
Other Bank Balances	-	-	2,318,623	16,564,554
In Margin Money Deposit against Bank Guarantee	-	4,172,979	-	-
	-	4,172,979	-	-
<b>Total</b>	<b>-</b>	<b>4,172,979</b>	<b>2,318,623</b>	<b>16,564,554</b>



17 Revenue from operations <span style="float: right;">(Amount in ₹)</span>		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Income from warehousing and handling business	34,134,514	30,422,161
<b>Total</b>	<b>34,134,514</b>	<b>30,422,161</b>

18 Other Income <span style="float: right;">(Amount in ₹)</span>		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Received on : - Fixed Deposit with Banks	220,544	339,125
- Income Tax refund	36,878	51,984
Miscellaneous Income	26,783	1,805,987
<b>Total</b>	<b>284,205</b>	<b>2,196,996</b>

19 Cost of Operations <span style="float: right;">(Amount in ₹)</span>		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Direct Expenses	796,610	1,237,034
<b>Total</b>	<b>796,610</b>	<b>1,237,034</b>

20 Employee Benefits Expense <span style="float: right;">(Amount in ₹)</span>		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Salaries, bonus and other allowances	52,446,449	21,769,005
Contribution to provident and other funds	542,904	385,256
Staff welfare expenses	1,697,460	1,010,513
<b>Total</b>	<b>54,686,813</b>	<b>23,164,774</b>

21 Finance costs <span style="float: right;">(Amount in ₹)</span>		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest on borrowings	267,008,744	338,745,670
Interest on delayed payment of statutory dues	157,954	990,377
Bank Charges	143,154	212,707
<b>Total</b>	<b>267,309,852</b>	<b>339,948,754</b>

22 Other Expenses <span style="float: right;">(Amount in ₹)</span>		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Electricity charges	3,395,579	7,385,185
Rent	5,495,351	607,838
Repairs and Maintenance - Building	34,810,187	3,299,032
- Others	86,314	1,269,462
Security Expenses	6,590,150	9,806,791
Insurance	1,251,007	1,685,804
Rates & Taxes	204,819	10,547
Legal and Professional fees	10,249,728	4,002,672
Travelling and Conveyance Expenses	25,787,122	2,670,922
Vehicle expenses	1,865,379	803,429
Communication Expenses	985,967	232,010
Printing and Stationery	585,232	97,637
Bad Debts	-	210,240
Advertisement and Business Promotion Expenses	2,142,113	-
<b>Auditors remuneration</b> - Statutory Audit fees	500,000	500,000
Miscellaneous expenses	3,070,902	1,555,034
<b>Total</b>	<b>97,019,850</b>	<b>34,136,603</b>



23 Disclosure pursuant to Accounting Standard 15 (Revised - Employee Benefits)

a - 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.

b - Defined Benefit Plan- Gratuity

(Amount in ₹)

Particulars		31st March, 2017	31st March, 2016		
<b>I - Actuarial Assumptions:</b>					
Discount Rate		6.90%	7.55%		
Rate of Return on Plan Assets		6.90%	7.55%		
Salary Escalation Rate		7.00%	7.00%		
Attrition Rate		15.00%	15.00%		
<b>II - Change in Defined Benefit Obligations (DBO) :</b>					
Liability at the Beginning of the Year		499,491	378,800		
Service Cost		203,031	183,645		
Interest Cost		29,980	29,546		
Benefits Paid		(204,808)	-		
Actuarial (Gain)/Loss		818,654	(92,500)		
Liability at the End of the Year		1,346,348	499,491		
<b>III - Fair Value of Planned Assets:</b>					
Fair Value of Planned Assets at the Beginning of the Year		70,988	65,517		
Expected Return on Plan Assets		5,360	5,897		
Actual Enterpris's Contributions		204,808	-		
Actual Benefits Paid		(204,808)	-		
Actuarial Gain/(Loss)		497	(426)		
Fair value of Plan Assets at the End of the Year		76,845	70,988		
<b>IV. Actual Return on Plan Assets:</b>					
Expected Return on Plan Asset		5,360	5,897		
Actuarial Gain / (Loss) on Plan Assets		497	(426)		
Actual Return on Plan Assets		5,857	5,471		
<b>V. Amount Recognized in the Balance Sheet</b>					
Liability at the End of the Period		1,346,348	499,491		
Fair Value of Plan Assets at the End of the Year		76,845	70,988		
Difference		1,269,503	428,503		
Liability recognized in Balance Sheet		1,269,503	428,503		
<b>VI. Percentage of each category of plan assets to total fair value of plan assets</b>					
Insured Managed Fund		100%	100%		
<b>VII. Expenses Recognised in the Statement of Profit and Loss</b>					
Current Service Cost		203,031	183,645		
Interest Cost		29,980	29,546		
Expected Return of Plan Assets		(5,360)	(5,897)		
Net Actuarial (Gain)/Loss to be recognized		818,157	(92,074)		
Plan Service Cost		-	-		
Expense recognised in the Statement of Profit and Loss		1,045,808	115,220		
<b>VIII. Balance Sheet Reconciliation</b>					
Opening Net Liability		428,503	313,283		
Expense as above		1,045,808	115,220		
Actual Employer Contribution		(204,808)	-		
Closing Net Liability		1,269,503	428,503		
<b>IX. Expected Employers contribution in the Next year</b>					
As per Actuarial Valuation report		602,766	52,907		
<b>X. History of DBO, Asset Values, Surplus/Deficit &amp; Experience Gains/Losses</b>					
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligations	1,346,348	499,491	378,800	2,685,650	2,341,535
Plan Assets	76,845	70,988	65,517	56,306	56,306
(Surplus)/Deficit	1,269,503	428,503	313,283	2,629,344	2,285,229
Exp. Adjustment -Plan Assets Gain/(Loss)	497	(426)	4,312	(4,899)	4,649
Assumptions (Gain)/Loss	32,158	7,192	17,917	(69,820)	59,283
Exp. Adjustment -Plan Liabilities (Gains)/Loss	786,496	(99,692)	(3,181,949)	(557,457)	(2,531,446)
Total Actuarial (Gain)/Loss	818,654	(92,500)	(3,164,032)	(627,277)	(2,472,163)



c - Leave Encashment		(Amount in ₹)			
Particulars		As at 31st March 2017	As at 31st March 2016		
<b>I - Actuarial Assumptions:</b>					
Discount Rate		6.90%	0.00%		
Salary Escalation Rate		7.00%	0.00%		
Attrition Rate		15.00%	0.00%		
<b>II - Change in Defined Benefit Obligations (DBO):</b>					
Liability at the Beginning of the Year		320,259	309,727		
Service Cost		137,816	151,766		
Interest Cost		17,592	17,946		
Benefits Paid		(174,501)	(159,300)		
Actuarial (Gain)/Loss		345,861	120		
Liability at the End of the Year		647,027	320,259		
<b>III. Amount Recognized in the Balance Sheet</b>					
Current Liability at the End of the Year		227,740	51,733		
Non Current Liability at the End of the Year		419,287	268,526		
Liability recognized in Balance Sheet		647,027	320,259		
<b>IV. Expenses Recognised in the Statement of Profit and Loss</b>					
Current Service Cost		137,816	151,766		
Interest Cost		17,592	17,946		
Net Actuarial (Gain)/Loss to be recognized		345,861	120		
Expense recognised in the Statement of Profit and Loss		501,269	169,832		
<b>V. Balance Sheet Reconciliation</b>					
Opening Net Liability		320,259	309,727		
Expense as above		501,269	169,832		
Actual Employer contribution		(174,501)	(159,300)		
Closing Net Liability		647,027	320,259		
<b>VI. Experience Adjustment</b>					
Defined Benefit Obligation		647,027	320,259		
(Surplus) / Deficit		647,027	320,259		
Assumptions (Gain)/Loss		16,316	4,083		
Experience Adjustment - Plan Liabilities Gain/(Loss)		329,545	(3,963)		
Total Actuarial (Gain)/Loss		345,861	120		
<b>V. History of DBO, Asset Values, Surplus/Deficit &amp; Experience Gains/Losses</b>					
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligations	647,027	320,259	309,727	560,656	2,610,693
(Surplus)/Deficit	647,027	320,259	309,727	560,656	2,610,693
Assumptions (Gain)/Loss	16,316	4,083	33,679	(45,955)	58,335
Exp. Adjustment -Plan Liabilities (Gains)/Loss	329,545	(3,963)	(504,850)	420,923	(1,939,642)
Total Actuarial (Gain)/Loss	345,861	120	(471,171)	374,968	(1,881,307)

#### 24 Disclosure pursuant to Accounting Standard 17 - Segment information

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.

#### 25 Disclosure pursuant to Accounting Standard 18 - Related party disclosures:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:-

Sl. No.	Name of Related Party	Relationship
1	Arshiya Limited	Holding Company
2	Arshiya Supply Chain Management Private Limited	Fellow Subsidiaries
3	Arshiya Industrial and Distribution Hub Limited	
4	Arshiya Rail Infrastructure Limited	
6	Mr. Ajay S. Mittal - Director	Key Management Personnel
7	Mrs. Archana Mittal - Director	
8	Mr. Ranjit Ray - Director (Resigned on 17th Nov'2016)	
9	Mr. Navnit Choudhary - Director - Chief Financial Officer (w.e.f. 8th Feb'2017)	
10	Mr. Ashish Kumar Bairagra - Director	
11	Mr. Rishabh Pankaj Shah - Director	

Note: The related party relationships have been determined by the management on the basis of the requirements of AS-18 and the same has been relied upon by the auditors.



(ii) Summary of significant related party transactions (as identified by the management) carried out in the ordinary course of business are as follows:

Transactions	Fellow Subsidiaries		Holding Company	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>Loans Taken</b>				
Balance as at the beginning of the year	148,745,895	33,677,354	408,057,443	333,819,846
Loans Taken during the year	37,615,044	122,173,374	18,962,980	74,356,510
Allocation of cost and common expenses by Holding Company*	-	-	56,358,648	-
Loans Repaid during the year	(45,263,652)	(7,104,833)	(16,609,283)	(118,913)
Conversion of loan into equity shares with security premium**	-	-	(448,051,000)	-
Balance as at the end of the year	141,097,287	148,745,895	18,718,788	408,057,443
<b>Loans Given</b>				
Balance as at the beginning of the year	251,660	1,860,412	-	-
Loans Given during the year	3,395,873	1,518,580	-	-
Loans Repaid during the year	(66,481)	(3,127,332)	-	-
Balance as at the end of the year	3,581,052	251,660	-	-
<b>Investment in Equity Shares</b>	<b>114,908,880</b>	<b>114,908,880</b>	-	-
Account Receivable as at the beginning of the year	172,384,330	145,969,152	-	-
Service Provided	24,254,975	24,270,975	-	-
Amount Received / Credit Notes / TDS deducted	(89,307,003)	(10,853,614)	-	-
TDS reversed	2,405,637	12,997,817	-	-
Account Receivable as at the end of the year	109,737,939	172,384,330	-	-
<b>Issue of Equity Shares including Securities Premium</b>	-	-	870,000,000	-
<b>Corporate Guarantees / Securities Given</b>	<b>1,850,000,000</b>	<b>1,850,000,000</b>	-	-
<b>Corporate Guarantees / Securities Received</b>	-	-	3,053,700,000	3,561,100,000

Note:-

\* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to ₹ 5,63,58,648/- based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 20) and certain expenses stated under other expenses (Refer Note No. 22) are presented as inclusive of such allocation of certain common costs and expenses. Had the Company continued the earlier practice, loss for the year ended 31st March, 2017 would have been lower by ₹ 5,63,58,648/-.

\*\* Company issued 4,48,051 equity shares of ₹ 10/- each at ₹ 1000/- (including premium of ₹ 990/-) for conversion of loan given by Holding Company.

26 Disclosure pursuant to Accounting Standard 19 - Leases

Particulars	(Amount in ₹)	
	As at 31st March 2017	As at 31st March 2016
Lease Payment Recognized in the Statement of Profit and Loss	5,495,351	-
<b>Future Lease Payment:</b>		
a) Not Later than one year	4,291,200	-
b) Later than one year but not later than five years	10,012,800	-
<b>Total</b>	<b>14,304,000</b>	<b>-</b>

27 Disclosure pursuant to Accounting Standard 20 - Earnings per share

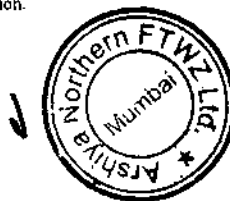
The number of shares used in computing Basic and Diluted Earnings Per Share is the weighted average number of shares outstanding during the year :

Computation of Earnings Per Share (Basic and Diluted)	(Amount in ₹)	
	As at 31st March 2017	As at 31st March 2016
Loss for the year	(706,637,401)	(614,942,809)
Weighted average number of equity shares (Number)	9,554,237	9,550,626
Nominal Value per share	10	10
<b>Earnings Per Share - Basic and Diluted</b>	<b>(73.96)</b>	<b>(64.39)</b>

28 Disclosure pursuant to Accounting for Taxes on Income:

In view of loss for the year, no provision for taxation has been made.

Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognized as a measure of abundant caution.



29 Contingent liability:

Particulars	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
(a) Claims Against the Company not acknowledged as Debt	44,830,215	44,830,215
(b) Bond cum Legal Undertaking	383,020,605	383,020,605
(c) Guarantee given on behalf of a fellow subsidiary (Outstanding balance against such guarantee is ₹ 156,79,17,689 (P.Y. ₹ 181,04,30,991))*	1,850,000,000	1,850,000,000
<b>Total</b>	<b>2,277,850,820</b>	<b>2,277,850,820</b>

\* The Company has given second charge on all its assets to Capital First Limited to secure the Term Loan of ₹ 185,00,00,000/- (Previous year ₹ 100,00,00,000/-) granted to Arshiya Supply Chain Management Private Limited, a fellow Subsidiary. The amount outstanding thereof as on 31st March, 2017 is ₹ 1,56,79,17,689/- (Previous Year ₹ 1,81,04,30,991/-)

30 Details of dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Particulars	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
(a) Principal amount due and remaining unpaid	-	-
(b) Interest due on above	-	-
(c) Payment made beyond the appointed day during the year	-	-
(d) Interest paid	-	-
(e) Interest due and payable for the period of delay	-	-
(f) Interest accrued and remaining unpaid	-	-
(g) Amount of further interest remaining due and payable in succeeding years	-	-

Note : Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

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

Particulars	Foreign currency amount		Equivalent amount (in ₹)	
	Currency	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017
				As at 31st March, 2016
Trade receivables	USD	9,608	5,691	638,987
	EURO	5,114	1,427	348,395
				105,178

32 Foreign Currency Transactions

Earnings in foreign currency:

Balances	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
Revenue from FTWZ operations	9,483,539	5,731,127
<b>Total</b>	<b>9,483,539</b>	<b>5,731,127</b>



**33 Preparation of financial statements on "Going Concern" basis**

The financial statements of the Company have been prepared on a "Going Concern" basis in view of the Revival plans referred to in Note No. 34

**34 Revival Plans**

The required infrastructure with requisite electronic connectivity solution is now in place;

Competitive advantage of the FTWZ with easily accessible to two most important retail market in NCR- Guragon 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 centre logistics to support companies in alignment with business strategy and provide a competitive edge in Mutli-modal Logistics

**35 Borrowings:-**

**Re-structuring of loans assigned by Lenders to Edelweiss Asset Reconstruction Company Limited (EARC)(Lender on behalf of the various EARC Trusts)**

Various Lenders of the company, comprising of 4 banks have assigned their Term Loans (loans) to EARC (as trustee of EARC Trusts). Post assignment of loans, EARC has become a secured lender of the Company and right, title and interest of the lenders have vested into EARC. As per the restructuring package approved by the EARC, loans so assigned as on 31st March 2017, have been restructured.

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 31st March 2017. Under the Agreement, the loans assigned to EARC aggregating to ₹199,00,00,000 /-

(i) Stand restructured, merged and converted into Restructured Loans aggregating to ₹112,00,00,000/-

(ii) the balance debt of ₹ 87,00,00,000 is converted into Zero Percent Optionally Convertible Redeemable Preference Shares (OCRPS). Accordingly, the Company has issued to EARC, 8,70,000 OCRPS of face value of ₹10/- each at a price of ₹1,000/- each (which includes premium of ₹990/-).

The above stated OCRPS has been transferred by EARC to Holding Company and Holding Company has converted said OCRPS into 8,70,000 equity shares of the company.

The current outstanding of above restructured loan as on 31st March,2017 is ₹ 111,46,24,817/-

**36 Loans other than assigned to Asset Reconstruction Company (ARC):**

i) During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR).The Company has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Company's borrowings becoming "Non-Performing Assets" (NPAs) with the Banks. Since then, such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.

ii) Further to the above, CDR-EG issued a letter dated 31st July, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In the absence of any communication from these lenders, the Company has not provided for additional interest from CDR Cut off date till 31st March 2017 estimated at ₹ 30,74,64,856/- which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanction terms and penal interest on overdue amount of interest and installment. Had the Company provided for additional Interest as stated above, on such loans, the loss before tax for the year ended 31st March, 2017 would have been higher by ₹ 30,74,64,856/-. Upon reconciliation and finalization of the estimated entitlements of these lenders, the Company will recognize the liability in its books during the year in which finality is reached.

**37 Indirect Tax Refund Recievable**

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 ₹ 3,55,05,623 are considered good for recovery on account of refunds being received by other SEZ developers on similar grounds.





**38 Tax Deducted at Source**

- (a) The Company had deducted income tax at source (TDS) aggregating to ₹ 30,78,846/- during the earlier years from the amounts payable to various parties. The Company has not paid the said TDS to the government on assumption that such parties would have paid their income tax dues on the income declared by them in the respective years. Accordingly during the year, the Company has transferred an amount of ₹30,78,846/- back to the respective parties.
- (b) The Company has written back an aggregate amount of ₹ 22,97,845/- representing interest on unpaid tax deducted at source provided in earlier years on the premise that since the corresponding tax deducted is assumed to be not payable as mentioned in Note no. (a) above, interest thereon is not payable.

**39 Details of Exceptional items are as under:**

		(Amount in ₹)	
S.No.	Exceptional Items	Year Ended 31st March, 2017	Year Ended 31st March, 2016
1	Reconciliation of loan accounts with EARC (net)	130,228,200	-
2	Fixed Assets Written Off	-	92,264,168
3	Fees for Restructuring	5,000,000	4,000,000
4	Settlement of Claims	42,185,336	-
5	Interest on TDS written back (Refer Note No. 38)	(2,297,845)	-
6	Loss on sale of Fixed assets	-	14,487,708
7	Sundry Balances Written Back (Net)	(1,364,858)	(9,631,517)
	<b>Exceptional items (net)</b>	<b>173,750,833</b>	<b>101,120,359</b>

**40 Disclosure on Specified Bank notes (SBNs)**

During the year, the Company did not have any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017.

- 41 The Company is of the view that the provisions of Section 185 of the Companies Act, 2013 as regards intercompany advances/loans/guarantees granted/received to/from group companies are not applicable, as the same are provided/received in the normal course of business.
- 42 Certain balances in respect of Trade Receivables, Loans and Advances, Term Loan, Trade Payables, other liabilities and provisions other than due from/to Holding/Fellow Subsidiaries are subject to confirmations and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts will be adjusted in the year in which balances are reconciled.
- 43 Certain lenders and creditors have filed winding up petitions/ cases / other legal proceedings for recovery of the amounts due to them which are at different stages before the respective judicial forums / authorities. Claims by the said lenders and creditors have been contested by the Company in those proceedings and not acknowledged as debts. The financial implication of such claims will be recognised as and when finality in the matter is reached.
- 44 In the opinion of the Management, the Company's assets are such that there are no significant parts thereof whose life is different than the useful life of the whole asset (Component accounting being a technical matter, the opinion of the Management is relied upon by the Auditors). Consequently, the Company has continued to provide depreciation in respect of all its assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective assets.



**45 Invoking of Corporate Guarantee of Promoters and received notice of Possession in respect of properties mortgaged**

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 ₹ 322,23,46,819/- (reduced to ₹ 1,74,50,62,772/- 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.

**46** 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.

**47** Previous year's figures have been regrouped/reclassified, wherever necessary to conform to those of current year's classification/disclosures.

Signature to Notes forming part of Financial Statements

For M.A. Parikh & Co.  
Chartered Accountants  
Firm Registration No. 107556W

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



Mukul Patel  
Partner  
Membership No.: 032489





Ajay S Mittal  
Director  
DIN : 00226355



Navnit Choudhary  
Director & Chief  
Financial Officer  
DIN : 00613576



Place: Mumbai  
Date: 17th May, 2017

**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Arshiya Industrial & Distribution Hub Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



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

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

***Basis for Qualified Opinion:***

*We draw attention to the following in respect of:*

1. *In respect of non-provision of interest aggregating to Rs.51,39,59,843/- on loans other than those assigned to Asset Reconstruction Company as referred to in Note no. 32*

*As stated above, the records of the company indicated that it has not provided for interest of Rs 51,39,59,843/-. Had the Company provided for said interest finance cost, loss for the year, reserves and surplus and other current liabilities would have been higher by Rs.51,39,59,843/-.*

*In respect of non-compliance with the provisions of sub section (1) of Section 203 of the Companies Act, 2013 relating to delay in appointment of Chief Financial Officer and whole time Company secretary as referred to in Note no. 44.*

***Qualified Opinion:***

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph*, the 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017;
  - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;
- and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Emphasis of Matter

1. The Company continues to be under severe financial stress as reflected by:
  - (a) Receipt of Notice of Possession in respect of properties mortgaged (Refer Note no.43).
  - (b) Recalled dues of banks aggregating to Rs. 321,69,43,291/- (Refer Note no 9).
  - (c) Creditors for capital expenditure aggregating to Rs. 9,26,92,387/- remaining unpaid (Refer Note no 9).
  - (d) Unpaid employee's dues amounting to Rs. 1,09,13,388/- (Refer Note no 9).
  - (e) Unpaid statutory dues amounting to Rs. 3,15,26,352/- (Refer Note no 9).
2. Further to above, we draw attention to following matters:
  - (i) Note no.33 relating to Tax Deducted at Source
  - (ii) Note no. 37 relating to Inter-Company advances/loans/guarantees granted/received
  - (iii) Note no. 38 relating to pending balance confirmations
  - (iv) Note no. 39 relating to legal proceedings against company

Our Opinion is not modified in respect of these matters.

Despite the foregoing, these accounts have been prepared on a "Going Concern" basis as referred to in Note no. 29 of the financial statements.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"** a Statement on the matters specified in paragraphs 3 and 4 of the Order.

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 and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) in our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
- (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 "B"**; and
- (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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer to Note nos. 22 (a) and 39 to the financial statements;
  - ii. The company does not have any long-term contracts including derivative contracts and hence there are no material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not hold any Specified Bank Notes (SBNs) on 8th November, 2016. Therefore, the requirements related to disclosure of SBNs are not applicable. Refer Note no. 36 of the financial statement.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
(Firm Reg. No. 107556W)

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017

**Annexure – A to the Auditors' Report**

**Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirement 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 explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of freehold lands are held in the name of the company.
- (ii) As explained to us, inventories were physically verified at the end of year by the management. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, guarantees and security and also not made any investment and hence clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits and hence clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations obtained, the Company is not required to maintain cost records as prescribed under Section 148 (1) of the Act pursuant to the Companies (Cost Accounting Records) Rules 2013 notified by the Central Government vide notification dated 1<sup>st</sup> April 2014 and hence Clause 3 (vi) of the Order is not applicable.



(vii) In respect of statutory dues:

- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed applicable statutory dues except, *Tax Deducted at Source of Rs. 2,65,70,835/- which is outstanding as of the year-end for a period of more than six months from their due dates of payment.*
- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any disputes.
- (viii) The Company has not issued any debentures. *Based on our audit procedures and according to the information and explanations given by the management, during the year, the Company, has defaulted in repayment of dues to Banks, the defaults whereof are stated hereunder:*

**Default on account of non-payment of principal of Term Loan from "Banks" are as stated below:**

Period of Default	Name of Lender		
	Indian Overseas Bank	Bank of India	Bank of Baroda
FY 2012-13	1,43,68,988	76,65,679	1,50,28,608
FY 2013-14	4,39,31,423	3,00,90,017	4,39,31,423
FY 2014-15	5,78,50,990	3,96,23,965	5,78,50,990
FY 2015-16	60,15,08,978	41,19,92,451	60,15,08,979
Total	71,76,60,379	48,93,72,112	71,83,20,000





**Default on account of non-payment of interest on Term Loan from "Banks" are as stated below:**

Period of Default	Name of Lender		
	Indian Overseas Bank	Bank of India	Bank of Baroda
FY 2013-14	11,21,05,083	7,56,95,555	11,20,05,639
FY 2014-15	9,50,07,332	6,77,17,590	9,51,91,654
FY 2015-16	12,80,19,235	8,75,43,451	12,81,22,299
Apr-16	1,12,49,011	76,96,663	1,12,58,067
May-16	1,17,48,179	80,38,198	1,17,57,637
Jun-16	1,14,94,734	78,64,789	1,15,03,988
July-16	1,20,04,807	82,13,784	1,20,14,471
Aug-16	1,21,37,352	83,04,474	1,21,47,124
Sep-16	1,18,75,512	81,25,320	1,18,85,072
Oct-16	1,24,02,481	84,85,876	1,24,12,466
Nov-16	1,21,34,921	83,02,809	1,21,44,690
Dec-16	1,26,73,400	86,71,242	1,26,83,604
Jan-17	1,28,13,329	87,66,982	1,28,23,644
Feb-17	1,17,01,112	80,05,994	1,17,10,532
Mar-17	1,30,83,998	89,52,174	1,30,94,526
<b>Total</b>	<b>48,04,50,486</b>	<b>33,03,84,901</b>	<b>48,07,55,413</b>

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided during the year for managerial remuneration and hence clause 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence clause 3(xii) of the Order is not applicable.



- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards (Refer Note no. 27)
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has made preferential allotment of shares viz. in compliance with section 42 of the Act.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
(Firm Reg. No. 107556W)

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership No. 032489



Place : Mumbai  
Date: 17<sup>th</sup> May, 2017

## **Annexure- B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Industrial & Distribution Hub Limited** ("the Company") as of 31<sup>st</sup> March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **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 Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

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



## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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 ICAI.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul Patel**  
Partner  
Membership No. 032489

Place: Mumbai  
Date: 17<sup>th</sup> May, 2017





**Arshiya Industrial & Distribution Hub Limited**

**Financial Statement for the**

**Financial Year 2016-17**

**Arshiya Industrial & Distribution Hub Limited**  
Balance Sheet as at 31st March, 2017

(Amount in ₹)			
Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016
<b>I. Equity and Liabilities</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	4	172,371,520	149,929,950
(b) Reserves and Surplus	5	1,945,709,333	1,101,532,845
		<b>2,118,080,853</b>	<b>1,251,462,795</b>
<b>2. Non-Current Liabilities</b>			
(a) Long Term Borrowings	6	1,708,087,349	219,728,569
(b) Long Term Provisions	7	249,516	1,076,063
		<b>1,708,336,865</b>	<b>220,804,632</b>
<b>3. Current Liabilities</b>			
(a) Trade Payables	8	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		13,021,797	15,332,244
(b) Other Current Liabilities	9	3,390,117,049	5,901,954,349
(c) Short Term Provisions	7	46,238	294,228
		<b>3,403,185,084</b>	<b>5,917,580,821</b>
<b>Total</b>		<b>7,229,602,802</b>	<b>7,389,848,248</b>
<b>II. Assets</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	10	7,110,065,174	7,271,972,101
		7,110,065,174	7,271,972,101
(b) Long Term Loans and Advances	11	1,952,357	1,533,800
		<b>7,112,017,531</b>	<b>7,273,505,901</b>
<b>2. Current Assets</b>			
(a) Inventories	12	-	12,029,048
(b) Trade Receivables	13	159,189	-
(c) Cash and Cash Equivalents	14	11,444,085	166,078
(d) Short Term Loans and Advances	11	105,358,256	104,147,221
(e) Other Current Assets	15	623,741	-
		<b>117,585,271</b>	<b>116,342,347</b>
<b>Total</b>		<b>7,229,602,802</b>	<b>7,389,848,248</b>

Summary of Significant Accounting Policies 3  
See accompanying notes to the financial statements 1-45

As per our report of even date

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

*Mukul Patel*

Mukul Patel  
Partner  
Membership Number: 032489

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

*Ajay S Mittal*

Ajay S Mittal  
Director  
DIN : 00226355

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN : 00613576



*Mukesh Khathuria*  
Mukesh Khathuria  
Chief Financial Officer

*Sanjay S. Lakkhan*  
Sanjay S. Lakkhan  
Company Secretary

Place: Mumbai  
Date: 17th May, 2017



**Arshiya Industrial & Distribution Hub Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2017**

(Amount in ₹)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
<b>I. Revenue:</b>			
Revenue from Operations	16	4,295,715	-
Other Income	17	1,341,924	105,757
<b>Total Revenue</b>		<b>5,637,639</b>	<b>105,757</b>
<b>II. Expenses:</b>			
Cost of Operations	18	7,199,640	-
Employee Benefits Expenses	19	52,664,682	24,607,625
Finance Cost Expenses	20	746,466,893	694,635,944
Depreciation and Amortization Expenses	10	161,906,927	162,300,820
Other Expenses	21	32,437,073	10,730,039
<b>Total Expenses</b>		<b>1,000,675,215</b>	<b>892,274,428</b>
<b>III. Loss for the year before Exceptional items and Tax (I - II)</b>		<b>(995,037,576)</b>	<b>(892,168,671)</b>
<b>IV Exceptional Items (net)</b>	34	382,242,081	20,388,763
<b>V Prior Period Adjustments</b>	35	259,285	-
<b>VI Loss for the year</b>		<b>(1,377,538,942)</b>	<b>(912,557,434)</b>
<b>Earnings per Equity Share:</b>	28		
Basic and Diluted		<b>(91.84)</b>	<b>(60.87)</b>

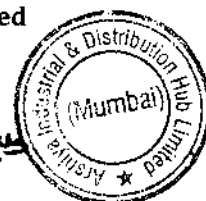
Summary of Significant Accounting Policies 3

See accompanying notes to the financial statements 1- 45

As per our report of even date

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

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



*Mukul Patel*

Mukul Patel  
Partner  
Membership Number: 032489



Place: Mumbai  
Date: 17th May, 2017

*Ajay S Mittal*

Ajay S Mittal  
Director  
DIN : 00226355

*Mukesh Khathuria*  
Mukesh Khathuria  
Chief Financial Officer

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN : 00613576

*Sanjay S. Lakkhan*  
Sanjay S. Lakkhan  
Company Secretary

**Arshiya Industrial & Distribution Hub Limited**  
**Cash flow statement for the year ended 31st March, 2017**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year		(1,377,538,942)	(912,557,434)
<b>Adjustment for :</b>			
Depreciation and Amortisation		161,906,927	162,300,820
Interest Income from Fixed Deposit		(693,046)	-
Fixed Assets Written off		-	17,464,823
Inventories Written off		12,029,047	-
Reconciliation of Loan Accounts with EARC (net)		303,370,844	-
Interest on Delayed Payment of TDS Written Back		(2,138,478)	-
Settlement of Claims		60,964,604	-
Provision no longer Written Back		(1,983,936)	-
Finance Expense		746,466,893	694,635,944
Fees for Restructuring		10,000,000	3,000,000
Sundry Balances Written Back (net)		-	(1,717,231)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(87,616,087)</b>	<b>(36,873,078)</b>
<b>Adjustments for</b>			
Decrease in Trade and Other Payables		(12,435,314)	(2,149,709)
(Increase)/decrease in Trade and Other Receivables		(2,301,262)	8,131,043
<b>CASH GENERATED USED IN OPERATING ACTIVITIES</b>		<b>(102,352,663)</b>	<b>(30,891,744)</b>
Net Income Tax (Paid)/Refunds		(111,259)	18,070
<b>NET CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(102,463,922)</b>	<b>(30,873,674)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		-	(6,263,768)
Interest Received		693,046	-
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>693,046</b>	<b>(6,263,768)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long Term Borrowings (net)		112,590,309	36,915,266
Interest paid		458,574	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>113,048,883</b>	<b>36,915,266</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(A+B+C)</b>	<b>11,278,007</b>	<b>(222,176)</b>
Cash and cash equivalents at the beginning of the year		166,078	388,254
<b>Cash and Cash Equivalents at the end of the year</b>		<b>11,444,085</b>	<b>166,078</b>
Cash and cash equivalents at the end of the year		1,444,085	166,078
Earmarked Balances with banks*		10,000,000	-
<b>Cash and Cash Equivalents at the end of the year</b>		<b>11,444,085</b>	<b>166,078</b>

\*Note:- Earmarked Balances with Banks includes Margin Money Deposits  
As per our report of even date

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

Mukul Patel  
Partner  
Membership Number: 032489

Place: Mumbai  
Date: 17th May, 2017



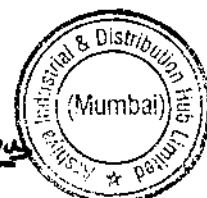
For and on behalf of the Board of Directors of  
Arshiya Industrial & Distribution Hub Limited

Ajay S Mittal  
Director  
DIN : 00226355

Mukesh Khathuria  
Chief Financial Officer

Navnit Choudhary  
Director  
DIN : 00613576

Sanjay S. Lakkhan  
Company Secretary



# **Arshiya Industrial & Distribution Hub Limited**

Notes to the financial statements for the year ended 31st March, 2017

## **Notes to the financial statements**

### **1. Corporate Information**

Arshiya Industrial & Distribution Hub Limited (the 'Company') is a public limited company incorporated under the Provisions of the Companies Act, 1956 and is a subsidiary of Arshiya Limited, a Company listed in the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is engaged in providing facility of warehousing including temperature controlled storage and other cargo/logistics related activities through Inland Container Depot (ICD).

### **2. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified).

### **3. Summary of Significant Accounting Policies**

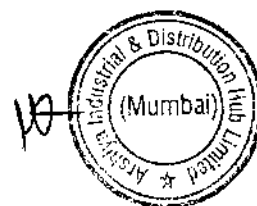
#### **(i) Use of Estimates**

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognised in the year in which the results are known or materialised.

#### **(ii) Property, Plant and Equipment (Fixed Assets) and Intangible Assets**

##### **(A) Tangible Assets**

- (a) Fixed Assets excluding land are stated at original cost of acquisition/installation (net of cenvat credit availed, if any) less accumulated depreciation and impairment losses, if any. All costs including borrowing cost incurred during pre-operational period till the commencement of commercial operations are capitalized.
- (b) Land is carried at its revalued amount being the estimated market value on the date of revaluation.



# **Arshiya Industrial & Distribution Hub Limited**

Notes to the financial statements for the year ended 31st March, 2017

## **(B) Capital work-in-progress**

The cost of fixed assets which are not ready for its intended use are carried at cost comprising direct costs, related incidental expenses and attributable interest.

## **(C) Intangible Assets**

- (a) Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.
- (b) The capitalized cost of software includes license fees, cost of implementation and system integration services. These costs are capitalized as intangible assets in the year in which related software is implemented.

## **(D) Depreciation and Amortisation**

### **(a) Tangible Assets**

Depreciation on all Tangible Assets is provided on the straight line method at the rates and manner in accordance with Part C of Schedule II to the Companies Act, 2013.

### **(b) Intangible Assets**

- (b)(i) Amortisation of intangible assets other than (b)(ii) below, are provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.
- (b)(ii) Cost of Enterprise Resource Planning (ERP) software including expenditure on implementation is amortised over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.

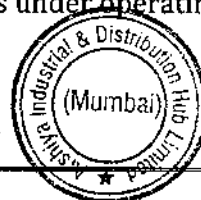
## **(i) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised till the date of commencement of commercial operations as part of cost of such assets. All other borrowing costs are charged to revenue.

## **(ii) Leases**

### **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



## **Arshiya Industrial & Distribution Hub Limited**

Notes to the financial statements for the year ended 31st March, 2017

recognised as expenses on accrual basis in accordance with the respective lease agreements.

### **(iii) Inventory**

Inventories are valued at cost or net realizable value, whichever is less.

### **(iv) Revenue Recognition**

- (a) Revenue from allotment of warehousing space and open yard area is recognised on accrual basis as per agreed terms.
- (b) Revenue from ICD operations is recognised on completion of agreed contracted services.
- (c) Revenue from value added services and other activities is recognised based on completion of agreed contracted services.
- (d) Interest and other income is recognised on accrual basis except where the receipt of income is uncertain in which case it is recognised for on receipt basis.

### **(v) Employee benefits**

Employee benefits include schemes such as provident fund, gratuity and leave encashment entitlements.

#### **(a) Defined Contribution Plan**

Contributions to defined contribution scheme such as provident fund is charged to the Statement of Profit and Loss, as and when accrued.

#### **(b) Defined Benefit Plan**

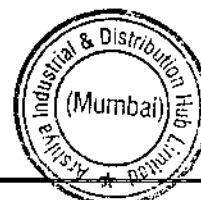
The liability for Leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS 15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

### **(vi) Foreign Currency Transactions**

- (a) Transactions in foreign currencies are initially recognised at the prevailing exchange rates on the date of the transaction. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.



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# **Arshiya Industrial & Distribution Hub Limited**

Notes to the financial statements for the year ended 31st March, 2017

- (b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **(vii) Accounting for Taxes on Income**

- (a) Provision for Current Tax is made, based on the tax payable under the Income-tax Act, 1961.
- (b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and are measured using relevant enacted tax rates. Deferred Tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.
- (c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

## **(viii) Impairment**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

## **(ix) Provisions, Contingent Liabilities and Contingent Assets**

- (a) A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.
- (b) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- (c) Contingent Assets are not recognised or disclosed in the financial statements.



## **Arshiya Industrial & Distribution Hub Limited**

Notes to the financial statements for the year ended 31st March, 2017

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### **(x) Earnings per Share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of equity and diluted equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### **(xi) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements which presents the cash flows by operating, investing and financing activities of the Company.

**(xii)** Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.



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**Arshiya Industrial & Distribution Hub Limited**  
**Notes to the financial statements for the year ended 31st March, 2017**

**4. Share capital**

Particulars	(Amount in ₹)	
	As at 31st March 2017	As at 31st March 2016
<b>Authorised</b>		
1,78,00,000 (2,00,00,000) Equity Shares of ₹ 10/- each	178,000,000	200,000,000
22,00,000 (NIL) Preference Shares of ₹ 10/- each	22,000,000	-
	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed and fully paid:</b>		
1,72,37,152 (1,49,92,995) Equity Shares of ₹ 10/- each	172,371,520	149,929,950
21,40,000 (NIL) Zero Percent Optionally Convertible Redeemable Preference Shares of ₹ 10/- each (Refer Note No. b (ii))	-	-
<b>Total</b>	<b>172,371,520</b>	<b>149,929,950</b>

**(a) (i) Terms and rights attached to the Equity Shares**

The Company has one class of Equity Shares having a face value of ₹ 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 the proportion to the number of Equity Shares held by the shareholders.

**(ii) Terms and rights attached to the Preference Shares**

The Company has one class of Preference Shares being Optionally Convertible Preference Shares (OCRPS) having a face value of ₹ 10/- per share. Each holder of Preference Share is entitled to carry a preferential right vis-à-vis Equity Shares of the company with respect to repayment in case of a winding up or repayment of capital and optionally converted into equal number of equity shares of ₹ 10 each at the option of holder within 18 months post allotment of OCRPS. The OCRPS are non-participating and do not carry a coupon rate.

**(b)(i) Reconciliation of Equity Shares outstanding as at the beginning and end of the year**

Particulars	As at 31st March 2017		As at 31st March 2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Balance as at the beginning of the year	14,992,995	149,929,950	14,992,995	149,929,950
Add: Issued during the year on conversion of:				
1) Loan taken from Holding Company	104,157	1,041,570	-	-
2) OCRPS	2,140,000	21,400,000	-	-
<b>Balance as at the end of the year</b>	<b>17,237,152</b>	<b>172,371,520</b>	<b>14,992,995</b>	<b>149,929,950</b>

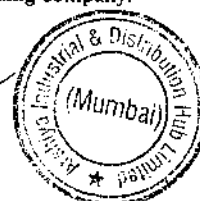
**(ii) Reconciliation of Zero Percent Optionally Convertible Redeemable Preference Shares outstanding as at the beginning and end of the year**

Particulars	As at 31st March 2017		As at 31st March 2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Balance as at the beginning of the year	-	-	-	-
Issued during the year	2,140,000	21,400,000	-	-
Conversion into equity shares during the year (Refer Note No. 31)	(2,140,000)	(21,400,000)	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(c) Equity Shares held by the Holding Company and Fellow Subsidiary Company**

Particulars	(No. of Shares)	
	As at 31st March 2017	As at 31st March 2016
	Number of shares	Number of shares
Arshiya Limited (Holding Company)	17,237,152	13,586,659
Cyberlog Technologies (UAE) FZE, (Fellow Subsidiary)*	-	1,406,336
<b>Total</b>	<b>17,237,152</b>	<b>14,992,995</b>

\* During the year, fellow subsidiary has sold its investment in the Company to the Holding Company.





**Arshiya Industrial & Distribution Hub Limited**  
Notes to the financial statements for the year ended 31st March, 2017

**(d) Details of shares held by the shareholders holding more than 5% of the aggregate Equity Shares in the Company**

Particulars	As at 31st March 2017		As at 31st March 2016	
	Number of shares	% of holding	Number of shares	% of holding
Equity Share of ₹ 10/- fully paid up				
Arshiya Limited (Holding Company)**	17,237,152	100	13,586,659	90.6
Cyberlog Technologies (UAE) FZE, (Fellow Subsidiary)	-	-	1,406,336	9.4
<b>Total</b>	<b>17,237,152</b>	<b>100</b>	<b>14,992,995</b>	<b>100</b>

\*\* Notes :-

(i) Shares held by the Holding Company include 200 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013.

(ii) As per Records of the Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

**5. Reserves and Surplus**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Securities Premium</b>		
Balance as at the beginning of the year	2,757,517,492	2,757,517,492
Add : On issue of Equity Shares on conversion of loan taken from Holding Company (Refer Note No. 27)	103,115,430	-
Add : On issue of Zero Percent Optionally Convertible Redeemable Preference Shares (Refer Note No. 31)	2,118,600,000	-
<b>Balance as at the end of the year</b>	<b>4,979,232,922</b>	<b>2,757,517,492</b>
<b>Revaluation Reserve</b>		
Balance as at the beginning and end of the year	1,052,546,008	1,052,546,008
<b>Deficit in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(2,708,530,655)	(1,795,973,221)
Loss for the year	(1,377,538,942)	(912,557,434)
<b>Balance as at the end of the year</b>	<b>(4,086,069,597)</b>	<b>(2,708,530,655)</b>
<b>Total</b>	<b>1,945,709,333</b>	<b>1,101,532,845</b>

**6. Long Term Borrowings**

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
<b>Secured Loans</b>				
<b>Term Loans</b>				
From Banks	-	-	1,925,352,491	3,873,681,310
From Others (Refer Note No. 31)	1,600,000,000	120,074,529	-	73,524,926
	<b>1,600,000,000</b>	<b>120,074,529</b>	<b>1,925,352,491</b>	<b>3,947,206,236</b>
<b>Unsecured Loans</b>				
From Holding Company	10,828,113	53,892,163	-	-
From Fellow Subsidiary Companies	97,259,236	45,761,877	-	-
	<b>108,087,349</b>	<b>99,654,040</b>	<b>-</b>	<b>-</b>
Less: Amount disclosed under the head "other current liabilities" (Refer Note No. 9)	-	-	(1,925,352,491)	(3,947,206,236)
<b>Total</b>	<b>1,708,087,349</b>	<b>219,728,569</b>	<b>-</b>	<b>-</b>



**Arshiya Industrial & Distribution Hub Limited**  
**Notes to the financial statements for the year ended 31st March, 2017**

**(a) The Term loans (from banks & from others) are secured by :-**

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

**(b) Rate of Interest**

- on Term Loans from Banks 13% p.a.,
- on Term Loans from others 10% p.a.

**(c) Repayment Schedule of above Term loans as on 31st March, 2017 is as follows :-**

(Amount in ₹)

Financial year	Term Loans from Banks	Term Loans from Others	Total
2012-2013	37,063,275	-	37,063,275
2013-2014	117,952,863	-	117,952,863
2014-2015	155,325,945	-	155,325,945
2015-2016	188,525,384	-	188,525,384
2016-2017	249,754,634	-	249,754,634
2017-2018	296,470,987	-	296,470,987
2018-2019	371,454,290	-	371,454,290
2019-2020	409,870,784	86,216,290	496,087,074
2020-2021	98,934,329	237,890,570	336,824,899
2021-2022	-	130,906,400	130,906,400
2022-2023	-	1,144,986,740	1,144,986,740
<b>Total</b>	<b>1,925,352,491</b>	<b>1,600,000,000</b>	<b>3,525,352,491</b>

**(d) Details of continuing default in repayment of Principal amount of Term Loans as on 31st March, 2017 are as follows:-**

(Amount in ₹)

Financial year	Term Loans from banks
2012-13	37,063,275
2013-14	117,952,863
2014-15	155,325,945
2015-16	1,615,010,408
<b>Total</b>	<b>1,925,352,491</b>

**(e) Conversion of Loan taken from Holding Company into equity shares**

1,04,157 Equity shares of ₹ 10 each issued and allotted at ₹ 1,000/- including premium of ₹ 990/- per share aggregating to ₹ 10,41,570/- to holding company on preferential allotment basis, in lieu of and against conversion of loan.

**(f) Unsecured Loan from Holding Company and fellow Subsidiary Companies**

Interest free loan repayable after 12 months but before 5 years.

**7. Provisions**

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
Gratuity (Refer Note No. 25)	-	577,105	-	-
Leave Encashment (Refer Note No. 25)	249,516	498,958	46,238	294,228
<b>Total</b>	<b>249,516</b>	<b>1,076,063</b>	<b>46,238</b>	<b>294,228</b>



**Arshiya Industrial & Distribution Hub Limited**  
**Notes to the financial statements for the year ended 31st March, 2017**

**8. Trade Payables**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
i) Total outstanding dues of micro enterprises & small enterprises (Refer Note No. 24)	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No. 38)	13,021,797	15,332,244
<b>Total</b>	<b>13,021,797</b>	<b>15,332,244</b>

**9. Other Current Liabilities**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Current Maturities of Long Term Borrowings</b>		
Term Loans from Banks*	1,925,352,491	3,873,681,310
Term Loan from Other	-	73,524,926
	<b>1,925,352,491</b>	<b>3,947,206,236</b>
<b>Interest Accrued and due</b>		
Term Loans from Banks ** (Refer Note No. 32)	1,291,590,800	1,793,449,675
Term Loans from Other	-	55,548,452
	<b>1,291,590,800</b>	<b>1,848,998,127</b>
<b>Other Liabilities</b>		
Project Creditors (Refer Note No. 38 and 39)	92,692,387	47,093,636
Provision for expenses	12,223,727	2,716,775
Employee's Dues (including full and final settlement dues of ₹ 1,09,13,388/- P.Y. of ₹ 94,40,000/-)	16,007,201	14,513,198
Statutory Dues (Refer Note No. 33)	31,526,352	28,015,429
Interest payable on delayed payment of Statutory dues (Refer Note No. 33)	20,724,091	13,410,948
	<b>173,173,758</b>	<b>105,749,986</b>
<b>Total</b>	<b>3,390,117,049</b>	<b>5,901,954,349</b>

\* Reflects loans aggregating to ₹ 1,92,53,52,491 recalled by banks.

\*\* Reflects interest accrued & due on Term Loans aggregating to ₹ 1,29,15,90,800 recalled by banks.

Details of Unpaid Interest on term loan as on 31st March 2017 is as follows :-

(Amount in ₹)

Financial year	Loans from banks
2013-14	299,806,277
2014-15	257,916,576
2015-16	343,684,985
Apr-16	30,203,741
May-16	31,544,014
Jun-16	30,863,511
Jul-16	32,233,062
Aug-16	32,588,950
Sep-16	31,885,904
Oct-16	33,300,823
Nov-16	32,582,420
Dec-16	34,028,246
Jan-17	34,403,955
Feb-17	31,417,638
Mar-17	35,130,698
<b>Total</b>	<b>1,291,590,800</b>



Arshiya Industrial & Distribution Hub Limited  
Notes to the financial statements for the year ended 31st March, 2017

10. Fixed Assets

Description of assets	Gross Block			Depreciation / Amortization			Net Block	
	As at April 1, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	For the Year / adjustment	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017
<b>a) Tangibles</b>								
Freehold Land	2,037,937,270	-	-	2,037,937,270	-	2,037,937,270	2,037,937,270	2,037,937,270
Building	4,812,265,412	-	-	4,812,265,412	76,152,465	4,473,103,988	4,549,256,453	4,549,256,453
Plant & Equipment	539,919,200	-	-	539,919,200	34,978,908	397,164,385	432,143,293	432,143,293
Furniture and Fixtures	90,133,911	-	-	90,133,911	9,033,382	54,916,863	63,950,245	63,950,245
Office Equipments	70,874,197	-	-	70,874,197	17,366,489	13,972,849	31,339,338	31,339,338
Computers	26,398,373	-	-	26,398,373	3,674,167	7,212,261	10,886,428	10,886,428
Electrical Installation	200,312,417	-	-	200,312,417	20,599,795	125,035,848	145,635,643	145,635,643
Vehicle	856,500	-	-	856,500	101,721	134,790	721,710	823,431
<b>Total</b>	<b>7,778,697,280</b>	<b>-</b>	<b>-</b>	<b>7,778,697,280</b>	<b>161,906,927</b>	<b>7,110,065,174</b>	<b>7,271,972,101</b>	<b>7,271,972,101</b>
<b>Previous Year</b>	<b>7,773,508,887</b>	<b>9,787,728</b>	<b>4,599,335</b>	<b>7,778,697,280</b>	<b>161,926,063</b>	<b>506,725,180</b>	<b>506,725,180</b>	<b>506,725,180</b>
<b>b) Intangibles</b>								
Softwares	1,320,033	-	-	1,320,033	-	1,320,033	-	-
<b>Total</b>	<b>1,320,033</b>	<b>-</b>	<b>-</b>	<b>1,320,033</b>	<b>374,757</b>	<b>1,320,033</b>	<b>1,320,033</b>	<b>1,320,033</b>
<b>Previous Year</b>	<b>1,320,033</b>	<b>-</b>	<b>-</b>	<b>1,320,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,780,017,313</b>	<b>-</b>	<b>-</b>	<b>7,780,017,313</b>	<b>161,906,927</b>	<b>7,110,065,174</b>	<b>7,271,972,101</b>	<b>7,271,972,101</b>
<b>Previous Year Total</b>	<b>7,774,828,920</b>	<b>9,787,728</b>	<b>4,599,335</b>	<b>7,780,017,313</b>	<b>162,300,820</b>	<b>508,045,213</b>	<b>508,045,213</b>	<b>508,045,213</b>

Note:

- Refer Note No. 42 relating to "Component Accounting".



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**Arshiya Industrial & Distribution Hub Limited**  
**Notes to the financial statements for the year ended 31st March, 2017**

**11. Loans and Advances**

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
<b>(Unsecured, Considered Good)</b>				
Capital advances	1,533,800	1,533,800	-	-
	<b>1,533,800</b>	<b>1,533,800</b>	-	-
<b>Other Loans and Advances</b>				
Income Tax Payments	111,259	-	-	-
Prepaid expenses	-	-	260,567	376,734
Other advances	307,298	-	1,320	115,813
Cenvat Credit recievable (Refer Note No. 41.1)	-	-	105,096,369	103,654,674
	<b>418,557</b>	-	<b>105,358,256</b>	<b>104,147,221</b>
<b>Total</b>	<b>1,952,357</b>	<b>1,533,800</b>	<b>105,358,256</b>	<b>104,147,221</b>

**12. Inventories**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Stores and Spares (At cost as certified by the management)	-	12,029,048
<b>Total</b>	-	<b>12,029,048</b>

**13. Trade Receivables**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>(Unsecured, considered good)</b>		
- Debts outstanding for a period exceeding six months	-	-
- others	159,189	-
<b>Total</b>	<b>159,189</b>	-

**14. Cash and Cash Equivalents**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Balance with banks	1,444,085	166,078
	<b>1,444,085</b>	<b>166,078</b>
<b>Other Bank Balances</b>		
In Margin Money Deposit against Bank Guarantee	10,000,000	-
	<b>10,000,000</b>	-
<b>Total</b>	<b>11,444,085</b>	<b>166,078</b>

**15. Other Current Assets**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest Accrued on Fixed Deposit	623,741	-
<b>Total</b>	<b>623,741</b>	-



**Arshiya Industrial & Distribution Hub Limited**  
**Notes to the financial statements for the year ended 31st March, 2017**

**16. Revenue from Operations**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Sale of Services:	4,295,715	-
<b>Total</b>	<b>4,295,715</b>	<b>-</b>

**17. Other Income**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest income	693,046	1,269
Actuarial gain on Gratuity fund	610,364	-
Actuarial gain on Leave encashment	33,464	-
Miscellaneous income	5,050	104,488
<b>Total</b>	<b>1,341,924</b>	<b>105,757</b>

**18. Cost of Operations**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Direct Expenses	7,199,640	-
<b>Total</b>	<b>7,199,640</b>	<b>-</b>

**19. Employee Benefits**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Salaries, bonus and other allowances	50,632,605	23,181,387
Contribution to provident and other funds	939,791	843,799
Staff welfare expenses	1,092,286	582,439
<b>Total</b>	<b>52,664,682</b>	<b>24,607,625</b>

**20. Finance Costs**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest on borrowings	736,840,176	688,570,404
Interest on delayed payment of statutory dues	9,452,868	5,320,252
Interest-Others	64,599	-
Bank Charges	109,250	745,288
<b>Total</b>	<b>746,466,893</b>	<b>694,635,944</b>

**21. Other Expenses**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Electricity charges	3,709,896	17,747
Rent	4,979,504	300,000
Repairs and Maintenance:		
- Plant and Machinery	410,401	34,210
- Others	1,520,132	4,639,745
Security Charges	3,354,561	-
Insurance	1,546,325	1,064,456
Rates and taxes	173,155	46,997
Legal and professional charges	8,316,475	2,377,278
Communication expenses	1,563,187	899,571
Travelling and conveyance expenses	501,545	187,386
Vehicle expenses	1,722,088	590,824
Advertisement and Business Promotion Expenses	2,121,896	15,075
Printing and stationery	488,788	13,377
<b>Auditor's remuneration</b>		
- Audit fees	500,000	500,000
- Certification charges	24,265	-
Miscellaneous expenses	1,504,855	43,373
<b>Total</b>	<b>32,437,073</b>	<b>10,730,039</b>



**22. Contingent liabilities:**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Claims against the Company not acknowledged as Debt	7,940,217	107,591,553
(b) Bank guarantee/ Custodian cum Carrier Bond	100,000,000	-
<b>Total</b>	<b>107,940,217</b>	<b>107,591,553</b>

**23. Capital Commitments**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13,151,250	13,151,250
<b>Total</b>	<b>13,151,250</b>	<b>13,151,250</b>

**24. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Principal amount due and remaining unpaid	-	-
(b) Interest due on above	-	-
(c) Payments made beyond the appointed day during the year	-	-
(d) Interest paid	-	-
(e) Interest due and payable for the period of delay	-	-
(f) Interest accrued and remaining unpaid	-	-
(g) Amount of further interest remaining due and payable in succeeding years	-	-

Note : Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

**25. The disclosures as required as per the revised AS 15 are as follows:**

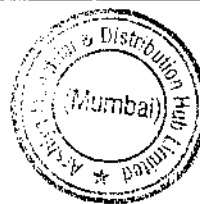
**a - Brief descriptions of the plans**

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.

**b - Defined Benefit Plan- Gratuity**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>I - Actuarial Assumptions:</b>		
Discount Rate	6.90%	7.55%
Rate of Return on Plan Assets	6.90%	7.55%
Salary Escalation Rate	7.00%	7.00%
Attrition Rate	15.00%	15.00%
<b>II - Change in Defined Benefit Obligations (DBO):</b>		
Liability at the Beginning of the Year	1,374,072	912,186
Service Cost	392,145	172,586
Interest Cost	93,398	71,150
Benefits Paid	(274,038)	-
Actuarial (Gain)/Loss	(1,030,158)	218,150
Liability at the End of the Year	<b>555,419</b>	<b>1,374,072</b>
<b>III - Fair Value of Planned Assets:</b>		
Fair Value of Planned Assets at the Beginning of the Year	796,967	735,549
Expected Return on Plan Assets	60,171	66,199
Employer's Contribution	274,038	-
Benefits Paid	(274,038)	-
Actuarial Gain/(Loss)	5,579	(4,781)
Fair value of Plan assets at the End of the Year	<b>862,717</b>	<b>796,967</b>
<b>IV. Actual Return on Plan Assets</b>		
Expected Return on Plan Asset	60,171	66,199
Actuarial Gain / (Loss) on Plan Assets	5,579	(4,781)
Actual Return on Plan Assets	<b>65,750</b>	<b>61,418</b>
<b>V. Amount Recognized in the Balance Sheet</b>		
Liability at the End of the Period	555,419	1,374,072
Fair Value of Plan Assets at the End of the Year	862,717	796,967
Non Current Liability at the End of the Year	-	-
Liability/(Assets) recognized in Balance Sheet	<b>(307,298)</b>	<b>577,105</b>
<b>VI. Percentage of each category of plan assets to total fair value of plan assets</b>		
Insured Managed Fund	100%	100%



<b>VII. Expenses Recognised in the Statement of Profit and Loss</b>					
Current Service Cost			392,145		172,586
Interest Cost			93,398		71,150
Expected return of Plan Assets			(60,171)		(66,199)
Net Actuarial (gain)/loss to be recognized			(1,035,737)		222,931
Expense / (Income) recognised in the Statement of Profit and Loss			(610,364)		400,468
<b>VIII. Balance Sheet Reconciliation</b>					
Opening Net Liability			577,105		176,637
Expense / (Income) as above			(610,364)		400,468
Employers Contribution			(274,038)		-
Closing Net Liability / (Asset)			(307,297)		577,105
<b>IX. Expected Employers contribution in the next year</b>					
As per Actuarial Valuation report			61,957		519,287
<b>X. History of DBO, Asset Values, Surplus/Deficit &amp; Experience Gains/Losses</b>					
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligations	555,419	1,374,072	912,186	817,895	2,781,963
Plan Assets	862,717	796,967	735,549	687,917	1,223,878
(Surplus)/Deficit	(307,298)	577,105	176,637	129,978	1,558,085
Exp. Adjustment - Plan Assets Gain/(Loss)	5,579	(4,781)	81,698	(106,477)	(110,674)
Assumptions (Gain)/Loss	18,560	13,263	37,786	(45,283)	(560)
Exp. Adjustment - Plan Liabilities (Gains)/Loss	(1,048,718)	204,887	(116,523)	(2,075,607)	(4,545,544)
Total Actuarial (Gain)/Loss	(1,030,158)	218,150	(78,737)	(2,120,890)	(4,546,104)

**c - Leave Encashment**

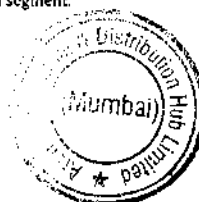
Particulars				As at 31st March, 2017	As at 31st March, 2016
<b>I - Actuarial Assumptions:</b>					
Discount Rate				6.90%	7.55%
Salary Escalation Rate				7.00%	7.00%
Attrition Rate				15.00%	15.00%
<b>II - Change in Defined Benefit Obligations (DBO):</b>					
Liability at the Beginning of the Year				793,186	553,142
Service Cost				246,898	158,082
Interest Cost				42,371	35,778
Benefits Paid				(463,968)	(188,901)
Actuarial (Gain)/Loss				(322,733)	235,085
Liability at the End of the Year				295,754	793,186
<b>III. Amount Recognized in the Balance Sheet</b>					
Current Liability at the End of the Period				46,238	294,228
Non Current Liability at the End of the Year				249,516	498,958
Liability recognised in Balance Sheet				295,754	793,186
<b>IV. Expenses Recognised in the Statement of Profit and Loss</b>					
Current Service Cost				246,898	158,082
Interest Cost				42,371	35,778
Net Actuarial (Gain)/Loss to be recognized				(322,733)	235,085
Expense / (Income) recognised in the Statement of Profit and Loss				(33,464)	428,945
<b>V. Balance Sheet Reconciliation</b>					
Opening Net Liability				793,186	553,142
Expense /(Income) as above				(33,464)	428,945
Employers Contribution				(463,968)	(188,901)
Closing Net Liability				295,754	793,186
<b>VI. Experience Adjustment</b>					
Defined Benefit Obligation				793,186	553,142
Deficit /(Surplus)				793,186	553,142
Assumptions (Gain)/Loss				3,793	31,395
Experience Adjustment - Plan Liabilities				231,292	(313,498)
Total Actuarial (Gain)/Loss				235,085	(282,103)
<b>VII. History of DBO, Asset Values, Surplus/Deficit &amp; Experience Gains/Losses</b>					
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligations	295,754	793,186	553,142	592,933	3,349,896
(Surplus)/Deficit	295,754	793,186	553,142	592,933	3,349,896
Assumptions (Gain)/Loss	9,610	3,793	31,395	(31,666)	69,564
Exp. Adjustment - Plan Liabilities (Gains)/Loss	(332,343)	231,292	(313,498)	(1,902,562)	(1,224,323)
Total Actuarial (Gain)/Loss	(322,733)	235,085	(282,103)	(1,934,228)	(1,154,759)

**26. Disclosure pursuant to Accounting Standard 17 - Segment information**

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.



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**27. Disclosure pursuant to Accounting Standard 18 - Related party disclosures:**

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:-

Name of the Related Party	Relationship
1) Arshiya Limited	Holding Company
2) Arshiya Northern FTWZ Limited	Fellow Subsidiaries
3) Arshiya Rail Infrastructure Limited	
4) Cyberlog Technologies (UAE) FZE (up to 21st March'17)	
5) Mr. Ajay S Mittal - Director	
6) Mrs. Archana A Mittal - Director	Key Managerial Personnel (KMP)
7) Mr. Navnit Choudhary - Director	
8) Mr. Ranjit Ray - Director (Resigned on 17th Nov'2016)	
9) Mr. Rishabh Pankaj Shah - Director	
10) Mr. Ashish Kumar Bairagra - Director	
11) Mr. Sanjay Sukhram Lakshman (w.e.f. 7th September'2016)	
12) Mr. Mukesh Khathuria - Chief Financial Officer (w.e.f. 8th Feb'2017)	
13) Mr. Ananya Mittal - V.P. Strategy	Relative of Key Managerial Personnel

**Note:**

The related party relationships have been determined by the management on the basis of the requirements of AS-18 and the same has been relied upon by the auditors.

(ii) Summary of significant related party transactions (as identified by the management) carried out in the ordinary course of business are as follows:

(Amount in ₹)

Transactions	Holding Company		Fellow Subsidiaries		Relative of KMP	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>Loans Taken</b>						
Balance as at the beginning of the year	53,892,163	43,601,654	45,761,877	19,595,695	-	-
Loans Taken during the year	19,197,393	10,991,467	54,724,671	28,341,975	-	-
Allocation of cost and common expenses by Holding Company*	41,981,999	-	-	-	-	-
<b>Loans Repaid during the year</b>	(86,441)	(700,958)	(3,227,312)	(2,175,793)	-	-
Conversion of loan into equity shares with security premium**	(104,157,000)	-	-	-	-	-
<b>Balance as at the end of the year</b>	<b>10,828,113</b>	<b>53,892,163</b>	<b>97,259,236</b>	<b>45,761,877</b>	<b>-</b>	<b>-</b>
<b>Account Payable as at the beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Service received	-	-	2,378,967	-	-	-
Amount Paid / Debit Notes / TDS deducted	-	-	(2,378,967)	-	-	-
<b>Account payable as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Issue of Equity Shares including Securities Premium</b>	<b>2,140,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Remuneration Paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,567,628</b>	<b>2,477,628</b>
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>991,700</b>	<b>364,920</b>
<b>Corporate Guarantee</b>	<b>4,132,600,000</b>	<b>4,733,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to ₹ 4,19,81,999/- based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 19) and certain expenses stated under other expenses (Refer Note No. 21) are presented as inclusive of such allocation of certain common costs and expenses. Had the Company continued the earlier practice, loss for the year ended 31st March, 2017 would have been lower by ₹ 4,19,81,999/-.

\*\* Company issued 1,04,157 equity shares of ₹ 10/- each at ₹ 1000/- (including premium of ₹ 990/-) for conversion of loan given by Holding Company.

**28. Disclosure pursuant to Accounting Standard 20 - Earnings per share**

The number of shares used in computing Basic and Diluted Earnings Per Share is the weighted average number of shares outstanding during the year

(Amount in ₹)

Computation of Earnings Per Share (Basic and Diluted)	As at 31st March, 2017	As at 31st March, 2016
Loss for the year	(1,377,538,942)	(912,557,434)
Weighted average number of equity shares (Number)	14,999,143	14,992,995
Nominal Value per share	10	10
Earnings Per Share - Basic and Diluted	(91.84)	(60.87)



## 29. Preparation of financial statements on "Going Concern" basis

The financial statements of the Company have been prepared on a "Going Concern" basis in view of the Revival plans referred to in Note. 30.

## 30. Revival of Business

- i) Operations of the company to increase, post approval as Inland Container Depot (ICD) and receipt of Electronic Data Interface (EDI) connectivity during the year;
- ii) Fully operational facility has now entered into long term contract with global shipping majors eg. Maersk Line and Hamburg Sud Shipping;
- iii) The planned long term contract for transportation of Reefer cargo to increase revenue;
- iv) Increasing throughput through collaborative 'Pooling of assets' with other ICD and Private Container Train Operators (PCTO);
- v) Increasing interest from various Global customers for integrated solutions including rail transport and warehousing.

## 31. Borrowings:-

### **Re-structuring of loans assigned by Lenders to Edelweiss Asset Reconstruction Company Limited (EARC)(Lender on behalf of the various EARC Trusts)**

Various Lenders of the company, comprising of 4 banks have assigned their Term Loans (loans) to EARC (as trustee of EARC Trusts). Post assignment of loans, EARC has become a secured lender of the Company and right, title and interest of the lenders have vested into EARC. As per the restructuring package approved by the EARC, loans so assigned as on 31st March 2017, have been restructured.

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 31st March 2017. Under the Agreement, the loans assigned to EARC aggregating to ₹374,00,00,000/-

(i) Stand restructured, merged and converted into Restructured Loans aggregating to ₹160,00,00,000/-

(ii) the balance debt of ₹ 214,00,00,000/- is converted into Zero Percent Optionally Convertible Redeemable Preference Shares (OCRPS). Accordingly, the Company has issued to EARC 21,40,000 OCRPS of face value of ₹10/- each at a price of ₹1,000/- each (which includes premium of ₹990/-).

The above stated OCRPS has been transferred by EARC to holding company and holding company has converted said OCRPS into 21,40,000 Equity Shares of the Company.

The current outstanding of above restructured loan as on 31st March, 2017 is ₹ 160,00,00,000/-

## 32. Loans other than assigned to Asset Reconstruction Company (ARC):

i) During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR). The Company has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Company's borrowings becoming "Non-Performing Assets" (NPAs) with the Banks. Since then, such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.

ii) Further to the above, CDR-EG issued a letter dated 31st July, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In the absence of any communication from these lenders, the Company has not provided for additional interest from CDR Cut off date till 31st March 2017 estimated at ₹ 51,39,59,843/- which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanction terms and penal interest on overdue amount of interest and installment. Had the Company provided for additional interest as stated above, on such loans, the loss before tax for the year ended 31st March, 2017 would have been higher by ₹ 51,39,59,843/-. Upon reconciliation and finalization of the estimated entitlements of these lenders, the Company will recognize the liability in its books during the year in which finality is reached.

## 33. Tax Deducted at Source

(a) The Company had deducted income tax at source (TDS) aggregating to ₹ 28,24,343/- during the earlier years from the amounts payable to various parties. The Company has not paid the said TDS to the government on assumption that such parties would have paid their income tax dues on the income declared by them in the respective years. Accordingly during the year, the Company has transferred an amount of ₹28,24,343/- back to the respective parties.

(b) The Company has written back an aggregate amount of ₹ 21,38,478/- representing interest on unpaid tax deducted at source provided in earlier years on the premise that since the corresponding tax deducted is assumed to be not payable as mentioned in Note no. (a) above, interest thereon is not payable.

## 34. Details of Exceptional items are as under:

Exceptional items	(Amount in ₹)	
	Year Ended 31st March, 2017	Year Ended 31st March, 2016
1) Reconciliation of Loan Accounts with EARC (net)	303,370,844	-
1) Fixed Assets Written off	-	17,454,823
2) Fees for Restructuring	10,000,000	3,000,000
3) Irrecoverable Advances Written off	-	1,641,171
4) Inventories Written off	12,029,047	-
5) Interest on delayed payment of TDS Written Back (Refer Note No. 33)	(2,138,478)	-
6) Settlement of Claims	60,964,604	-
7) Provision no longer required and Sundry balances Written Back (net)	(1,983,936)	(1,717,231)
Exceptional items (net)	382,242,081	20,388,763



**35. Prior Period Adjustments :**

(Amount in ₹)

Prior period items	Year Ended 31st March, 2017	Year Ended 31st March, 2016
1) Provident Fund Penal damages	150,237	-
2) Provident Fund Penal Interest	109,048	-
<b>Total</b>	<b>259,285</b>	<b>-</b>

**36. Disclosure on Specified Bank notes (SBNs)**

During the year, the Company did not have any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017.

37. The Company is of the view that the provisions of Section 185 of the Companies Act, 2013 as regards Intercompany advances/loans/guarantees granted/received to/from group companies are not applicable, as the same are provided/received in the normal course of business.

38. Certain balances in respect of Trade Receivables, Loans and Advances, Term Loan, Trade Payables and other liabilities other than due from/to Holding/Fellow Subsidiaries are subject to confirmations and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts will be adjusted in the year in which balances are reconciled.

39. Certain lenders and creditors have filed winding up petitions/ cases / other legal proceedings for recovery of the amounts due to them which are at different stages before the respective judicial forums / authorities. Claims by the said lenders and creditors have been contested by the Company in those proceedings and not acknowledged as debts. The financial implication of such claims will be recognised as and when finality in the matter is reached.

**40. Disclosure pursuant to Accounting for Taxes on Income:**

In view of loss for the year, no provision for taxation has been made.

Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognized as a measure of abundant caution.

41. During the year Arshiya Rail Infrastructure Limited (ARAIL) has filed an application with the National Company Law Tribunal (NCLT) for the merger of the Company and Arshiya Transport & Handling Limited with Arshiya Rail Infrastructure Limited. The impact of this proposed merger will be recognised on receipt of the order from the NCLT.

**41.1 Cenvat Credit Receivable:-**

The Company has been legally advise that post merger of the Company with ARAIL, the unutilised Cenvat credit of the Company can be utilised for discharging the service tax liability of ARAIL.

42. In the opinion of the Management, the Company's assets are such that there are no significant parts thereof whose life is different than the useful life of the whole asset (Component accounting being a technical matter, the opinion of the Management is relied upon by the Auditors). Consequently, the Company has continued to provide depreciation in respect of all its assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective assets.

**43. Invoking of Corporate Guarantee of Promoters and received notice of Possession in respect of properties mortgaged**

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 ₹ 506,57,51,992/- (reduced to ₹ 2,93,69,94,758/- 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.

44. 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 Financial Officer (CFO) and Whole time Company Secretary (CS). However, there was delay in the compliance as the Company appointed Mr. Mukesh Khathuria as a CFO w.e.f. 8th February, 2017 and Mr. Sanjay S. Lakkhan as a CS w.e.f. 7th September, 2016.

45. Previous year's figures have been regrouped/reclassified, wherever necessary to conform to those of current year's classification/disclosures.

Signature to Notes forming part of Financial Statements

For M.A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

Mukul Patel  
Partner  
Membership No. 032489

Place: Mumbai  
Date: 17th May, 2017



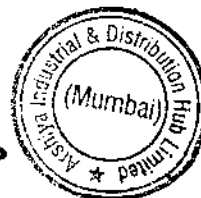
For and on behalf of the Board of Directors of  
Arshiya Industrial & Distribution Hub Limited

Ajay S Mittal  
Director  
DIN : 00226355

Mukesh Khathuria  
Chief Financial Officer

Navnit Choudhary  
Director  
DIN : 00613576

Sanjay S. Lakkhan  
Company Secretary



**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**ARSHIYA RAIL INFRASTRUCTURE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Arshiya Rail Infrastructure Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the



financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

***Basis for qualified opinion:***

*We draw attention to the following:*

1. *In respect of non-provision of interest aggregating to Rs. 7,84,72,718/- on loans other than assigned to Asset Reconstruction Company as referred to in Note no. 37.*

*As stated above, the records of the company indicated that it has not provided for interest of Rs 7,84,72,718/-. Had the Company provided for said interest finance cost, loss for the year, reserves and surplus and other current liabilities would have been higher by Rs.7,84,72,718/-.*

2. *In respect of non-compliance with the provisions of sub section 1 of Section 203 of the Act relating to delay in appointment of Chief Financial Officer as referred to in Note no. 47.*
3. *In respect of non-compliance with the provisions of sub section (1) of Section 203 of the Companies Act, 2013 relating to appointment of whole-time Company Secretary as referred to in Note no 48.*

***Qualified Opinion:***

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph*, these 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## Emphasis of Matter

1. The Company continues to be under severe financial stress as reflected in Note no. 11 to the extent as stated below:

- (a) Creditors for capital expenditure aggregating to Rs. 13,59,56,902/-.
- (b) Recalled dues of banks aggregating to Rs. 86,35,88,875/-.
- (c) Unpaid employee's dues amounting to Rs. 1,30,68,697/-.
- (d) Unpaid statutory dues of Rs. 7,18,44,207/-.

2. Further to above, we draw attention to the following matters:

- (a) Note no. 42 relating to Inter-Company advances/loans/guarantees granted/received.
- (b) Note no. 44 relating to legal proceedings against the Company
- (c) Note no. 45 relating to pending balance confirmations

Our Opinion is not modified in respect of these matters.

Despite the foregoing, these accounts have been prepared on a "Going Concern" basis as referred to in Note no. 34 of the financial statements.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"**, a Statement on the matters specified in paragraphs 3 and 4 of the Order.


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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;



- (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 "B"**; and
- (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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer to Note nos. 32 (b), 32(d), 32(e) and 44 to the financial statements;
  - ii. The company does not have any long-term contracts including derivative contracts and hence there are no material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note no 41 to the financial statements.

**For M. A. Parikh & Co.**  
Chartered Accountants  
(Firm Reg. No. 107556W)

  
**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017

**Annexure – A to the Auditors' Report**

**Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirement of even date**

- (i) (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 explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of Freehold Land are held in the name of the Company.
- (ii) As explained to us, inventories were physically verified at the end of year by the management. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (iii) The Company has granted interest free unsecured loans to three parties covered in the register maintained under Section 189 of the Companies Act, 2013. According to the terms of arrangement the loans are receivable after one year but within five years, hence the question of repayment during the year does not arise. There are no overdue amounts exceeding Rs. One lakh as of year-end with respect to such loans granted.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investment and guarantees made. (Refer Note no. 42)
- (v) The Company has not accepted any deposits from the public and hence clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed books of accounts maintained by the Company in respect of services rendered pursuant to rules made by Government of India with regard to the maintenance of cost records as prescribed under sub section (1) of section 148 of the Companies Act, 2013 and are of opinion that, prima facie, the prescribed basic cost records have been made and maintained. We have, however, not made detailed examination of cost records with a view to determine whether they are accurate or complete.





(vii) In respect of statutory dues:

- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, *except, Tax Deducted at Source and Service Tax of Rs. 55,67,193/- and Rs 5,15,02,147/- respectively which is outstanding as of the year-end for a period of more than six months from their due dates of payment.*
- (b) There are no disputed dues in respect of Wealth Tax, Income Tax, Customs duty and Excise duty which have not been deposited on account of any disputes. Details of disputed dues of Service Tax and Value Added Tax which have not been deposited are as under.

Name of Statute	Nature of dues	Amount	Period to which the dues relate	Forum Where dispute is pending
Maharashtra Value Added Tax Act, 2002	Sales Tax	72,22,914	FY. 2008-09	Assistant Commissioner of Sales Tax.
The Finance Act 1994	Service Tax	21,85,676	FY 2011-12 and 2012-13	Commissioner of Service Tax (Appeal 1)
The Finance Act 1994	Penalty on Service Tax	25,82,268	FY 2011-12 and 2012-13	Commissioner of Service Tax (Appeal 1)

- (vii) The Company has not issued any debentures. *Based on our audit procedures and according to the information and explanations given by the management, during the year, the Company, has defaulted in repayment of dues to Banks and a Financial Institution, the defaults whereof are stated hereunder:*

**Default on account of non-payment of principal of Term Loan from "Banks" are as stated below:**

Period of Default	Name of Lender		
	Corporation Bank	Bank of India	Karur Vysya Bank Limited
FY 2012-13	52,50,000	75,00,000	22,50,000
FY 2013-14	1,75,00,000	2,50,00,000	75,00,000
FY 2014-15	3,15,00,000	4,50,00,000	1,35,00,000
FY 2015-16	25,86,85,000	5,50,00,000	11,09,30,905
Jun-16	-	1,62,50,000	-
Sep-16	-	1,62,50,000	-
Dec-16	-	1,62,50,000	-
Mar-17	-	1,62,50,000	-
<b>Total</b>	<b>31,29,35,000</b>	<b>19,75,00,000</b>	<b>13,41,80,905</b>



**Default on account of non-payment of principal of Short Term Loan from a Financial Institution (Edelweiss Asset Reconstruction Company) as stated below:**

<b>Period of Default</b>	<b>EARC</b>
April-16	31,35,139
May-16	54,16,667
Jun-16	54,16,667
Jul-16	54,16,667
Aug-16	54,16,667
Sep-16	54,16,667
Oct-16	54,16,667
Nov-16	54,16,667
Dec-16	54,16,667
Jan-17	54,16,667
Feb-17	54,16,667
Mar-17	54,16,667
<b>Total</b>	<b>6,27,18,476</b>

**Default on account of non-payment of interest on Term Loan from "Banks" are as stated below:**

<b>Period of Default</b>	<b>Name of Lender</b>		
	<b>Corporation Bank</b>	<b>Bank of India</b>	<b>Karur Vysya Bank Limited</b>
FY 2013-14	6,76,14,939	9,67,29,647	2,88,89,709
FY 2014-15	6,16,79,521	8,57,14,882	2,59,71,938
FY 2015-16	7,25,71,996	10,31,49,974	3,10,22,552
April-16	68,75,765	97,72,985	29,39,225
May-16	71,99,852	1,02,33,632	30,77,765
Jun-16	70,63,761	1,00,40,196	30,19,590
Jul-16	73,96,709	1,05,13,438	31,61,917
Aug-16	74,98,794	1,06,58,538	32,05,556
Sep-16	73,57,053	1,04,57,071	31,44,965
Oct-16	77,03,825	1,09,49,962	32,93,202
Nov-16	75,58,208	1,07,42,987	32,30,954
Dec-16	79,14,462	1,12,49,355	33,83,244
Jan-17	80,23,693	1,14,04,611	34,29,937
Feb-17	73,47,228	1,04,43,106	31,40,764
Mar-17	82,35,832	1,17,06,747	35,20,019
<b>Total</b>	<b>29,20,41,638</b>	<b>41,37,67,131</b>	<b>12,44,31,337</b>



**Default on account of non-payment of interest on Short Term Loan from a Financial Institution (Edelweiss Asset Reconstruction Company) as stated below:**

<b>Period of Default</b>	<b>EARC</b>
May-16	5,83,144
Jun-16	8,64,374
Jul-16	12,64,512
Aug-16	13,64,780
Sep-16	13,55,951
Oct-16	14,37,179
Nov-16	14,27,080
Dec-16	15,11,766
Jan-17	15,50,382
Feb-17	14,35,766
Mar-17	16,26,461
<b>Total</b>	<b>1,44,21,395</b>

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided during the year for managerial remuneration and hence clause 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards (Refer Note no. 28)
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has made preferential allotment of shares viz. in compliance with section 42 of the Act.



- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M. A. Parikh & Co.**

**Chartered Accountants**  
(Firm Reg. No. 107556W)

*Mukul Patel*

**Mukul Patel**  
**Partner**  
Membership No. 32489



Place : Mumbai  
Date: 17<sup>th</sup> May, 2017

## **Annexure- B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Rail Infrastructure Limited** ("the Company") as of 31<sup>st</sup> March 2017 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **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 Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

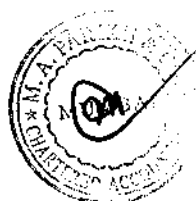
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

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



## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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 ICAI.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017







**Arshiya Rail Infrastructure Limited**

**Financial Statement for the**

**Financial Year 2016-17**

**Arshiya Rail Infrastructure Limited**  
Balance Sheet as at 31st March, 2017

(Amount in ₹)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016
<b>I Equity and Liabilities</b>			
<b>1 Shareholder's Funds</b>			
(a) Share Capital	4	42,38,44,170	40,88,91,950
(b) Reserves and Surplus	5	(37,31,03,555)	(95,73,11,540)
		<b>5,07,40,615</b>	<b>(54,84,19,590)</b>
<b>2 Non-Current Liabilities</b>			
(a) Long Term Borrowings	6	3,56,54,20,463	1,90,32,77,957
(b) Long Term Provisions	7	14,64,942	20,74,486
(c) Other Non Current Liabilities	8	35,00,000	35,00,000
		<b>3,57,03,85,405</b>	<b>1,90,88,52,443</b>
<b>3 Current Liabilities</b>			
(a) Short Term Borrowings	9	6,27,18,476	57,29,10,600
(b) Trade Payables	10	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,41,10,635	6,47,16,976
(c) Other Current Liabilities	11	1,94,57,80,054	4,02,50,65,611
(d) Short Term Provisions	7	3,65,759	5,41,638
		<b>2,05,29,74,924</b>	<b>4,66,32,34,825</b>
<b>Total</b>		<b>5,67,41,00,944</b>	<b>6,02,36,67,678</b>
<b>II Assets</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
i. Tangible Assets	12	4,89,55,02,605	5,21,75,44,524
ii. Intangible Assets	12	30,87,61,533	34,21,64,151
		<b>5,20,42,64,138</b>	<b>5,55,97,08,675</b>
(b) Non Current Investments	13	-	-
(c) Long Term Loans and Advances	14	37,27,60,762	35,57,94,179
		<b>5,57,70,24,900</b>	<b>5,91,55,02,854</b>
<b>2 Current Assets</b>			
(a) Inventories	15	15,72,952	40,11,599
(b) Trade Receivables	16	2,31,86,448	6,00,53,435
(c) Cash and Cash Equivalents	17	5,74,05,760	3,88,94,278
(d) Short Term Loans and Advances	14	1,33,23,100	47,28,669
(e) Other Current Assets	18	15,87,784	4,76,843
		<b>9,70,76,044</b>	<b>10,81,64,824</b>
<b>Total</b>		<b>5,67,41,00,944</b>	<b>6,02,36,67,678</b>

Summary of Significant Accounting Policies  
See accompanying notes to the financial statements

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As per our report of even date

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

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

*Mukul Patel*

Mukul Patel  
Partner  
Membership Number: 032489

*Ajay S Mittal*

Ajay S Mittal  
Managing Director  
DIN : 00226355

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN : 00613576

Place: Mumbai  
Date: 17th May, 2017



*D. Sodani*  
Dinesh Kumar Sodani  
Chief Financial Officer



**Arshiya Rail Infrastructure Limited****Statement of Profit and Loss for the year ended 31st March 2017****(Amount in ₹)**

Particulars	Notes	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>I. Revenue:</b>			
Revenue From Operations	19	154,71,76,883	197,58,54,641
Other Income	20	65,09,438	34,42,291
<b>Total Revenue</b>		<b>155,36,86,321</b>	<b>197,92,96,932</b>
<b>II. Expenses:</b>			
Cost of Operations	21	140,63,00,000	175,99,18,587
Employee Benefits Expenses	22	9,05,63,313	7,35,46,775
Finance Cost Expenses	23	40,75,95,701	40,94,71,736
Depreciation and Amortization Expenses	12	36,85,62,732	36,91,21,659
Other Expenses	24	6,88,99,590	4,91,86,279
<b>Total Expenses</b>		<b>234,19,21,336</b>	<b>266,12,45,036</b>
<b>III. Loss for the year before Exceptional Items and Tax (I-II)</b>		<b>(78,82,35,015)</b>	<b>(68,19,48,104)</b>
<b>IV. Exceptional Items (net)</b>	38	10,56,26,780	15,23,80,492
<b>V. Prior Period Adjustments</b>	39	22,00,000	(12,98,543)
<b>VI Loss for the year (III-IV-V)</b>		<b>(89,60,61,795)</b>	<b>(83,30,30,053)</b>
<b>Earnings per equity share</b>	30		
Basic and Diluted		<b>(21.91)</b>	<b>(20.37)</b>

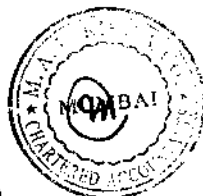
Summary of Significant Accounting Policies 3  
 See accompanying notes to the financial statements 1-49

As per our report of even date

For M. A. Parikh & Co.  
 Chartered Accountants  
 Firm Registration Number 107556W.

*Mukul Patel*

Mukul Patel  
 Partner  
 Membership Number: 032489



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

*Ajay S Mittal*

Ajay S Mittal  
 Managing Director  
 DIN : 00226355

*Navnit Choudhary*

Navnit Choudhary  
 Director  
 DIN : 00613576

Place: Mumbai  
 Date: 17th May, 2017

*D. Sodani*  
 Dinesh Kumar Sodani  
 Chief Financial Officer



**Arshiya Rail Infrastructure Limited**  
**Cash Flow Statement for the year ended 31st March,2017**

(Amount in ₹)

Particulars	Notes	Year ended 31st March,2017	Year ended 31st March,2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year		(89,60,61,795)	(83,30,30,053)
<b>Adjustments for :</b>			
Depreciation/Amortization		36,85,62,732	36,91,21,659
Interest Income		(30,04,376)	(15,36,751)
Loss on Sale of Assets		-	1,08,74,220
Reconciliation of Loans Account with EARC (net)		8,15,56,990	-
Fixed Assets Written off		-	10,05,28,249
Loss on Transfer of Assets		-	2,22,72,694
Finance Expense		40,75,95,701	40,91,72,890
Sundry Balances Written Back (net)		(1,84,872)	(2,63,88,527)
Inventories Written off		23,43,067	-
Bad Debts Written off		93,443	9,58,595
Provision no longer required Written Back		(39,31,300)	(8,23,436)
Irrecoverable Advance Written off		-	36,00,000
Settlement of Claims		1,58,42,896	4,31,93,275
Fees for Debt Restructuring		1,00,00,000	30,00,000
Recovery of Expenses provided in Earlier Years		-	(38,75,983)
<b>OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(1,71,87,514)</b>	<b>9,70,66,832</b>
<b>Adjustments for</b>			
Decrease in Trade and Other Payables		(5,29,50,874)	(22,10,75,727)
Increase in Trade and Other Receivables		(20,35,294)	(19,40,98,499)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(7,21,73,682)</b>	<b>(31,81,07,394)</b>
Net Income Tax (Paid)/ Refunds		1,22,32,464	20,74,637
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(5,99,41,218)</b>	<b>(31,60,32,757)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(1,31,18,195)	(1,20,94,349)
Proceeds from Sale / Transfer of Fixed Assets		-	27,22,26,118
Interest Income		30,04,376	15,36,751
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(1,01,13,819)</b>	<b>26,16,68,520</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long Term Borrowings (net)		3,39,60,040	5,34,13,097
Short Term Borrowings (net)		5,52,18,475	75,00,000
Interest Paid		(6,11,996)	(32,77,779)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>8,85,66,519</b>	<b>5,76,35,318</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>1,85,11,482</b>	<b>32,71,081</b>
Cash and cash equivalents at the beginning of the year		1,86,51,776	1,99,68,613
Earmarked Balances with banks at the beginning of the year		2,02,42,502	1,56,54,584
<b>Cash and Cash Equivalents at the end of the year</b>		<b>5,74,05,760</b>	<b>3,88,94,278</b>
Cash and cash equivalents at the end of the year		1,76,92,282	1,86,51,776
Earmarked Balances with banks*		3,97,13,478	2,02,42,502
<b>Cash and Cash Equivalents at the end of the year</b>		<b>5,74,05,760</b>	<b>3,88,94,278</b>

\*Note:- Earmarked Balances with Banks includes Margin Money Deposits

As per our report of even date

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

*Mukul Patel*  
**Mukul Patel**  
Partner  
Membership Number: 032489



Place: Mumbai  
Date: 17th May,2017

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

*Ajay S Mittal* *Navnit Choudhary*  
**Ajay S Mittal** **Navnit Choudhary**  
Managing Director Director

*Dinesh Kumar Sodani*  
**Dinesh Kumar Sodani**  
Chief Financial Officer



# **Arshiya Rail Infrastructure Limited**

Notes to financial statement for the year ended 31st March, 2017

## **1. Corporate Information**

Arshiya Rail Infrastructure Limited (ARIL) is a subsidiary of Arshiya Limited (AL), a company listed on Bombay Stock Exchange and National Stock Exchange. In April 2008, AL acquired a license to operate a pan-India rail service, giving rise to ARIL. ARIL is a specialized entity of AL, offering unprecedented rail infrastructure, including an abundance of modern rakes, customized containers, new sidings, pan-India network, and superior connectivity. The company is engaged in container train business and holding Category -I license which allows the company to operate on Indian rail network on pan India basis both Domestic and Exim Traffic. Arshiya Rail's unique offerings provide unparalleled efficiencies with capability of large scale evacuation of cargo from Ports, Domestic Distriparks, Free Trade and Warehousing Zones and Customer Sidings.

## **2. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified).

## **3. Summary of Significant Accounting Policies:**

### **(i) Use of Estimates:**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amounts of revenue and expenses for the year. The difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

### **(ii) Property, Plant and Equipment (Fixed Assets) and Intangible Assets**

#### **(A) Tangible Assets**

- (a) Fixed Assets excluding land are stated at original cost of acquisition/installation (net of cenvat credit availed, if any) less accumulated depreciation and impairment losses, if any. All costs including borrowing cost incurred during pre-operational period till the commencement of commercial operations are capitalized.
- (b) Land is carried at its revalued amount being the estimated market value on the date of revaluation.



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## **Arshiya Rail Infrastructure Limited**

Notes to financial statement for the year ended 31st March, 2017

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### **(B) Capital work-in-progress**

The cost of fixed assets which are not ready for its intended use are carried at cost comprising direct costs, related incidental expenses and attributable interest.

### **(C) Intangible Assets**

- (a) Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.
- (b) The capitalized cost of software includes license fees, cost of implementation and system integration services. These costs are capitalized as intangible assets in the year in which related software is implemented.

### **(D) Depreciation and Amortisation**

#### **(a) Tangible Assets**

Depreciation on all Tangible Assets is provided on the straight line method at the rates and manner in accordance with Part C of Schedule II to the Companies Act, 2013.

#### **(b) Intangible Assets**

- (b)(i) Amortisation of intangible assets other than (b)(ii) below, are provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.
- (b)(ii) Cost of Enterprise Resource Planning (ERP) software including expenditure on implementation is amortised over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.

### **(iii) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised till the date of commencement of commercial operations as part of cost of such assets. All other borrowing costs are charged to revenue.

### **(iv) Leases**

#### **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.



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## **Arshiya Rail Infrastructure Limited**

Notes to financial statement for the year ended 31st March, 2017

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### **(v) Investments**

- a) Investments intended to be held for more than a year, from the date of acquisition are classified as long term and are valued at cost. Provision for diminution, if any, in the value of long term investments is made to recognise a decline, other than temporary
- b) Current investments are valued at lower of cost and fair value, computed individually for each investment.

### **(vi) Inventory**

Inventories are valued at cost or net realizable value, whichever is less.

### **(vii) Revenue Recognition:**

- a) Rail freight income and related expenses are recognised for at the time of issue of Railway Receipt (RR) by Indian Railways.
- b) Revenue from Handling and other ancillary services is recognised on the basis of loading/ unloading of container/cargo, considering the same as substantial completion of contracted services.
- c) Interest and Other Income are recognised for on accrual basis except where the receipt of income is uncertain in which case it is recognised on receipt basis.

### **(viii) Employee benefits**

Employee benefits include Provident Fund, Gratuity and Leave Encashment entitlements.

#### **a) Defined Contribution Plan**

Contributions to defined contribution scheme such as provident fund are charged to the Statement of Profit and Loss as and when accrued.

#### **b) Defined Benefit Plan**

The Liability for Leave Encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS-15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.



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## **Arshiya Rail Infrastructure Limited**

Notes to financial statement for the year ended 31st March, 2017

### **(ix) Accounting for Taxes on Income**

- a) Provision for Current Tax is made, based on the tax payable under the Income-tax Act, 1961.
- b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and are measured using relevant enacted tax rates. Deferred Tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.
- c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

### **(x) Impairment**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

### **(xi) Provisions, Contingent Liabilities and Contingent Assets:**

- (a) A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.
- (b) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- (c) Contingent Assets are not recognised or disclosed in the financial statements.

### **(xii) Earnings per Share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of equity and diluted equivalent shares outstanding during the year, except when the results would be anti-dilutive.



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## **Arshiya Rail Infrastructure Limited**

Notes to financial statement for the year ended 31st March, 2017

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### **(xiii) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

(xiv) Accounting policies not specifically referred to herein are in conformity with the generally accepted accounting principles followed by the Company.



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**Arshiya Rail Infrastructure Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**4. Share Capital**

Particulars	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Authorised</b>		
4,36,50,000 (4,50,00,000) Equity Shares of ₹ 10/- each	43,65,00,000	45,00,00,000
13,50,000 (Nil) Preference Shares of ₹ 10/- each	1,35,00,000	-
	<b>45,00,00,000</b>	<b>45,00,00,000</b>
<b>Issued, Subscribed and fully paid</b>		
4,23,84,417 (4,08,89,195) Equity Shares of ₹ 10/- each	42,38,44,170	40,88,91,950
13,10,000 (NIL) Zero Percent Optionally Convertible Redeemable Preference Shares of ₹ 10/- each (Refer Note No. b (ii))	-	-
<b>Total</b>	<b>42,38,44,170</b>	<b>40,88,91,950</b>

**(a) (i) Terms and rights attached to the Equity Shares**

The Company has one class of equity shares having a face value of ₹ 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 the proportion to the number of equity shares held by the shareholders.

**(ii) Terms and rights attached to the Preference Shares**

The Company has one class of Preference Shares being Optionally Convertible Preference Shares (OCRPS) having a face value of ₹ 10/- per share. Each holder of Preference Share is entitled to carry a preferential right vis-à-vis Equity Shares of the company with respect to repayment in case of a winding up or repayment of capital and optionally converted into equal number of Equity Shares of ₹ 10 each at the option of holder within 18 months post allotment of OCRPS. The OCRPS are non-participating and does not carry a coupon rate.

**(b) (i) Reconciliation of Equity Shares outstanding as at the beginning and end of the year**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Balance as at the beginning of the year	4,08,89,195	40,88,91,950	4,08,89,195	40,88,91,950
Add: Issued during the year on conversion of:				
1) Loan taken from Holding Company	1,85,222	18,52,220	-	-
2) OCRPS	13,10,000	1,31,00,000	-	-
<b>Balance as at the end of the year</b>	<b>4,23,84,417</b>	<b>42,38,44,170</b>	<b>4,08,89,195</b>	<b>40,88,91,950</b>

**(ii) Reconciliation of Zero Percent Optionally Convertible Redeemable Preference Shares outstanding as at the beginning and end of the year**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Balance as at the beginning of the year	-	-	-	-
Issued during the year	13,10,000	1,31,00,000	-	-
Conversion into Equity Shares during the year (Refer Note No. 36)	(13,10,000)	(1,31,00,000)	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(c) Equity Shares held by the Holding Company and Fellow Subsidiary Company**

Particulars	(No. of Shares)	
	As at 31st March, 2017	As at 31st March, 2016
Arshiya Limited (Holding Company)	4,23,84,417	3,87,32,491
Arshiya Hongkong Limited (Fellow Subsidiary)*	-	21,56,704
<b>Total</b>	<b>4,23,84,417</b>	<b>4,08,89,195</b>

\* During the year, fellow subsidiary has sold its investment in the Company to the Holding Company.

**(d) Details of Shareholders holding more than 5 % of the aggregate shares in the company**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	% of holding	Number of shares	% of holding
Equity Share of ₹ 10/- fully paid up				
Arshiya Limited (Holding Company)**	4,23,84,417	100.00	3,87,32,491	94.73
Arshiya Hongkong Limited (Fellow Subsidiary)	-	-	21,56,704	5.27
<b>Total</b>	<b>4,23,84,417</b>	<b>100.00</b>	<b>4,08,89,195</b>	<b>100.00</b>



**Arshiya Rail Infrastructure Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

\*\* Notes :-

a) Shares held by the Holding Company include 200 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013.

b) As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**5. Reserves and Surplus**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Securities Premium</b>		
Balance as at the beginning of the year	2,36,03,48,442	2,36,03,48,442
Add : On issue of Equity Shares on conversion of loan taken from Holding Company (Refer Note No. 28)	18,33,69,780	-
Add : On issue of Zero Percent Optionally Convertible Redeemable Preference Shares (Refer Note No. 36)	1,29,69,00,000	-
<b>Balance as at the end of the year</b>	<b>3,84,06,18,222</b>	<b>2,36,03,48,442</b>
<b>Revaluation Reserve</b>		
Balance as at the beginning of the year	96,34,59,931	98,10,78,791
Less: Adjustments	-	1,76,18,860
<b>Balance as at the end of the year</b>	<b>96,34,59,931</b>	<b>96,34,59,931</b>
<b>Deficit in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(4,28,11,19,913)	(3,44,80,89,860)
Add: Loss for the year	(89,60,61,795)	(83,30,30,053)
<b>Balance as at the end of the year</b>	<b>(5,17,71,81,708)</b>	<b>(4,28,11,19,913)</b>
<b>Total</b>	<b>(37,31,03,555)</b>	<b>(95,73,11,540)</b>

**6. Long Term Borrowings**

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>Secured Loans</b>				
Term Loans				
From Banks	9,41,25,797	59,81,25,798	79,91,15,905	92,08,37,905
From Others (Refer Note No. 36)	3,41,18,37,540	1,14,25,95,534	-	87,05,00,000
	<b>3,50,59,63,337</b>	<b>1,74,07,21,332</b>	<b>79,91,15,905</b>	<b>1,79,13,37,905</b>
<b>Unsecured Loan</b>				
From Holding Company	5,94,57,126	16,25,56,625	-	-
	<b>5,94,57,126</b>	<b>16,25,56,625</b>	<b>-</b>	<b>-</b>
Less: Amount disclosed under the head "other current liabilities" (Refer Note No. 11)			(79,91,15,905)	(1,79,13,37,905)
<b>Total</b>	<b>3,56,54,20,463</b>	<b>1,90,32,77,957</b>	<b>-</b>	<b>-</b>

(a) The Term loans (from banks & from others) are secured by :-

i. First charge on all present and future movable assets (including rakes, containers, equipment's) and immovable properties of the company, including intangible assets.

ii. Second charge by way of Hypothecation of the entire current assets including receivables of the company.

iii. Pledge of 100% equity shares of the Company held by Promoters.

iv. Irrevocable and unconditional personal guarantees from Promoters of Holding Company.

v. Corporate Guarantee from Holding Company.

(b) Rate of Interest :

- on Term Loans from Banks 16.25% p.a.,
- on Term Loans from others 10% p.a.,



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**Arshiya Rail Infrastructure Limited**
**Notes to financial statements for the year ended 31st March, 2017**

(c) Repayment Schedule of above Term loans as on 31st March, 2017 is as follows :-

(Amount in ₹)			
Financial Year	Term Loans from Banks	Term Loans from Others	Total
2012-2013	1,50,00,000	-	1,50,00,000
2013-2014	5,00,00,000	-	5,00,00,000
2014-2015	9,00,00,000	-	9,00,00,000
2015-2016	11,00,00,000	-	11,00,00,000
2016-2017	13,00,00,000	-	13,00,00,000
2017-2018	15,45,00,000	-	15,45,00,000
2018-2019	18,60,00,000	-	18,60,00,000
2019-2020	15,77,41,702	17,36,50,574	33,13,92,276
2020-2021	-	61,35,91,668	61,35,91,668
2021-2022	-	22,72,90,392	22,72,90,392
2022-2023	-	2,39,73,04,906	2,39,73,04,906
<b>Total</b>	<b>89,32,41,702</b>	<b>3,41,18,37,540</b>	<b>4,30,50,79,242</b>

(d) Details of continuing default in repayment of Principal amount of Term Loans as on 31st March, 2017 are as follows:-

(Amount in ₹)	
Financial Year	Term Loans from Banks
2012-2013	1,50,00,000
2013-2014	5,00,00,000
2014-2015	9,00,00,000
2015-2016	42,46,15,905
Jun-16	1,62,50,000
Sep-16	1,62,50,000
Dec-16	1,62,50,000
Mar-17	1,62,50,000
<b>Total</b>	<b>64,46,15,905</b>

e) Conversion of Loan taken from Holding Company into equity shares

1,85,222 Equity shares of ₹ 10 each issued and allotted at ₹ 1,000/- including premium of ₹ 990/- per share aggregating to ₹ 18,52,22,000/- to holding company on preferential allotment basis, in lieu of and against conversion of loan.

f) Unsecured Loan from Holding Company

Interest free loan repayable after 12 months but before 5 years.

**7. Provisions**

(Amount in ₹)				
Particulars	Non Current		Current	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Provision for Leave Encashment (Refer Note No.26)	14,64,942	20,74,486	3,65,759	5,41,638
<b>Total</b>	<b>14,64,942</b>	<b>20,74,486</b>	<b>3,65,759</b>	<b>5,41,638</b>

**8. Other Non-Current Liabilities**

(Amount in ₹)		
Particulars	As at 31st March, 2017	As at 31st March, 2016
Security Deposit	35,00,000	35,00,000
<b>Total</b>	<b>35,00,000</b>	<b>35,00,000</b>

**9. Short Term Borrowings**

(Amount in ₹)		
Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Secured Loans</b>		
From Others:		
a) Short Term Loan	6,27,18,476	75,00,000
b) Working Capital Loan *	-	56,54,10,600
<b>Total</b>	<b>6,27,18,476</b>	<b>57,29,10,600</b>

\* The above loan has been restructured in current year into Term Loan as per Note No. 36



**Arshiya Rail Infrastructure Limited****Notes to financial statements for the year ended 31st March, 2017****(a) The term and conditions relating to short term loan from others are as under:-**

- i) The repayment to be made in 12 equated monthly installments starting from 30th April 2016
- ii) Exclusive charge by way of mortgage of immovable property, i.e., land admeasuring 5.62 acres at Khurja held by the company and Holding company.
- iii) Exclusive Hypothecation on power packs acquired.
- iv) Pledge of 100% unencumbered equity shares of the company held by Arshiya Limited (Holding Company).
- v) Pledge of 100% unencumbered equity shares of Arshiya Industrial and Distribution Hub limited held by holding company.
- vi) Pledge of 100% unencumbered equity shares of Arshiya Ltd. belonging to Promoters.
- vii) Rate of Interest on Short Term Loan-Others: 24% p.a.
- viii) Personal Guarantee of Promoters of Holding Company.
- ix) Corporate Guarantee of Holding Company and Arshiya Industrial & Distribution Hub Limited.
- x) Priority charge & Escrow on entire cash flows of the Company arising out of scheduled movement of all trains between Khurja ICD and the ports.

**(b) Details of continuing default in repayment of Principal amount of Short Term Loan as on 31st March, 2017 is as follows:-**

<b>Financial Year</b>		<b>(Amount in ₹)</b>	
		<b>Short Term Loans</b>	
	Apr-16		31,35,139
	May-16		54,16,667
	Jun-16		54,16,667
	Jul-16		54,16,667
	Aug-16		54,16,667
	Sep-16		54,16,667
	Oct-16		54,16,667
	Nov-16		54,16,667
	Dec-16		54,16,667
	Jan-17		54,16,667
	Feb-17		54,16,667
	Mar-17		54,16,667
	<b>Total</b>		<b>6,27,18,476</b>

**10. Trade Payables****(Amount in ₹)**

<b>Particulars</b>	<b>AS AT</b>	
	<b>31st March, 2017</b>	<b>31st March, 2016</b>
i) Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 33)	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No. 45)	4,41,10,635	6,47,16,976
<b>Total</b>	<b>4,41,10,635</b>	<b>6,47,16,976</b>



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**Arshiya Rail Infrastructure Limited**
**Notes to financial statements for the year ended 31st March, 2017**
**11. Other Current Liabilities**
**(Amount in ₹)**

Particulars	31st March, 2017	31st March, 2016
<b>Current Maturities of Long Term Borrowings</b>		
Term Loans from Banks *	79,91,15,905	92,08,37,905
Term Loans from others	-	87,05,00,000
	<b>79,91,15,905</b>	<b>1,79,13,37,905</b>
<b>Interest Accrued and due</b>		
On Term Loans from Banks** (Refer Note No. 37)	83,02,40,106	97,65,92,185
On Term Loans from Others	-	88,79,94,082
On Short Term Loan from Others	1,44,21,395	7,11,23,147
	<b>84,46,61,501</b>	<b>1,93,57,09,414</b>
<b>Other Current Liabilities</b>		
Statutory Dues	7,18,44,207	5,10,32,393
Interest on delayed payment of Statutory Dues	1,74,95,384	45,32,415
Advance received from Customers	13,65,918	64,17,438
Security Deposit	3,00,000	-
Project Creditors (Refer Note No. 44 and 45)	13,59,56,902	17,96,87,739
Provision for Expenses	5,27,38,690	3,81,37,864
Employee's Dues (including full and final settlement dues of ₹ 1,30,68,697/- P.Y. of ₹ 82,52,583/-)	2,16,57,828	1,82,10,443
Other liability	6,43,719	-
	<b>30,20,02,648</b>	<b>29,80,18,292</b>
<b>Total</b>	<b>1,94,57,80,054</b>	<b>4,02,50,65,611</b>

\* Include Loans aggregating to ₹ 44,71,15,905/- recalled by banks.

\*\* Include interest accrued and due on Term Loans aggregating to ₹ 41,64,72,970/- recalled by banks.

(a) Detail of Unpaid Interest on Term Loans as on 31st March 2017 are as follows:

**(Amount in ₹)**

Financial Year	Term Loans from banks
FY 2013-14	19,32,34,295
FY 2014-15	17,33,66,341
FY 2015-16	20,67,44,522
Apr-16	1,95,87,975
May-16	2,05,11,249
Jun-16	2,01,23,547
Jul-16	2,10,72,064
Aug-16	2,13,62,888
Sep-16	2,09,59,089
Oct-16	2,19,46,989
Nov-16	2,15,32,149
Dec-16	2,25,47,061
Jan-17	2,28,58,241
Feb-17	2,09,31,098
Mar-17	2,34,62,598
<b>Total</b>	<b>83,02,40,106</b>

(b) Detail of Unpaid Interest on Short Term Loan from Others as on 31st March 2017 are as follows:

**(Amount in ₹)**

Financial Year	Amount
May-16	5,83,144
Jun-16	8,64,374
Jul-16	12,64,512
Aug-16	13,64,780
Sep-16	13,55,951
Oct-16	14,37,179
Nov-16	14,27,080
Dec-16	15,11,766
Jan-17	15,50,382
Feb-17	14,35,766
Mar-17	16,26,461
<b>Total</b>	<b>1,44,21,395</b>



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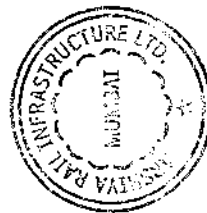
12. Fixed Assets

Description of assets	Gross Block			Depreciation / Amortization			Net Block	
	As at April 1, 2016	Additions	Deductions/Adjustment	As at 31st March, 2017	For the Year	Deductions/Adjustment	As at 31st March, 2017	As at 31st March, 2016
<b>a) Tangibles</b>								
Freehold Land	1,51,38,85,177	-	-	1,51,38,85,177	-	-	1,51,38,85,177	1,51,38,85,177
Building	4,45,09,854	-	-	4,45,09,854	7,04,290	-	4,14,76,337	4,21,80,627
Plant & Equipment	3,21,40,87,712	1,31,18,195	-	3,22,72,06,907	21,81,01,778	-	2,02,32,15,116	2,22,81,98,699
Railway Terminal	1,77,56,56,799	-	-	1,77,56,56,799	11,54,50,409	-	1,31,29,44,041	1,42,83,94,450
Computer	40,87,904	-	-	40,87,904	2,187	-	2,18,651	2,20,838
Furniture & Fixtures	23,19,907	-	-	23,19,907	1,94,924	-	8,78,666	10,73,590
Vehicles	53,51,483	-	-	53,51,483	7,06,526	-	28,84,617	35,91,143
<b>Total</b>	<b>6,55,98,98,836</b>	<b>1,31,18,195</b>	<b>-</b>	<b>6,57,30,17,031</b>	<b>33,51,60,114</b>	<b>-</b>	<b>4,89,55,02,605</b>	<b>5,21,75,44,524</b>
<b>Previous Year</b>	<b>7,14,85,02,815</b>	<b>1,20,94,349</b>	<b>60,06,98,328</b>	<b>6,55,98,98,836</b>	<b>33,56,27,434</b>	<b>7,32,65,338</b>	<b>5,21,75,44,524</b>	<b>6,06,85,10,599</b>
<b>b) Intangibles</b>								
Rail License Fees	50,00,00,000	-	-	50,00,00,000	2,50,00,000	-	29,58,33,334	32,08,33,334
Computer Software	4,06,79,407	-	-	4,06,79,407	84,02,618	-	1,29,28,199	2,13,30,817
<b>Total</b>	<b>54,06,79,407</b>	<b>-</b>	<b>-</b>	<b>54,06,79,407</b>	<b>3,34,02,618</b>	<b>-</b>	<b>30,87,61,533</b>	<b>34,21,64,151</b>
<b>Previous Year</b>	<b>54,06,79,407</b>	<b>-</b>	<b>-</b>	<b>54,06,79,407</b>	<b>3,34,94,225</b>	<b>-</b>	<b>34,21,64,151</b>	<b>37,56,58,376</b>
<b>Total</b>	<b>7,10,05,78,243</b>	<b>1,31,18,195</b>	<b>-</b>	<b>7,11,36,96,438</b>	<b>36,85,62,732</b>	<b>-</b>	<b>5,20,42,64,138</b>	<b>5,55,97,08,675</b>
<b>Previous Year Total</b>	<b>7,68,91,82,222</b>	<b>1,20,94,349</b>	<b>60,06,98,328</b>	<b>7,10,05,78,243</b>	<b>36,91,21,659</b>	<b>7,32,65,338</b>	<b>5,55,97,08,675</b>	<b>-</b>

Note:

- Refer Note No. 46 relating to "Component Accounting".

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**Arshiya Rail Infrastructure Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**13. Non Current Investment**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Trade and Unquoted)		
50,000 (50,000) Equity Shares of Arshiya Rail Siding Infrastructure Limited of ₹ 10 each, fully paid up	5,00,000	5,00,000
Less: Provision for Diminution in Value of Investments	5,00,000	5,00,000
<b>Total</b>	-	-

Note: Arshiya Rail Siding Infrastructure Limited is 100 % subsidiary of Arshiya Rail infrastructure Limited (Refer Note No. 40)

**14. Loans and Advances**

(Amount in ₹)

Particulars	Non Current		Current	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>Capital Advances</b>				
Unsecured, Considered Good	8,98,31,290	9,60,22,040	-	-
	<b>8,98,31,290</b>	<b>9,60,22,040</b>	-	-
<b>Security Deposits</b>				
Unsecured, Considered Good	4,61,000	67,48,142	94,99,702	2,63,560
	<b>4,61,000</b>	<b>67,48,142</b>	<b>94,99,702</b>	<b>2,63,560</b>
<b>Loan and Advances to Related Parties</b>				
Unsecured, considered good (Refer note below)	23,47,75,472	19,43,38,092	-	-
	<b>23,47,75,472</b>	<b>19,43,38,092</b>	-	-
<b>Trade Advance to Suppliers</b>				
Unsecured, considered good	-	-	11,97,052	19,17,053
	-	-	<b>11,97,052</b>	<b>19,17,053</b>
<b>Other Loans and advances</b>				
Income Tax Payments	4,63,97,801	5,86,30,266	-	-
Other Advances	9,08,607	55,639	-	6,45,460
Advance to Employees	-	-	16,07,998	11,09,051
Prepaid Expenses	-	-	10,18,349	7,93,545
Service Tax Paid Under Protest	3,86,592	-	-	-
	<b>4,76,93,000</b>	<b>5,86,85,905</b>	<b>26,26,347</b>	<b>25,48,056</b>
<b>Total</b>	<b>37,27,60,762</b>	<b>35,57,94,179</b>	<b>1,33,23,100</b>	<b>47,28,669</b>

**Loans to Related Parties are as follows:-**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Arshiya Industrial & Distribution Hub Limited	9,36,78,185	4,55,10,217
Arshiya Rail Sidings Infrastructure Limited	-	81,980
Arshiya Northern FTWZ Limited	14,10,97,287	14,87,45,895
<b>Total</b>	<b>23,47,75,472</b>	<b>19,43,38,092</b>

**15. Inventories**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Stores and Spares (At cost as certified by the Management)	15,72,952	40,11,599
<b>Total</b>	<b>15,72,952</b>	<b>40,11,599</b>



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**Arshiya Rail Infrastructure Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**16. Trade Receivables**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six months	12,96,977	3,70,706
- others	2,18,89,471	5,96,82,729
<b>Total</b>	<b>2,31,86,448</b>	<b>6,00,53,435</b>

**17. Cash and Cash Equivalents**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Balance with banks	1,76,16,031	1,86,25,480
Cash on Hand (As Certified by the Management)	76,251	26,296
	<b>1,76,92,282</b>	<b>1,86,51,776</b>
<b>Other Bank Balances</b>		
In Margin Money Deposit against Bank Guarantees/Letter of Credit	3,97,13,478	2,02,42,502
	<b>3,97,13,478</b>	<b>2,02,42,502</b>
<b>Total</b>	<b>5,74,05,760</b>	<b>3,88,94,278</b>

**18. Other Current Assets**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest Accrued on Fixed Deposit	15,87,784	4,76,843
<b>Total</b>	<b>15,87,784</b>	<b>4,76,843</b>



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**Arshiya Rail Infrastructure Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**19. Revenue from Operations**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Rail & Allied Services Income	1,54,71,76,883	1,97,58,54,641
<b>Total</b>	<b>1,54,71,76,883</b>	<b>1,97,58,54,641</b>

**20. Other Income**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest Received on : - Fixed Deposit with Banks - Income Tax refund Miscellaneous Income	30,04,376 33,91,680 1,13,382	15,36,751 1,76,243 17,29,297
<b>Total</b>	<b>65,09,438</b>	<b>34,42,291</b>

**21. Cost of Operations**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Rail & Allied Services Charges / Expenses	1,40,63,00,000	1,75,99,18,587
<b>Total</b>	<b>1,40,63,00,000</b>	<b>1,75,99,18,587</b>

**22. Employee Benefits**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Salary, Bonus & Other Allowances Contribution to Provident Fund and Other Funds Staff Welfare Expenses	8,72,72,226 15,92,966 16,98,121	6,99,13,822 21,65,215 14,67,738
<b>Total</b>	<b>9,05,63,313</b>	<b>7,35,46,775</b>

**23. Finance Cost**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Interest on Borrowings Interest on Delayed Payment of Statutory Dues Interest - Others Bank Charges	39,37,78,961 1,35,10,904 - 3,05,836	40,31,99,187 31,95,924 27,77,779 2,98,846
<b>Total</b>	<b>40,75,95,701</b>	<b>40,94,71,736</b>

**24. Other Expenses**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Electricity charges Rent <u>Repairs and Maintenance</u> - Building - Others Insurance Rates & Taxes Legal and Professional charges Bad Debts Advertisement and Business Promotion Expenses Communication expenses Travelling and Conveyance expenses Vehicle expenses Printing and stationery Security charges <u>Auditor's Remuneration</u> - Audit fees - Certification fees - Reimbursement of expenses Miscellaneous expenses	23,75,943 2,88,83,891 22,08,825 18,69,414 16,07,872 2,76,725 1,07,69,535 93,443 21,99,459 22,77,231 66,50,545 18,97,388 7,51,234 41,06,772 8,04,000 4,265 67,725 20,55,323	6,86,634 1,47,49,921 19,29,373 8,17,214 15,07,168 3,19,207 1,12,31,933 9,58,595 3,51,748 16,10,961 78,14,697 11,96,786 2,85,836 38,28,444 8,04,000 - 25,000 10,68,762
<b>Total</b>	<b>6,88,99,590</b>	<b>4,91,86,279</b>



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## Notes to the financial statements

## 25 Capital Commitments

(Amount in ₹)

Particulars	31st March, 2017	31st March, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)	5,62,59,141	6,24,80,161
<b>Total</b>	<b>5,62,59,141</b>	<b>6,24,80,161</b>

## 26 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

## a - 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.

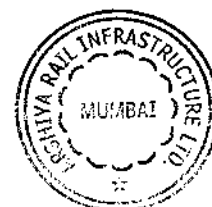
## b - Defined Benefit Plan- Gratuity

(Amount in ₹)

Particulars	31st March, 2017	31st March, 2016
<b>I - Actuarial Assumptions:</b>		
Discount Rate	6.90%	7.55%
Rate of Return on Plan Assets	6.90%	7.55%
Salary Escalation Rate	7.00%	7.00%
Attrition Rate	15.00%	15.00%
<b>II - Change in Defined Benefit Obligations (DBO) :</b>		
Liability at the Beginning of the Year	42,18,943	34,94,433
Service Cost	10,12,759	9,36,870
Interest Cost	2,84,686	2,64,218
Benefits Paid	(8,96,538)	(2,14,038)
Actuarial (Gain)/Loss	(9,01,222)	(2,62,540)
Liability at the End of the Year	37,18,628	42,18,943
<b>III - Fair Value of Planned Assets:</b>		
Fair Value of Planned Assets at the Beginning of the Year	42,74,582	39,31,258
Expected Return on Plan Assets	3,22,731	3,53,813
Actual Enterprise's Contributions	8,96,538	2,14,038
Benefits Paid	(8,96,538)	(2,14,038)
Actuarial (Gain)/Loss	29,922	(10,489)
Fair Value of Plan Assets at the End of the Year	46,27,235	42,74,582
<b>IV. Actual Return on Plan Assets</b>		
Expected Return on Plan Asset	3,22,731	3,53,813
Actuarial Gain / (Loss) on Plan Assets	29,922	(10,489)
Actual Return on Plan Assets	3,52,653	3,43,324
<b>V. Amount Recognized in the Balance Sheet</b>		
Liability at the End of the Period	37,18,628	42,18,943
Fair Value of Plan Assets at the End of the Year	46,27,235	42,74,582
Liability/(Asset) recognized in Balance Sheet	(9,08,607)	(55,639)
<b>VI. Percentage of each category of plan assets to total fair value of plan assets</b>		
Insured Managed Fund	100%	100%
<b>VII. Expenses Recognized in the Statement of Profit and Loss</b>		
Current Service Cost	10,12,759	9,36,870
Interest Cost	2,84,686	2,64,218
Expected return of Plan Assets	(3,22,731)	(3,53,813)
Net Actuarial (Gain)/Loss to be recognized	(9,31,144)	(2,52,051)
Expense recognised in the Statement of Profit & Loss	43,570	5,95,224
<b>VIII. Balance Sheet Reconciliation</b>		
Opening Net Liability/(Asset)	(55,639)	(4,36,825)
Expense as above	43,570	5,95,224
Employers Contribution	(8,96,538)	(2,14,038)
Closing Net Liability/(Asset)	(9,08,607)	(55,639)
<b>IX. Expected Employers contribution in the next year</b>		
As per Actuarial Valuation report	7,58,677	4,49,337



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X. History of DBO, Asset Values, Surplus/Deficit & Experience Gains/Losses					
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligations	37,18,628	42,18,943	34,94,433	35,66,916	28,08,991
Plan Assets	46,27,235	42,74,582	39,31,258	28,08,991	25,98,401
(Surplus)/Deficit	(9,08,607)	(55,639)	(4,36,825)	7,57,925	2,10,590
Exp. Adjustment - Plan Assets Gain/(Loss)	29,922	(10,489)	12,15,016	(2,44,382)	36,154
Assumptions (Gain)/Loss	1,19,132	54,208	2,21,321	(3,01,144)	2,84,440
Exp. Adjustment - Plan Liabilities (Gains)/Loss	(10,20,354)	(3,16,749)	(14,12,381)	(1,10,752)	(10,77,709)
Total Actuarial (Gain)/Loss	(9,01,222)	(2,62,541)	(11,91,060)	(4,11,896)	(7,93,269)

#### c- Leave Encashment

C - Leave Encashment		(Amount in ₹)			
Particulars	31st March 2017	31st March 2016			
<b>I - Actuarial Assumptions:</b>					
Discount Rate	6.90%	7.55%			
Salary Escalation Rate	7.00%	7.00%			
Attrition Rate	15.00%	15.00%			
<b>II - Change in Defined Benefit Obligations (DBO):</b>					
Liability at the Beginning of the Year	26,16,124	26,29,073			
Service Cost	7,54,970	7,81,251			
Interest Cost	1,50,436	1,72,874			
Benefits Paid	(12,47,183)	(8,25,485)			
Actuarial (Gain)/Loss	(4,43,646)	(1,41,589)			
Liability at the End of the Year	18,30,701	26,16,124			
<b>III. Amount Recognized in the Balance Sheet</b>					
Current Liability at the End of the Year	3,65,759	5,41,638			
Non Current Liability at the End of the Year	14,64,942	20,74,486			
Liability recognized in Balance Sheet	18,30,701	26,16,124			
<b>IV. Expenses Recognized in the Statement of Profit and Loss</b>					
Current Service Cost	7,54,970	7,81,251			
Interest Cost	1,50,436	1,72,874			
Net Actuarial (Gain)/Loss to be recognized	(4,43,646)	(1,41,589)			
Expense recognised in the Statement of Profit and Loss	4,61,760	8,12,536			
<b>V. Balance Sheet Reconciliation</b>					
Opening Net Liability	26,16,124	26,29,073			
Expense as above	4,61,760	8,12,536			
Employers Contribution	(12,47,183)	(8,25,485)			
Closing Net Liability	18,30,701	26,16,124			
<b>VI. History of DBO, Asset Values, Surplus/Deficit &amp; Experience Gains/Losses</b>					
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligations	18,30,701	26,16,124	26,29,073	30,75,862	30,37,547
(Surplus)/Deficit	18,30,701	26,16,124	26,29,073	30,75,862	30,37,547
Assumptions (Gain)/Loss	56,941	14,653	1,88,673	(2,13,992)	82,529
Exp. Adjustment - Plan Liabilities (Gains)/Loss	(5,00,587)	(1,56,242)	(17,69,708)	(3,07,070)	4,60,645
Total Actuarial (Gain)/Loss	(4,43,646)	(1,41,589)	(15,81,035)	(5,21,062)	5,43,174

#### 27 Disclosure pursuant to Accounting Standard 17 - Segment information

The company is primarily engaged in the business of developing, operating and maintaining Infrastructure facilities - Rail System, which consist of Pan India Rail Freight and allied Operations. 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.



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28 Disclosure pursuant to Accounting Standard 18 - Related party disclosures:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:-

	Name of Related Party	Relationship
1	Arshiya Limited	Holding Company
2	Arshiya Rail Siding and Infrastructure Limited	Subsidiary
3	Arshiya Northern FTWZ Limited Arshiya Industrial & Distribution Hub Limited Arshiya Hong Kong Limited (up to 21st March'17)	Fellow Subsidiaries
4	Mr. Ajay S. Mittal - Director Mr. Navnit Choudhary - Director Mr. Ashish Kumar Bairagra - Director Mr. Rishabh Pankaj Shah - Director Mr. Ranjit Ray - Chief Executive Officer (Resigned on 17 Nov'2016) Mr. Dinesh Kumar Sodani - Chief Financial Officer (w.e.f. 8th Feb'2017)	Key Managerial Personnel (KMP)

Note: The related party relationships have been determined by the management on the basis of the requirements of AS-18 and the same has been relied upon by the auditors.

(ii) Summary of significant related party transactions (as identified by the management) carried out in the ordinary course of business are as follows:

Transactions	Fellow Subsidiaries		Subsidiary Company		Holding Company	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>Loans Taken</b>						
Balance as at the beginning of the year	-	-	-	-	16,25,56,625	6,63,65,527
Loans Taken during the year	-	-	-	-	7,58,21,601	11,64,93,001
Allocation of cost and common expenses by Holding Company*	-	-	-	-	4,19,81,999	-
Loans Repaid during the year	-	-	-	-	(3,56,81,099)	(2,03,01,903)
Conversion of loan into equity shares with security premium**	-	-	-	-	(18,52,22,000)	-
Balance as at the end of the year	-	-	-	-	5,94,57,126	16,25,56,625
<b>Account Receivable as at the beginning of the year</b>	-	-	-	-	-	-
Service Provided	23,78,967	-	-	-	-	-
Amount Received / Credit Notes / TDS deducted	(23,78,967)	-	-	-	-	-
Account Receivable as at the end of the year	-	-	-	-	-	-
<b>Issue of Equity Shares including Securities Premium</b>	-	-	-	-	1,31,00,00,000	-
<b>Purchase of Fixed Asset</b>	-	-	-	-	-	70,37,907
<b>Loans Given</b>						
Balance as at the beginning of the year	19,42,56,112	5,24,22,137	81,980	25,648	-	-
Loans Given during the year	8,89,43,842	14,81,82,843	45,140	56,332	-	-
Loans Repaid/Written off during the year	(4,84,24,483)	(63,48,868)	(1,27,120)	-	-	-
Balance as at the end of the year	23,47,75,471	19,42,56,112	-	81,980	-	-
<b>Corporate Guarantee Received</b>	-	-	-	-	5,16,14,19,332	7,65,48,19,332

\* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to ₹ 4,19,81,999/- based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 22) and certain expenses stated under other expenses (Refer Note No. 24) are presented as inclusive of such allocation of certain common costs and expenses. Had the Company continued the earlier practice, loss for the year ended 31st March, 2017 would have been lower by ₹ 4,19,81,999/-.

\*\* Company issued 1,85,222 equity shares of ₹ 10/- each at ₹ 1000/- (including premium of ₹ 990/-) for conversion of loan given by Holding Company.

(iii) Remuneration Paid: (Amount in ₹)

Relationship	As at 31st March, 2017	As at 31st March, 2016
a) Chief Executive Officer (Resigned on 17 Nov'2016)	85,44,262	1,12,29,744
b) Company Secretary	-	2,29,346

29 Disclosure pursuant to Accounting Standard 19 - Leases

Particulars	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
Lease Payment Recognized in the Statement of Profit and Loss	1,47,49,921	1,49,53,654
<b>Future Lease Payment:</b>		
a) Not Later than one year	1,13,44,800	1,19,03,162
b) Later than one year but not later than five years	2,55,25,800	8,47,200
c) later than five years	-	99,000
<b>Total</b>	<b>3,68,70,600</b>	<b>1,28,49,362</b>



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30 Disclosure pursuant to Accounting Standard 20 - Earnings per share

The number of shares used in computing Basic Earnings Per Share is the weighted average number of shares outstanding during the year:-

		(Amount in ₹)	
Computation of Earnings Per Share (Basic and Diluted)		31st March 2017	31st March 2016
Loss for the year		(89,60,61,795)	(83,30,30,053)
Weighted average number of equity shares (Number)		4,08,93,291	4,08,89,195
Nominal Value per share		10	10
Earnings Per Share - Basic and Diluted		(21.91)	(20.37)

31 Disclosure pursuant to Accounting Standard 22: Accounting for Taxes on Income:

In view of loss for the year, no provision for taxation has been made.

Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognised as a measure of abundant caution.

32 Contingent liabilities:

		(Amount in ₹)	
Particulars		31st March 2017	31st March 2016
(a) Capital Goods under EPCG Scheme (Refer Note below)		17,51,32,168	20,17,45,432
(b) Maharashtra VAT Demand		72,22,914	72,22,914
(c) Bank Guarantee/ Carrier Bond		12,23,00,000	1,68,00,000
(d) Claims Against the Company not acknowledged as Debt		5,94,25,210	2,92,70,821
(e) Service tax		51,54,536	-
<b>Total</b>		<b>36,92,34,829</b>	<b>25,50,39,167</b>

Note :- The Company has procured certain Capital goods under EPCG Scheme at concessional rates of duty. As on 31st March, 2017, the Company has a contingent liability to pay differential Custom Duty along with interest thereon on such procurement on non fulfillment of certain conditions. The Management is hopeful of completing the Export Obligation within stipulated time and therefore it does not expect any cash outflow on this account.

33 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

		31st March 2017	31st March 2016
Particulars			
(a) Principal amount due and remaining unpaid		-	-
(b) Interest due on above		-	-
(c) Payment made beyond the appointed day during the year		-	-
(d) Interest paid		-	-
(e) Interest due and payable for the period of delay		-	-
(f) Interest accrued and remaining unpaid		-	-
(g) Amount of further interest remaining due and payable in succeeding years		-	-

Note : Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.



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**34 Preparation of financial statements on "Going Concern" basis**

The financial statements of the Company have been prepared on a "Going Concern" basis in view of the Revival plans referred to in Note No. 35

**35 Revival Plans**

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

- i Continuing long term tie-ups with key metal producers and commodity companies for its container cargo operations Pan-India;
- ii Regular and customized train services between Khurja and all major gateway ports such as JNPT, Pipavav and Mundra;
- iii The Private Freight Terminal(PFT) status for receiving trains including from Indian Railways to support increase in operations;
- iv Rationalization of haulage charges and increasing planned participation of private sector in freight movement to enhance revenue and margins;
- 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.

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

**36 Borrowings:-**

**Re-structuring of loans assigned by Lenders to Edelweiss Asset Reconstruction Company Limited (EARC)(Lender on behalf of the various EARC Trusts)**

Various Lenders of the company, comprising of 8 banks have assigned their Term Loans and Working Capital Loan (loans) to EARC (as trustee of EARC Trusts). Post assignment of loans, EARC has become a secured lender of the Company and right, title and interest of the lenders have vested into EARC. As per the restructuring package approved by the EARC, loans so assigned as on 31st March 2017, have been restructured.

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 31st March 2017. Under the Agreement, the loans assigned to EARC aggregating to ₹ 4,77,00,00,000 /-

(i) Stand restructured, merged and converted into Restructured Loans aggregating to ₹ 3,46,00,00,000/-,

(ii) the balance debt of ₹1,31,00,00,000/- is converted into Zero Percent Optionally Convertible Redeemable Preference Shares (OCRPS). Accordingly the Company has issued to EARC, 13,10,000 OCRPS of face value of ₹10/- each at a price of ₹1,000/- each (which includes premium of ₹990/-).

The above stated OCRPS has been transferred by EARC to holding company and holding company has converted said OCRPS into 13,10,000 Equity Shares of the Company.

The current outstanding of above restructured loan as on 31st March,2017 is ₹ 341,18,37,540/-

**37 Loans other than assigned to Asset Reconstruction Company (ARC):**

i) During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR).The Company has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Company's borrowings becoming "Non-Performing Assets" (NPAs) with the Banks. Since then, such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.

ii) Further to the above, CDR-EG issued a letter dated 31st July, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In the absence of any communication from these lenders, the Company has not provided for additional interest from CDR Cut off date till 31st March 2017 estimated at ₹ 7,84,72,718/- which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanction terms and penal interest on overdue amount of interest and installment. Had the Company provided for additional interest as stated above, on such loans, the loss before tax for the year ended 31st March, 2017 would have been higher by ₹ 7,84,72,718/-. Upon reconciliation and finalization of the estimated entitlements of these lenders, the Company will recognize the liability in its books during the year in which finality is reached.



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38 Details of Exceptional Items are as under:

Exceptional Items	Year Ended 31st March, 2017	Year Ended 31st March, 2016
1) Reconciliation of loan accounts with EARC (net)	8,15,56,990	-
2) Fixed Assets Written off	-	10,05,28,249
3) Inventories Written off	23,43,067	-
4) Loss on sale of Fixed Assets	-	1,08,74,220
5) Loss on transfer of Assets	-	2,22,72,694
6) Excess provision Written Back	(39,31,300)	(8,23,436)
7) Settlement of Claim	1,58,42,896	4,31,93,275
8) Fees for Debt Restructuring	1,00,00,000	30,00,000
9) Irrecoverable Advance Written Off	-	36,00,000
10) Recovery of expenses provided in earlier years	-	(38,75,982)
11) Sundry Balance Written Back (Net)	(1,84,872)	(2,63,88,527)
<b>Exceptional Items (net)</b>	<b>10,56,26,780</b>	<b>15,23,80,492</b>

39 Prior Period Adjustments:

Prior period Items	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Ground rent	22,00,000	-
Reversal of Excess interest charged on term loan in the last financial year	-	(10,31,553)
Reversal of Excess interest charged on funded interest term loan in the last financial year	-	(2,66,990)
<b>Total</b>	<b>22,00,000</b>	<b>(12,98,543)</b>

- 40 The Management is of the opinion that, the decline in the value of Investment held by it in Arshiya Rail Siding and Infrastructure Limited ( 100% subsidiary) of ₹ 500,000/-is not temporary and hence, the company has fully provided for diminution in the value of Investment.

41 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as mentioned below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	73,00,000	17,084	73,17,084
(+) Permitted receipts	-	2,45,000	2,45,000
(-) Permitted payments	-	70,823	70,823
(-) Amount deposited in Banks	73,00,000	-	73,00,000
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>1,91,261</b>	<b>1,91,261</b>

\* For the purpose of the clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407 (E), dated 8th November, 2016.

- 42 The Company is of the view that the provisions of Section 185 of the Companies Act, 2013 as regards Intercompany advances/loans/guarantees granted/received to/ from group companies are not applicable, as the same are provided/received in the normal course of business.
- 43 During the year the Company has filed an application with the National Company Law Tribunal (NCLT) for the merger of Arshiya Industrial & Distribution Hub Limited and Arshiya Transport and Handling Limited with the Company. The impact of this proposed merger will be recognised on receipt of the order from the NCLT.



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- 44 Certain lenders and creditors have filed winding up petitions/cases/other legal proceedings against the Company and its Directors for recovery of the amounts due to them which are at different stages before the respective judicial forums/authorities. Claims by the said lenders and creditors have been contested by the Company in those proceedings and not acknowledged as debts. The financial implication of such claims will be recognised as and when finality in the matter is reached.
- 45 Certain balances in respect of Trade Receivables, Loans and Advances, Term Loans, Trade Payables and other liabilities other than due from/to Holding/Fellow Subsidiaries are subject to confirmations and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts will be adjusted in the year in which balances are reconciled.
- 46 In the opinion of the Management, the Company's assets are such that there are no significant parts thereof whose life is different than the useful life of the whole asset (Component accounting being a technical matter, the opinion of the Management is relied upon by the Auditors). Consequently, the Company has continued to provide depreciation in respect of all its assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective assets.
- 47 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 Financial Officer(CFO). However, there was delay in the compliance as the Company appointed Mr. Dinesh Kumar Sodani as a CFO w.e.f. 8th February, 2017.
- 48 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.
- 49 Previous year's figures have been regrouped/reclassified, wherever necessary to conform to those of current year's classification/disclosures.

**Signature to Notes forming part of Financial Statements**

**For M. A. Parikh & Co.**  
Chartered Accountants  
Firm Registration Number 107556W

*Mukul Patel*

Mukul Patel  
Partner  
Membership No.: 032489

Place:- Mumbai  
Date :- 17th May,2017



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

*Ajay S Mittal*

Ajay S Mittal  
Director  
DIN : 00226355

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN : 00613576

*D. Sodani*  
Dinesh Kumar Sodani  
Chief Financial Officer



**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**Arshiya Rail Siding and Infrastructure Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Arshiya Rail Siding and Infrastructure Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Director is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



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

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

### **Opinion**

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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order,

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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;



- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, 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 "B"**; and
- 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) Amendment Rules, 2017, 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 litigation which would impact 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not hold any Specified Bank Notes (SBNs) on 8<sup>th</sup> November, 2016. Therefore, the requirements related to disclosure of SBNs are not applicable. Refer Note no. 18 of the financial statement.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul Patel**  
Partner  
Membership No. 032489



Place : Mumbai  
Date: 17<sup>th</sup> May, 2017

## **Annexure "A" to the Independent Auditors' Report**


As referred to in the Annexure to the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- i. The Company does not have any fixed assets. Therefore, the requirement of Clause 3(i) of the order are not applicable.
- ii. The nature of the business of the Company does not require it to purchase any inventory and hence, the provisions of clause 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- iv. The Company has not granted any loan to directors directly or indirectly and also no investment has made by the company and hence clause 3(iv) of the Order is not applicable.
- v. The company has not accepted any deposits from the public and hence clause 3(v) of the Order is not applicable.
- vi. According to the information and explanations obtained, the Company is not required to maintain cost records as prescribed under Section 148(1) of the Act pursuant to the Companies (Cost Accounting Records) Rules 2013 notified by the Central Government of India vide notification dated 1 April 2014.
- vii. (a) According to the information and explanations given to us and according to the books and records as produced before us, in our opinion, there is no delay in payment of tax deducted at source by the Company.  
  
(b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any disputes.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year and hence clause 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence clause 3 (ix) of the Order is not applicable.



- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial hence clause 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards (Refer Note no. 14).
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W

  
**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017

## **Annexure- B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Rail Siding and Infrastructure Limited** ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **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 Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

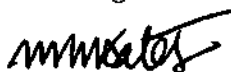
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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 ICAI.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul Patel**  
Partner  
Membership No. 032489  
Place: Mumbai  
Date: 17<sup>th</sup> May, 2017









**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**

**Financial Statement for the**

**Financial Year 2016-17**

**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2017**

(Amount in ₹)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016
<b>I Equity and Liabilities</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	3	5,00,000	5,00,000
b) Reserves and Surplus	4	(3,68,236)	(5,31,542)
		<b>1,31,764</b>	<b>(31,542)</b>
<b>2 Current Liabilities</b>			
a) Trade Payables	5		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,31,679	55,476
b) Other Current Liabilities	6	-	81,980
		<b>3,31,679</b>	<b>1,37,456</b>
<b>Total</b>		<b>4,63,443</b>	<b>1,05,914</b>
<b>II Assets</b>			
<b>Current Assets</b>			
Trade Receivables	7	3,82,500	-
Cash and Cash Equivalents	8	80,943	1,05,914
		<b>4,63,443</b>	<b>1,05,914</b>
<b>Total</b>		<b>4,63,443</b>	<b>1,05,914</b>

See accompanying notes to the financial statements

1-20

As per our report of even date

**For M.A. Parikh & Co.**  
Chartered Accountants  
Firm Reg. No. 107556W

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership Number: 032489

**For and on behalf of the Board of Directors of**  
**Arshiya Rail Siding and Infrastructure Limited**

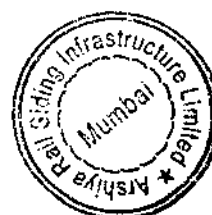
*Vinod Parekh*

**Vinod Parekh**  
Director  
DIN : 06529752

*Navnit Choudhary*

**Navnit Choudhary**  
Director  
DIN : 00613576

Place : Mumbai  
Dated : 17th May, 2017



**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>I. Revenue:</b>			
1. Revenue from Operations	9	3,82,500	-
2. Other Income	10	1,27,120	27,562
<b>Total Revenue</b>		<b>5,09,620</b>	<b>27,562</b>
<b>II. Expenses:</b>			
1. Cost of Operations	11	2,25,000	-
2. Finance Expenses	12	24,971	-
3. Other Expenses	13	96,343	68,332
<b>Total Expenses</b>		<b>3,46,314</b>	<b>68,332</b>
<b>III. Profit / (Loss) for the year</b>		<b>1,63,306</b>	<b>(40,770)</b>
<b>Earning per equity share</b>			
Basic and Diluted	15	3.27	(0.82)

See accompanying notes to the financial statements

1-20

As per our report of even date

**For M.A. Parikh & Co.**

Chartered Accountants

Firm Reg. No. 107556W

*Mukul Patel*

**Mukul Patel**

Partner

Membership Number. 032489

**For and on behalf of the Board of Directors of  
Arshiya Rail Siding and Infrastructure Limited**

*Vinod Parekh*

**Vinod Parekh**

Director

DIN : 06529752

*Navnit Choudhary*

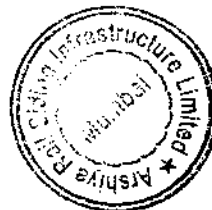
**Navnit Choudhary**

Director

DIN : 00613576

Place : Mumbai

Dated : 17th May, 2017



**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
<b><u>Cash Flow From Operating Activities:</u></b>		
Profit/ (Loss) for the year	1,63,306	(40,770)
<b>Adjustments for</b>		
Increase in Trade and Other Payables	1,94,223	40,770
Increase in Trade and Other Receivables	(3,82,500)	-
<b>Cash Generated from Operations</b>	<b>(24,971)</b>	<b>-</b>
Net (Decrease) / Increase in Cash and Cash Equivalents	(24,971)	-
Cash and cash equivalents at the beginning of the year	1,05,914	1,05,914
<b>Cash and Cash Equivalents at the end of the year</b>	<b>80,943</b>	<b>1,05,914</b>

As per our report of even date.

**For M.A. Parikh & Co.**

Chartered Accountants

Firm Reg. No. 107556W

*Mukul Patel*

**Mukul Patel**

Partner

Membership Number. 032489

**For and on behalf of the Board of Directors of  
Arshiya Rail Siding and Infrastructure Limited**

*Vinod Parekh*

**Vinod Parekh**

Director

DIN : 06529752

*Navnit Choudhary*

**Navnit Choudhary**

Director

DIN : 00613576

**Place : Mumbai**

**Dated : 17th May, 2017**



# **Arshiya Rail Siding and Infrastructure Limited**

Notes to the financial statements for the year ended 31st March, 2017

## **1. Corporate Information**

Arshiya Rail Siding and Infrastructure Limited ('the Company'), incorporated on 10th February, 2010 shall be engaged primarily in the business of setting up/developing/obtaining rail siding infrastructure/network in India for operation/movement of container/cargo/freight trains.

## **2. Summary of Significant Accounting Policies:**

### **(i) Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified)

### **(ii) Use of Estimates:**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amounts of revenue and expenses for the year. The difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

### **(iii) Revenue Recognition:**

- (a) Revenue from Transport operations is recognised on commencement of journey for movement of cargo/container to the place of destination considering the same as substantial completion of contract.
- (b) Interest and other income is recognised on accrual basis except where the receipt of income is uncertain in which case it is recognised for on receipt basis.

### **(iv) Accounting for Taxes on Income**

- a) Provision for Current Tax is made, based on the tax payable under the Income-tax Act, 1961.
- b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent



# **Arshiya Rail Siding and Infrastructure Limited**

Notes to the financial statements for the year ended 31st March, 2017

not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

- c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

## **(v) Provisions, Contingent Liabilities and Contingent Assets:**

- (a) A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.

- (b) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

- (c) Contingent Assets are not recognised or disclosed in the financial statements.

## **(vi) Earnings per Share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of equity and diluted equivalent shares outstanding during the year, except when the results would be anti-dilutive.

## **(vii) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

- (viii) Accounting policies not specifically referred to herein are in conformity with the generally accepted accounting principles followed by the Company.



**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**  
**3. SHARE CAPITAL**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Authorised</b> 50,000 (50,000) Equity Shares of ₹10/- each	5,00,000	5,00,000
<b>Issued, subscribed and fully paid</b> 50,000 (50,000) Equity shares of ₹10/- each fully paid up	5,00,000	5,00,000
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>

**a) Reconciliation of the Equity Shares outstanding at the beginning and end of the year**

Particulars	As at 31st March 2017		As at 31st March 2016	
	Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
Balance as at beginning of the year	50,000	5,00,000	50,000	5,00,000
Balance as at the end of the year	50,000	5,00,000	50,000	5,00,000

**(b) Terms/rights attached to the Equity Shares**

The Company has one class of Equity Share having a par value of ₹ 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 the proportion to the number of equity shares held by the shareholders

**c) Shares held by the Holding company**

(No. of Shares)

Name of the Share Holders	As at 31st March 2017	As at 31st March 2016
Arshiya Rail Infrastructure Limited*	50,000	50,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

**d) Details of shares held by shareholders holding more than 5% of the aggregate Equity Shares in the Company**

(Amount in ₹)

Name of the Share Holders	As at 31st March 2017		As at 31st March 2016	
	Amount	% of holding	Amount	% of holding
Arshiya Rail Infrastructure Limited*	5,00,000	100	5,00,000	100
<b>Total</b>	<b>5,00,000</b>	<b>100</b>	<b>5,00,000</b>	<b>100</b>

**\* Notes :-**

a) Shares held by the Holding Company include 200 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013

b) As per the Records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares

**4. RESERVES AND SURPLUS**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>(Deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(5,31,542)	(4,90,772)
Add:- Profit/(Loss) for the year	1,63,306	(40,770)
Balance as at the end of the year	<b>(3,68,236)</b>	<b>(5,31,542)</b>
<b>Total</b>	<b>(3,68,236)</b>	<b>(5,31,542)</b>





**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

**5. TRADE PAYABLES**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
i) Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 17)	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,31,679	55,476
<b>Total</b>	<b>3,31,679</b>	<b>55,476</b>

**6. OTHER CURRENT LIABILITIES**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Loan from From Holding Company	-	81,980
<b>Total</b>	<b>-</b>	<b>81,980</b>

**7. TRADE RECEIVABLES**

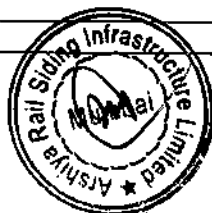
(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six months	-	-
- others	3,82,500	-
<b>Total</b>	<b>3,82,500</b>	<b>-</b>

**8. CASH AND CASH EQUIVALENTS**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Balances with a banks	80,943	1,05,914
<b>Total</b>	<b>80,943</b>	<b>1,05,914</b>



**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

**9. REVENUE FROM OPERATION:**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Road Freight Income	3,82,500	-
<b>Total</b>	<b>3,82,500</b>	<b>-</b>

**10. OTHER INCOME:**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Excess Provision Written Back	-	20,094
Sundry Balances written back	1,27,120	7,468
<b>Total</b>	<b>1,27,120</b>	<b>27,562</b>

**11. COST OF OPERATION:**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Road Freight Expenses	2,25,000	-
<b>Total</b>	<b>2,25,000</b>	<b>-</b>

**12. Finance Expenses**

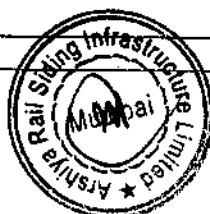
(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Bank Charges	24,971	-
<b>Total</b>	<b>24,971</b>	<b>-</b>

**13. OTHER EXPENSES :**

(Amount in ₹)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Legal and Professional Fees	5,100	-
Miscellaneous expenses	39,718	21,478
<b>Auditors Remuneration</b>		
- Audit fees	45,000	45,000
- Reimbursement of expenses	6,525	1,854
<b>Total</b>	<b>96,343</b>	<b>68,332</b>



**ARSHIYA RAIL SIDING AND INFRASTRUCTURE LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017****14 Disclosure pursuant to Accounting Standard 18 - Related party disclosures:**

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:-

Sr. No.	Name of Related Party	Relationship
1	Arshiya Limited	Ultimate Holding Company
2	Arshiya Rail Infrastructure Limited	Holding Company
3	Mr. Ajay S. Mittal - Director Mr. Navnit Choudhary - Director Mr. Binu Jacob - Director	Key Management Personnel

**Note:**

The related party relationships have been determined by the management on the basis of the requirements of AS-18 and the same have been relied upon by the auditors.

(ii) Summary of significant related party transactions (as identified by the management) carried out in the ordinary course of business are as follows:

(Amount in ₹)

Transactions	Holding Company	
	As at 31st March 2017	As at 31st March 2016
<b>Loan Taken</b>		
Balance as at the beginning of the year	81,980	-
Loan Received during the year	45,140	81,980
Written Back during the year	(1,27,120)	--
<b>Balance as at the end of the year</b>	-	<b>81,980</b>

**15 Earnings per share**

(Amount in ₹)

Particulars	As at 31st March 2017	As at 31st March 2016
Profit/(Loss) for the year	1,63,306	(40,770)
Weighted average number of Equity Share	50,000	50,000
Nominal value per share	10	10
Earnings per share - Basic and Diluted	3.27	(0.82)



**16 Disclosure pursuant to Accounting Standard 22: Accounting for Taxes on Income:**

In view of loss for the year , no provision for taxation has been made.

Deferred Tax Assets consist of carry forward losses under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, the Deferred Tax Assets have not been recognized as a measure of abundant caution.

**17 Details of dues to Micro,Small and Medium enterprises as per MSMED Act, 2006**

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Principal amount due and remaining unpaid	-	-
(b) Interest due on above	-	-
(c) Payment made beyond the appointed day during the year		
(d) Interest paid	-	-
(e) Interest due and payable for the period of delay	-	-
(f) Interest accrued and remaining unpaid	-	-
(g) Amount of further interest remaining due and payable in succeeding years	-	-

**Note :** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

**18 Disclosure on Specified Bank notes (SBNs)**

During the year, the Company did not have any specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017.

- 19** Certain balances in respect of Trade Receivables are subject to confirmations and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts will be adjusted in the year in which balances are reconciled.
- 20** Previous year's figures have been regrouped/reclassified, wherever necessary to conform to those of current year's classification/disclosures.

**As per our report of even date**

**For M.A.Parikh & Co.**

Chartered Accountants

Firm Registration No. 107556W



**Mukul Patel**

Partner

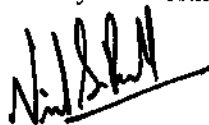
Membership Number : 032489

Place: Mumbai

Dated :17th May, 2017



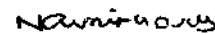
**For and on behalf of the Board of Directors of  
Arshiya Rail Siding and Infrastructure Limited**



**Vinod Parekh**

Director

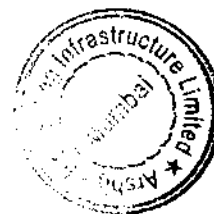
DIN : 06529752



**Navnit Choudhary**

Director

DIN : 00613576



**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**ARSHIYA SUPPLY CHAIN MANAGEMENT PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Arshiya Supply Chain Management Private Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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



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

### **Opinion**

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;  
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matter**

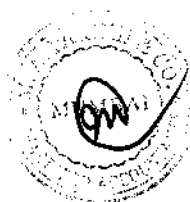
1. The Company continues to be under financial stress as reflected by:
  - (a) Unpaid full and final employees' dues amounting to Rs. 64,98,080/- (Refer Note no. 9).
  - (b) Unpaid Statutory dues of Rs. 6,60,21,751/- (Refer Note no. 9).
2. Further to above, we draw attention to the following in respect of:
  - (a) Note no. 33 Re. Tax deducted at Source.
  - (b) Note no. 37 Re. Pending Balance Confirmations.
  - (c) Note no. 38 Re. Intercompany Advances/Loans/Guarantees granted/received.

Our Opinion is not modified in respect of these matters.

Despite the foregoing, these accounts have been prepared on a "Going Concern" basis as referred to in Note no. 31 of the financial statements.


### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of section 164(2) of the Act; and
- (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 "B"**; and
- (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) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer to Note no. 35 to the financial statements;
  - (ii) The Company does not have any long-term contracts including derivative contracts for which there could be any material foreseeable losses and hence, the question of making provision for such losses does not arise.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note no. 25 to the financial statements.

**For M.A. Parikh & Co.**  
Chartered Accountants  
(Firm Reg. No. 107556W)

  
**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 18<sup>th</sup> May, 2017

**Annexure – A to the Auditors' Report**

**Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements of even date**

- (i) (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 explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property and hence clause 3(i)(c) of the Order is not applicable.
- (ii) The nature of the business of the Company does not require it to purchase any inventory and hence clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, guarantees and security and also not made any investment and hence clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits and hence clause 3(v) of the Order is not applicable.
- (vi) The Company is operating from a Special Economy Zone and hence, is exempt from the maintenance of cost records as prescribed under section 148(1) of the Companies Act, 2013.
- (vii) (a) The Company is generally regular in depositing undisputed applicable statutory dues, *except Tax Deducted at Source of Rs. 6,18,38,711/- which is outstanding as of the year-end for a period of more than six months from their due dates of payment.*
- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty excise duty and cess which have not been deposited on account of any disputes.
- (viii) The Company has not issued any debentures. *Based on our audit procedures and according to the information and explanations given by the management, during the year, the Company, has defaulted in repayment of dues to Financial Institution, the defaults whereof are stated hereunder:*

- **Default on account of non-payment of principal of Term Loan from a "Financial Institution" as stated below:**

<b><i>Name of the Lender</i></b>	<b><i>Amount (in Rs.)</i></b>	<b><i>Period</i></b>
<i>Capital First Limited</i>	<i>1,24,62,135</i>	<i>March - 2017</i>






- **Default on account of non-payment of interest of Term Loan from "Financial Institution" as stated below:**

<b>Name of the Lender</b>	<b>Amount (in Rs.)</b>	<b>Period</b>
Capital First Limited	1,19,39,239	March - 2017

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence clause 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided during the year for managerial remuneration and hence clause 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and hence clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards (Refer Note no. 27).
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence clause 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M.A.Parikh & Co.**  
**Chartered Accountants**  
 (Firm's Registration No. 107556W)

  
**Mukul Patel**  
 Partner  
 Membership No. 032489



Place: Mumbai  
 Date: 17<sup>th</sup> May, 2017

## **Annexure - B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Supply Chain Management Private Limited ("the Company")** as of 31<sup>st</sup> March, 2017 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **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 Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



## **Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, 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 ICAI.

**For M.A.Parikh & Co.**

**Chartered Accountants**

(Firm's Registration No. 107556W)



**MUKUL PATEL**

Partner

Membership No. 032489



Place : Mumbai

Date: 17<sup>th</sup> May, 2017



# **Arshiya**

**Arshiya Supply Chain Management Private Limited**

**Audited Financial Statement**

**As at 31st March, 2017**

**Arshiya Supply Chain Management Private Limited**  
**Balance Sheet as at 31st March, 2017**

(Amount in ₹)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	3,78,71,200	3,78,71,200
(b) Reserves and Surplus	4	(1,26,99,15,160)	(1,18,49,74,788)
		<b>(1,23,20,43,960)</b>	<b>(1,14,71,03,588)</b>
<b>2. Non-Current Liabilities</b>			
(a) Long-term Borrowings	5	1,13,54,55,554	1,55,54,30,991
(b) Long-term Provisions	6	6,58,039	6,66,481
		<b>1,13,61,13,593</b>	<b>1,55,60,97,472</b>
<b>3. Current Liabilities</b>			
(a) Short-term Borrowing	7	11,60,00,000	-
(b) Trade Payables	8		
(i) Total outstanding dues of micro enterprises and small enterprises		20,30,284	33,24,949
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		16,07,86,296	26,69,64,357
(c) Other Current Liabilities	9	64,25,26,469	42,97,18,692
(d) Short-term Provisions	10	76,71,883	91,83,336
		<b>92,90,14,932</b>	<b>70,91,91,334</b>
<b>Total</b>		<b>83,30,84,565</b>	<b>1,11,81,85,218</b>
<b>II. Assets</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		3,37,901	4,26,036
(ii) Intangible Assets		27,62,281	31,56,893
		<b>31,00,182</b>	<b>35,82,929</b>
(b) Long-term Loans and advances	12	61,79,37,194	96,54,87,715
<b>2. Current Assets</b>			
(a) Trade Receivables	13	20,23,64,689	12,37,62,542
(b) Cash and Cash equivalents	14	38,31,356	2,01,00,956
(c) Short-term Loans and advances	15	58,51,144	52,51,076
		<b>21,20,47,189</b>	<b>14,91,14,574</b>
<b>Total</b>		<b>83,30,84,565</b>	<b>1,11,81,85,218</b>

Summary of Significant Accounting Policies  
See accompanying notes to the financial  
statements

2  
1 to 39

As per our report of even date

**For M.A. Parikh & Co.**  
**Chartered Accountants**  
Firm Registration Number 107556W

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership Number: 032489

**For and on behalf of the Board of Directors of**  
**Arshiya Supply Chain Management Private Limited**

*Navnit Choudhary*

**Navnit Choudhary**  
Director  
DIN : 00613576

*Vinod Parekh*

**Vinod Parekh**  
Director  
DIN : 06529752

Place: Mumbai  
Dated: 17th May, 2017



**Arshiya Supply Chain Management Private Limited**  
**Statement of Profit and Loss for the Year Ended 31st March, 2017**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>Revenue</b>			
Revenue from operations	16	85,74,08,369	85,36,18,650
Other income	17	66,46,169	62,23,604
<b>Total Revenue</b>		<b>86,40,54,538</b>	<b>85,98,42,254</b>
<b>Expenses</b>			
Cost of operations	18	66,16,89,614	56,58,93,302
Employee benefits expense	19	2,16,93,173	2,47,77,020
Other expenses	20	1,02,90,293	1,26,10,055
Finance costs	21	25,99,32,739	22,63,84,167
Depreciation and amortization expense	11	5,17,847	7,70,217
<b>Total Expenses</b>		<b>95,41,23,666</b>	<b>83,04,34,761</b>
<b>(Loss) / Profit for the year before Exceptional items and Tax</b>		<b>(9,00,69,128)</b>	<b>2,94,07,493</b>
Add/Less: Prior Period Adjustment	22	3,16,733	(1,42,00,000)
Add/Less: Exceptional Items (net)	23	(57,08,247)	67,00,504
<b>(Loss) / Profit for the year before Tax</b>		<b>(8,46,77,614)</b>	<b>3,69,06,989</b>
<b>Tax expenses</b>			
Current Tax		-	75,50,000
Prior year Tax Adjustments		2,62,758	-
<b>(Loss) / Profit after Tax</b>		<b>(8,49,40,372)</b>	<b>2,93,56,989</b>
<b>Earnings per equity share</b>			
Basic and Diluted (in ₹)	28	(22.43)	7.75

Summary of Significant Accounting Policies  
See accompanying notes to the financial statements

2  
1 to 39

As per our report of even date

**For M.A. Parikh & Co.**  
**Chartered Accountants**  
Firm Registration Number 107556W

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership Number: 032489



**For and on behalf of the Board of Directors of**  
**Arshiya Supply Chain Management Private Limited**

*Navnit Choudhary*

**Navnit Choudhary**  
Director  
DIN : 00613576

*Vinod Parekh*

**Vinod Parekh**  
Director  
DIN : 06529752

Place: Mumbai  
Dated: 17th May, 2017



**Arshiya Supply Chain Management Private Limited**  
**Cash Flow Statement for the Year Ended 31st March, 2017**

(Amount in ₹)

Particulars		31st March 2017	31st March 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Net (Loss)/Profit before tax		(8,46,77,614)	3,69,06,989
Adjustments for:			
Depreciation		5,17,847	7,70,217
Finance Cost		25,99,32,739	22,63,84,167
Reversal of Expense of Prior year		-	(1,42,00,000)
Bad debts written off		51,36,847	1,91,76,929
Interest on Delayed Payment of TDS Written back		(1,05,03,016)	(64,78,231)
Excess Provision Written Back		(63,831)	(29,77,088)
Employee Due / Sundry Balance Written back		(3,42,078)	(59,98,194)
Provision no longer required Written back		(12,55,813)	(6,74,084)
Unrealised Foreign Exchange Loss/(Gain)		8,00,580	(24,56,897)
<b>Operating Profit before Working Capital Changes</b>		<b>16,95,45,661</b>	<b>25,04,53,808</b>
Adjustments for:			
(Decrease)/Increase in Provisions		(15,19,895)	36,61,265
Increase/(Decrease) in Current Liabilities		3,51,47,021	(4,15,03,715)
Decrease/(Increase) in Long Term Loans and Advances		34,75,50,521	(63,00,00,000)
(Increase)/Decrease in Short term Loans and Advances		(6,00,068)	(2,08,36,613)
(Decrease)/Increase in Trade Payables		(10,74,52,243)	7,86,75,823
(Increase)/Decrease in Trade Receivables		(8,33,04,243)	98,61,124
<b>Cash generated from Operating Activities</b>		<b>35,93,66,754</b>	<b>(34,96,88,308)</b>
Taxes Paid - (net)		2,62,758	-
<b>Net Cash flow from Operating Activities</b>	<b>A</b>	<b>35,91,03,996</b>	<b>(34,96,88,308)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchased of Fixed Assets		(35,100)	-
<b>Net Cash flow from Investing Activities</b>	<b>B</b>	<b>(35,100)</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Short Term Loan Availed / (Repaid)		11,60,00,000	(10,09,500)
Term Loan (Repaid)/Availed		(24,25,13,302)	58,33,08,769
Finance Cost		(24,88,25,194)	(21,31,20,513)
<b>Net Cash flow from Financing Activities</b>	<b>C</b>	<b>(37,53,38,496)</b>	<b>36,91,78,756</b>
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents</b>		<b>(1,62,69,600)</b>	<b>1,94,90,448</b>
Cash and cash equivalents at the beginning of the year		2,01,00,956	6,10,508
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>(1,62,69,600)</b>	<b>1,94,90,448</b>
Cash and cash equivalents at the end of the year		<b>38,31,356</b>	<b>2,01,00,956</b>

As per our report of even date.

For M.A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number 107556W

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership Number: 032489

Place: Mumbai  
Dated: 17th May, 2017



For and on behalf of the Board of Directors of  
Arshiya Supply Chain Management Private Limited

*Navnit Choudhary*

**Navnit Choudhary**  
Director  
DIN : 00613576

*Vinod Parekh*

**Vinod Parekh**  
Director  
DIN : 06529752





**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

**1. Corporate Information**

Arshiya Supply Chain Management Private Limited (the Company) is a privately held company domiciled in India and was incorporated under the provisions of the erstwhile Companies Act, 1956 and is a subsidiary of Arshiya Limited.

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.

**2. Significant Accounting Policies**

**(i) Basis of preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") on a going concern basis and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as specified prescribed under Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified).

**(ii) Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amount of revenue and expenses for the year. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

**(iii) Property, Plant and Equipment (Fixed Assets) and Intangible Assets**

**(A) Tangible Assets**

Fixed assets are stated at original cost of acquisition/installation (net of cenvat credit availed) less accumulated depreciation and impairment losses, if any. All costs including financing costs till commencement of commercial operation are capitalised.

**(B) Capital work-in-progress**

The costs of fixed assets which are not ready for its intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

**(C) Intangible Assets**

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

**(D) Depreciation and Amortization**

**(a) Tangible Assets:**

Depreciation on tangible assets is provided on Straight-Line Method as per Part C of Schedule II of the Companies Act, 2013.

**(b) Intangible Assets**

(b)(i) Amortization of intangible assets, other than (b)(ii) below, is provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.

(b)(ii) Cost of Enterprise Resource Planning (ERP) software including expenditure on implementation is to be amortised over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

**iv. Revenue Recognition**

- (a) Revenue from Storage and Management fees is recognized on an accrual basis.
- (b) Revenue from Handling and Transportation is based on Inward and Outward movement of cargo.
- (c) Revenue from Value Added Services and other activities is recognised based on completion of agreed contracted services.
- (d) Interest and other income are accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

**v. Foreign Currency Transactions**

- (a) Transactions in foreign currencies are initially recognized at the prevailing exchange rates on the date of the transaction. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- (b) Foreign currency monetary assets and liabilities at the year end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

**vi. Employee benefits**

Employee benefits include schemes such as provident fund, employee state insurance, gratuity and leave encashment entitlements.

**(a) Defined Contribution Plan**

Contributions to defined contribution scheme such as provident fund are charged to the Statement of Profit and Loss as and when incurred.

**(b) Defined Benefit Plan**

The Liability for Leave Encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS-15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

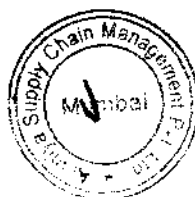
**vii. Lease**

**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.

**viii. Accounting for Taxes on Income**

- (a) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.
- (b) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates. Deferred Tax assets are not recognized unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.
- (c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

**ix. Impairment of tangible and intangible assets**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard – 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

**x. Earnings per Share**

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and diluted common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

**xi. Provisions, Contingent Liability and Contingent Assets**

(a) A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.

(b) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

(c) Contingent Assets are not recognised or disclosed in the financial statements.

**xii. Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method as set out in Accounting Standard 3 on Cash Flow Statements which presents the cash flows by operating, investing and financing activities of the Company.

**xiii.** Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>3. Share Capital</b>		
<b>Authorised :</b>		
40,00,000 (Previous Year 40,00,000) Equity Shares of ₹ 10/- each	4,00,00,000	4,00,00,000
<b>Issued, Subscribed and Fully Paid:</b>		
37,87,120 ( Previous Year 37,87,120 ) Equity Shares of ₹ 10/- each, fully paid up	3,78,71,200	3,78,71,200
<b>Total</b>	<b>3,78,71,200</b>	<b>3,78,71,200</b>

**(a) Reconciliation of equity shares outstanding as at the beginning and end of the year**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount (in ₹)	Number of shares	Amount (in ₹)
Balance as at the beginning of the year	37,87,120	3,78,71,200	37,87,120	3,78,71,200
Balance as at the end of the year	37,87,120	3,78,71,200	37,87,120	3,78,71,200

**(b) Terms and rights attached to the equity shares**

The Company has only one class of equity shares having a par value of ₹ 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 the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

**(c) Shares held by the Holding Company / Fellow Subsidiary**

Name of the shareholders	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount (in ₹)	Number of shares	Amount (in ₹)
Arshiya Limited*	33,08,333	3,30,83,330	33,08,333	3,30,83,330
Arshiya Northern FTWZ Limited	4,78,787	47,87,870	4,78,787	47,87,870
<b>Total</b>	<b>37,87,120</b>	<b>3,78,71,200</b>	<b>37,87,120</b>	<b>3,78,71,200</b>

**\*Notes:-**

(a) Shares held by the Holding Company include 100 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013.

(b) As per the Records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Details of equity shares held by the shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholders	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Percentage (%) shareholding	Number of shares	Percentage (%) shareholding
Arshiya Limited	33,08,333	87.36%	33,08,333	87.36%
Arshiya Northern FTWZ Limited	4,78,787	12.64%	4,78,787	12.64%
<b>Total</b>	<b>37,87,120</b>	<b>100.00%</b>	<b>37,87,120</b>	<b>100.00%</b>



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>4. Reserves and Surplus</b>		
<b>Securities Premium</b>		
Balance as at the beginning and at the end of the year	50,28,35,975	50,28,35,975
<b>Surplus/(Deficit) in the Statement of Profit &amp; Loss</b>		
Balance as at the beginning of the year	(1,68,78,10,763)	(1,71,71,67,752)
Add: (Loss) / Profit for the year	(8,49,40,372)	2,93,56,989
Balance as at the end of the year	(1,77,27,51,135)	(1,68,78,10,763)
<b>Total</b>	<b>(1,26,99,15,160)</b>	<b>(1,18,49,74,788)</b>
<b>5. Long -term Borrowings</b>		
<b>Secured Loan</b>		
Term Loan - Other	1,13,54,55,554	1,55,54,30,991
<b>Total</b>	<b>1,13,54,55,554</b>	<b>1,55,54,30,991</b>

**The Term loan facility is secured by:**

- 5.1 Pledge of 49% shares of Arshiya Northern FTWZ Limited held by Arshiya Limited.
- 5.2 Exclusive charge in favour of Capital First Limited on present and future Receivables of Company from Panvel FTWZ.
- 5.3 Escrow mechanism on the cash flows and receivables of Company from Panvel FTWZ.
- 5.4 Corporate Guarantees by Arshiya Limited and Arshiya Northern FTWZ Limited for the facility extended to Company.
- 5.5 Personal Guarantees of Promoters of Holding Company i.e. Mr. Ajay Mittal and Mrs. Archana Mittal.
- 5.6 Demand Promissory Note by Borrower.
- 5.7 Second charge on the Khurja Land and all assets of Arshiya Northern FTWZ Limited.
- 5.8 Term Loan carries interest @ 14.25% per annum.
- 5.9 Repayment Schedule of Secured Loan is as follows:-
  - (i) Refer long term maturities as shown below:
  - (ii) Refer current maturities of long term loan as referred to in Note No. 9.

(Amount in ₹)

Year	Other
FY 2017-18	43,24,62,135
FY 2018-19	48,00,00,000
FY 2019-20	48,00,00,000
FY 2020-21	17,54,55,554
<b>Total</b>	<b>1,56,79,17,689</b>

Details of default in repayment of principal on secured loan as on 31st March, 2017 is as follows:

(Amount in ₹)

Period	Other
Mar-17	1,24,62,135
<b>Total</b>	<b>1,24,62,135</b>



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

(Amount in ₹)		
Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>6. Long-term Provisions</b>		
Employees Benefits - Leave Encashment (Refer Note no: 24)	6,58,039	6,66,481
<b>Total</b>	<b>6,58,039</b>	<b>6,66,481</b>
<b>7. Short-term Borrowings</b>		
Secured:		
Working Capital Loan from others (Refer Note. A below)	10,50,00,000	-
Unsecured:		
Inter Corporate Loan (Refer Note. B below)	1,10,00,000	-
<b>Total</b>	<b>11,60,00,000</b>	-
<b>Security Provided:-</b> (A)(i) Exclusive charge in favour of Capital First Limited on present and future receivables of Company from Panvel FTWZ. (ii) Escrow mechanism on the cash flows and receivables of Company from Panvel FTWZ. (iii) Personal Guarantees of Promoters of Holding Company i.e. Mr. Ajay Mittal and Mrs. Archana Mittal. (iv) Working Capital Loan carries interest @ 16% per annum. (v) Repayable on 1st June 2017 . (B) Inter Corporate Loan is interest free and repayable on demand.		
Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>8. Trade Payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note no: 32)	20,30,284	33,24,949
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16,07,86,296	26,69,64,357
<b>Total</b>	<b>16,28,16,580</b>	<b>27,02,89,306</b>
<b>9. Other Current Liabilities</b>		
Current Maturities of Long Term borrowing (Refer Note no: 5)	43,24,62,135	25,50,00,000
Statutory Dues (Refer Note no: 33)	6,60,21,751	5,47,24,309
Interest on Delayed Payment of Statutory Dues	4,30,07,834	4,24,80,784
Interest Accrued and Due on Term Loan (Refer Note no. 9.1 below and 33)	4,07,27,383	2,87,88,144
Employees dues Payable (Including full and final settlement dues of ₹ 64,98,080/- (P.Y. ₹ 55,27,280/-)	95,64,166	87,86,982
Interest due on MSMED Vendors (Refer Note no: 32)	68,772	20,484
Provision for Expenses	39,29,253	56,47,035
Security Deposits from customers	4,47,07,625	3,09,90,714
Advance from Customers	20,37,550	32,80,240
<b>Total</b>	<b>64,25,26,469</b>	<b>42,97,18,692</b>
<b>9.1 Details of default in payment of interest on secured loan as on 31st March, 2017 is as follows:</b> (Amount in ₹)		
<b>Period</b>	<b>Other</b>	
Mar-17	1,19,39,239	
<b>Total</b>	<b>1,19,39,239</b>	
<b>10. Short -term Provisions</b>		
<b>Provision for Employees Benefits</b>		
Leave Encashment (Refer Note no: 24)	1,21,883	1,28,336
<b>Others</b>		
Provision for Taxes	75,50,000	90,55,000
<b>Total</b>	<b>76,71,883</b>	<b>91,83,336</b>



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

**11. Fixed Assets (Refer Note No. 29)**

Description of Assets	Gross Block			Depreciation / Amortization		Net Block	
	As at 1st April, 2016	Addition / (Deletion)	As at 31st March, 2017	As at 1st April, 2016	For the year March, 2017	As at 31st March, 2017	As at 31st March, 2016
<b>Tangibles</b>							
Office Equipments	9,72,981	35,100	10,08,081	9,22,639	52,102	33,340	50,342
Furniture & Fixtures	6,42,993	-	6,42,993	2,67,299	71,133	3,04,561	3,75,694
Computers	48,62,745	-	48,62,745	48,62,745	-	-	-
<b>Sub Total (A)</b>	<b>64,78,719</b>	<b>35,100</b>	<b>65,13,819</b>	<b>60,52,683</b>	<b>1,23,235</b>	<b>3,37,901</b>	<b>4,26,036</b>
<b>Intangible</b>							
Computer Software	48,16,774	-	48,16,774	16,59,881	3,94,612	27,62,281	31,56,893
<b>Sub Total (B)</b>	<b>48,16,774</b>	<b>-</b>	<b>48,16,774</b>	<b>16,59,881</b>	<b>3,94,612</b>	<b>27,62,281</b>	<b>31,56,893</b>
<b>Total ( A+B )</b>	<b>1,12,95,493</b>	<b>35,100</b>	<b>1,13,30,593</b>	<b>77,12,564</b>	<b>5,17,847</b>	<b>31,00,182</b>	<b>35,82,929</b>
<b>Previous Year</b>	<b>1,12,95,493</b>	<b>-</b>	<b>1,12,95,493</b>	<b>69,42,347</b>	<b>7,70,217</b>	<b>35,82,929</b>	<b>-</b>



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>12. Long-term Loans &amp; advances</b> (Unsecured, Considered Good):		
Security Deposits Given to Holding Company	57,88,50,000	90,70,00,000
Other:		
Tax Deducted at Source	3,90,87,194	5,84,87,715
<b>Total</b>	<b>61,79,37,194</b>	<b>96,54,87,715</b>
<b>13. Trade Receivables (Unsecured)</b>		
Debts outstanding for a period exceeding six months:		
Considered good	1,70,38,114	2,65,71,429
Considered Doubtful	-	12,35,331
Less: Provision for Doubtful Debts	-	(12,35,331)
Other Debts	-	-
Considered good	18,53,26,575	9,71,91,113
<b>Total</b>	<b>20,23,64,689</b>	<b>12,37,62,542</b>
<b>14. Cash and Cash equivalents</b>		
Balance with banks	38,28,077	2,00,83,138
Cash on hand (Refer Note No. 25)	3,279	17,818
<b>Total</b>	<b>38,31,356</b>	<b>2,01,00,956</b>
<b>15. Short -term Loans and advances</b> (Unsecured, considered good)		
Gratuity Balance (net) (Refer Note no: 24)	36,45,919	35,10,456
Trade Advance	20,94,411	12,46,077
Prepaid Expenses	1,05,814	4,89,543
Gratuity Deposit	5,000	5,000
<b>Total</b>	<b>58,51,144</b>	<b>52,51,076</b>





**Arshiya Supply Chain Management Private Limited**  
**Statement of Profit and Loss for the Year Ended 31st March, 2017**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>16. Revenue From Operations</b>		
Sale of Services	85,74,08,369	85,36,18,650
<b>Total</b>	<b>85,74,08,369</b>	<b>85,36,18,650</b>
<b>17. Other Income</b>		
Interest	53,26,525	-
Actuarial Gain on Gratuity Fund	-	1,15,535
Provision no longer required Written Back	12,55,813	6,74,084
Excess Provision Written Back	63,831	29,77,088
Foreign Exchange Gain (Net)	-	24,56,897
<b>Total</b>	<b>66,46,169</b>	<b>62,23,604</b>
<b>18. Cost of operations</b>		
Operating Expenses	66,16,89,614	56,58,93,302
<b>Total</b>	<b>66,16,89,614</b>	<b>56,58,93,302</b>
<b>19. Employee Benefits Expense</b>		
Salaries, bonus and other allowances	1,99,33,627	2,35,21,537
Contribution to Provident and other funds	10,49,291	9,74,237
Staff Welfare expenses	7,10,255	2,81,246
<b>Total</b>	<b>2,16,93,173</b>	<b>2,47,77,020</b>
<b>20. Other Expenses</b>		
Electricity charges	1,15,157	-
Rent	7,15,200	-
Repairs and maintenance	5,77,128	-
Insurance Expenses	1,880	2,105
Rates & Taxes	73,496	60,019
Legal & Professional Fees	20,99,343	19,14,678
Communication Expenses	11,17,435	10,61,091
Printing & Stationery	2,35,012	42,333
Bank Charges	16,02,594	19,52,224
Travelling And Conveyance	10,87,423	52,97,644
<u>Remuneration to Auditors</u>	-	-
Audit Fees	8,00,000	8,00,000
Reimbursement of expenses	25,000	25,000
Advertisement and Business Promotion	5,73,329	5,40,668
Donation	66,000	5,72,000
Miscellaneous Expenses	4,00,716	3,42,293
Foreign Exchange Loss (Net)	8,00,580	-
<b>Total</b>	<b>1,02,90,293</b>	<b>1,26,10,055</b>
<b>21. Finance Costs</b>		
Interest Expense	24,88,25,194	21,21,23,472
Interest on Delayed Payment of Statutory Dues	1,10,38,773	1,34,02,311
Interest due on MSMED Vendors	68,772	20,484
Other Borrowing Cost	-	8,37,900
<b>Total</b>	<b>25,99,32,739</b>	<b>22,63,84,167</b>
<b>22. Prior Period Adjustment</b>		
Prior Period Expenses	3,16,733	(1,42,00,000)
<b>Total</b>	<b>3,16,733</b>	<b>(1,42,00,000)</b>
<b>23. Exceptional Items</b>		
Bad Debts Written Off	51,36,847	1,91,76,929
Interest on Delayed Payment of TDS Written back (Refer Note no: 33)	(1,05,03,016)	(64,78,231)
Sundry Balances Written Off/Back (net)	(3,42,078)	(59,98,194)
<b>Total</b>	<b>(57,08,247)</b>	<b>67,00,504</b>



**24 Disclosure pursuant to Accounting Standard 15(Revised)-Employee Benefits.**

**a. Brief description 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.

**b. Defined Benefit Plan**

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
<b>I. Actuarial assumptions</b>				
Discount rate	6.90%	7.55%	6.90%	7.55%
Rate of return on plan assets	6.90%	7.55%	--	--
Salary escalation rate	7.00%	7.00%	7.00%	7.00%
Attrition rate	15.00%	15.00%	15.00%	15.00%

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
<b>II. Changes in defined benefit obligations</b>				
Liability at the beginning of year	13,38,716	10,80,549	7,94,817	7,84,724
Interest cost	89,966	84,483	54,437	56,835
Current service cost	3,44,350	3,35,029	2,48,892	2,58,939
Benefits paid	(2,94,231)	--	(1,47,600)	(1,12,134)
Actuarial (gain)/loss on obligations	1,24,509	(1,61,145)	(1,70,624)	(1,93,547)
Liability at the end of year	16,03,310	13,38,716	7,79,922	7,94,817

(Amount in ₹)

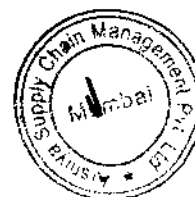
Particulars	Gratuity	
	31st March, 2017	31st March, 2016
<b>III. Fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	48,49,172	44,75,470
Expected return on plan assets	3,66,112	4,02,792
Actual Enterprise's contributions	2,94,231	-
Benefits paid	(2,94,231)	-
Actuarial (gain)/loss on obligations	33,945	(29,090)
Fair value of plan assets at the end of the year	52,49,229	48,49,172

(Amount in ₹)

Particulars	Leave Encashment	
	31st March, 2017	31st March, 2016
<b>IV. Liability recognised in the Balance Sheet</b>		
Current Liability as the end of the year	1,21,883	1,28,336
Non Current Liability as at the end of the year	6,58,039	6,66,481
Liability recognised in the Balance Sheet	7,79,922	7,94,817

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
<b>V. Actual return on plan assets</b>				
Expected return on plan assets	3,66,112	4,02,792	-	-
Actuarial (gain)/loss on assets	33,945	(29,090)	-	-
Actual return on plan assets	4,00,057	3,73,702	-	-



(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
<b>VI. Fair value of assets and liabilities</b>				
Present Value of defined benefit obligation	(16,03,310)	(13,38,716)	(7,79,922)	(7,94,817)
Fair value of plan assets	52,49,229	48,49,172	-	-
Plan Assets /(Liability)	36,45,919	35,10,456	(7,79,922)	(7,94,817)

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
<b>VII. Expenses recognized in the statement of Profit and Loss</b>				
Current service cost	3,44,350	3,35,029	2,48,892	2,58,939
Interest cost	89,966	84,283	54,437	56,835
Expected return on plan assets	(3,66,112)	(4,02,792)	-	-
Net actuarial (Gain)/Loss to on obligation	90,564	(1,32,055)	(1,70,624)	(1,93,547)
Expense/(gain) recognised in the statement of Profit and Loss	1,58,768	(1,15,535)	1,32,705	1,22,227

(Amount in ₹)

<b>VIII. History of Defined Benefit Obligation, Asset values, Surplus/Deficit and Experience Gains/Losses</b>					
(a) Gratuity	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
Defined Benefit Obligation	16,03,310	13,38,716	10,80,549	18,20,166	24,19,924
Plan Assets	52,49,229	48,49,172	44,75,470	37,43,362	41,15,477
<b>(Surplus)/Deficit</b>	<b>(36,45,919)</b>	<b>(35,10,456)</b>	<b>(33,94,921)</b>	<b>(19,23,196)</b>	<b>(16,95,553)</b>
Exp Adj - Plan Assets Gain/(Loss)	33,945	(29,090)	4,06,436	(3,58,046)	21,465
Assumptions (Gain)/Loss	(2,38,724)	18,936	62,866	(1,18,875)	92,772
Exp Adj - Plan Liabilities Gain/(Loss)	3,63,233	(1,80,081)	(16,54,369)	(11,77,113)	(1,16,17,808)
<b>Total Actuarial (Gain)/Loss</b>	<b>1,24,509</b>	<b>(1,61,145)</b>	<b>(15,91,503)</b>	<b>(12,95,988)</b>	<b>(1,15,25,036)</b>

(Amount in ₹)

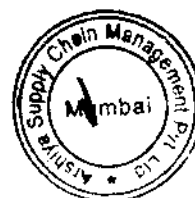
(b) Leave Encashment	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
Defined Benefit Obligation	7,79,922	7,94,817	7,84,724	9,91,736	25,22,484
Plan Assets	-	-	-	-	-
<b>(Surplus)/Deficit</b>	<b>7,79,922</b>	<b>7,94,817</b>	<b>7,84,724</b>	<b>9,91,736</b>	<b>25,22,484</b>
Exp Adj - Plan Assets Gain/(Loss)	-	-	-	-	-
Assumptions (Gain)/Loss	25,734	4,457	62,296	-	76,727
Exp Adj - Plan Liabilities Gain/(Loss)	(1,96,358)	(1,98,004)	(1,02,787)	(5,22,949)	(2,73,649)
<b>Total Actuarial (Gain)/Loss</b>	<b>(1,70,624)</b>	<b>(1,93,547)</b>	<b>(40,491)</b>	<b>(5,22,949)</b>	<b>(1,96,922)</b>

## 25. Specified Bank Notes (SBN)

During the year, the Company did not have Specified Bank Notes (SBN) but had other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017. The details of other denomination notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as mentioned below:

Particulars	SBNs*	Other denomination notes	Total
Closing Cash on hand as on 8th November, 2016	-	32,302	32,302
(+) Permitted receipts	-	1,100	1,100
(-) Permitted payments	-	(31,400)	(31,400)
(-) Amount deposited in Banks	-	-	-
Closing Cash on hand as on 30th December, 2016	-	2,002	2,002

\* For the purpose of the clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S. O. 3407(E), dated 8th November, 2016.



**26. Disclosure pursuant to Accounting Standard 17 – Segment Information**

The Company is primarily engaged in providing end to end supply and demand chain 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 same has been considered as representing a single primary segment. 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.

**27. Related party disclosures, as required by Accounting Standard 18 "Related Party Disclosures" as given below:**

Name of Related Party	Relationship
Arshiya Limited	Holding Company
Arshiya Rail Infrastructure Limited	Fellow Subsidiaries
Arshiya Northern FTWZ Limited	
Mr. Ajay Mittal - Director (Resigned w.e.f. 24th March, 2017)	Key Management Personnel (KMP)
Mr. Vinod Shantilal Parekh - Director (w.e.f. 24th March, 2017)	
Mr. Navnit Choudhary - Director (w.e.f. 1st October, 2012)	
Mr. Ranjit Ray - Director (Resigned w.e.f. 14th November, 2016)	

**Note:**

The Related party relationships and transactions have been determined by the management on the basis of requirements of AS-18 and the same has been relied upon by the auditors.

The nature and amount of transactions with the above related parties are as follows:

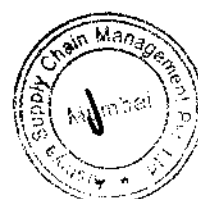
Nature of Transactions	Holding Company	Fellow Subsidiary	(Amount in ₹)
			Total
Services Received	49,71,10,039 (39,12,81,394)	2,42,54,975 (2,42,70,975)	52,13,65,014 (41,55,52,369)
Security Deposit Paid /Refunded	32,81,50,000 (90,70,00,000)	-	32,81,50,000 (90,70,00,000)
Corporate Guarantee Received *	(1,85,00,00,000)	-	(1,85,00,00,000)
Corporate Guarantee Received Cancelled	(1,85,00,00,000)	-	(1,85,00,00,000)
Corporate Guarantee Given Cancelled	(1,15,00,00,000)	-	(1,15,00,00,000)
<b>Balance as at 31st March, 2017</b>			
Trade Payable	1,40,306 (7,73,00,143)	10,97,37,939 (17,23,84,330)	10,98,78,245 (24,96,84,473)
Security Deposit	57,88,50,000 (90,70,00,000)	-	57,88,50,000 (90,70,00,000)
Corporate Guarantee Received *	1,85,00,00,000 (1,85,00,00,000)	-	1,85,00,00,000 (1,85,00,00,000)

\* Corporate Guarantee is given jointly and severally by Holding Company (Arshiya Limited) and Fellow Subsidiary Company (Arshiya Northern FTWZ Ltd.).

Note: Figures in brackets represent those of previous year.

**28. Disclosure pursuant to Accounting Standard 20 - Earnings per share**

Particulars	(Amount in ₹)	
	31st March, 2017	31st March, 2016
(Loss)/Profit for the year after tax (Amount in ₹)	(8,49,40,372)	2,93,56,989
Weighted average number of equity shares (Number)	37,87,120	37,87,120
Nominal value per share (Amount in ₹)	10	10
Earnings per share - Basic and Diluted (Amount in ₹)	(22.43)	7.75



**29. Fixed Assets and Depreciation**

In the opinion of the Management, the Company's assets are such that there are no significant parts thereof whose life is different than the useful life of the whole asset (Component accounting being a technical matter, the opinion of the Management is relied upon by the Auditors). Consequently, the Company has continued to provide depreciation in respect of all its assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective assets.

**30. Disclosure pursuant to Accounting Standard 22: Accounting for Taxes on Income**

**30.1** In view of loss for the year no provision for taxation has been made.

**30.2** Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognized as a measure of abundant caution.

**31. Preparation of financial statements on "Going Concern" basis:**

The financial statements of the Company have been prepared on a "Going Concern" basis in view of:

- (a) Increase in volume of business of the Company by providing services to the clients in Free Trade Warehousing Zones(s) (FTWZ) at Panvel and Khurja, owned by the Holding Company and a Fellow Subsidiary respectively;
- (b) The future business prospects expected on account of Inland Container Depot (ICD) being set up by a Fellow Subsidiary.

**32. Details of dues to Micro, Small and Medium enterprises as per MSMED Act, 2006**

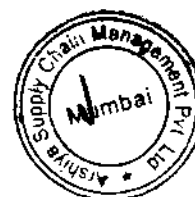
(Amount in ₹)

S. No.	Description	31st March, 2017	31st March, 2016
a	Principal amount due and remaining unpaid	20,30,284	33,24,949
b	Interest due on above	68,772	20,484
c	Payment made beyond the appointed day during the year	-	-
d	Interest paid	-	-
e	Interest due on payable for the period of delay	-	-
f	Interest accrued and remaining unpaid	68,772	20,484
g	Amount of further interest remaining due and payable in succeeding years	-	-

**Note :** Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

**33. Tax Deducted at Source**

- (a) The Company had deducted income tax at source (TDS) aggregating to ₹ 7,37,12,222/- during the current and earlier years from the amounts payable to Holding Company, one fellow subsidiary company and a Lender (Parties). The Company has not paid the said TDS to the Government on assumption that such parties would have informed that, they have / will discharge their income tax liabilities on their respective income declared by them in the respective and current years. Accordingly during the year, the Company has transferred an amount of ₹ 7,37,12,222/- back to the respective parties.
- (b) The Company has written back an aggregate amount of ₹ 1,05,03,016/- representing interest on unpaid tax deducted at source provided in earlier years on the premise that since the corresponding tax deducted is assumed to be not payable as mentioned in Note no. (a) above, interest thereon is assumed to be not payable.



**Arshiya Supply Chain Management Private Limited**  
**Notes to Financial Statements for the Year Ended 31st March, 2017**

**34. Foreign Currency Exposure:**

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

Particulars	Amount in Foreign Currency			Equivalent amount (in ₹)	
	Currency	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Bank Balance	USD	669	-	42,762	-
Accounts Receivables	USD	31,22,887	17,66,206	19,96,14,943	11,55,27,522
	EUR	10,489	6,587	7,12,196	4,85,625
Security Deposit from customers	USD	1,38,831	80,935	88,74,061	52,93,986
	EUR	725	3,609	49,228	2,66,071

**35. Contingent Liabilities :**

Particulars	(Amount in ₹)	
	31st March, 2017	31st March, 2016
Claims against the Company not acknowledged as debts	6,25,000	6,25,000
Bond-cum Legal Undertaking	4,18,96,00,000	-

**36. Other Disclosures:**

**A. Earnings in Foreign Currency**

Particulars	(Amount in ₹)	
	31st March, 2017	31st March, 2016
Revenue from Free Trade Warehousing Zone and related services	85,34,56,653	84,87,73,222

**B. Expenditure in Foreign Currency**

Particulars	(Amount in ₹)	
	31st March, 2017	31st March, 2016
Travelling expense	10,70,343	--

- 37.** Certain balances in respect of Trade Receivables, Loans and Advances, Trade Payables and Other liabilities other than due from/to Holding/Fellow Subsidiaries are subject to confirmations and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts will be adjusted in the year in which balances are reconciled.
- 38.** The Company is of the view that the provisions of Section 185 of the Companies Act, 2013 as regards intercompany advances/loans/guarantees granted/received to/from group companies are not applicable, as the same are provided/received in the normal course of business.
- 39.** Previous year's figures have been regrouped/reclassified, wherever necessary to conform to those of current year's classification/disclosures.

Signatures to Notes forming part of Financial Statements.

**For M.A.Parikh & Co.**  
**Chartered Accountants**  
 Firm Registration Number-107556W

*Mukul Patel*

**Mukul Patel**  
 Partner  
 Membership Number: 032489



**For and on Behalf of the Board of Directors of**  
**Arshiya Supply Chain Management Private Limited**

*Navnit Choudhary*

**Navnit Choudhary**  
 Director  
 DIN : 00613576

*Vinod Parekh*

**Vinod Parekh**  
 Director  
 DIN : 06529752

Place: Mumbai  
 Dated: 17th May, 2017



**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

**To the Members of ARSHIYA TRANSPORT AND HANDLING LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **ARSHIYA TRANSPORT AND HANDLING LIMITED ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Director is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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



and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;  
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### ***Emphasis of Matter***

The Company continues to be under severe financial stress as reflected by:

Non generation of adequate revenue to ensure regular payment of expenses, statutory dues inclusive of Tax Deducted at Source and repayment of loan from Holding Company.

Despite the foregoing, these accounts have been prepared on a going concern basis as explained in Note No. 15.

Our Opinion is not modified in all respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;





- d. In our opinion the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, 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 "B"**; and
- 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) Amendment Rules, 2017, 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 litigation which would impact 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not hold any Specified Bank Notes (SBNs) on 8<sup>th</sup> November, 2016. Therefore, the requirements related to disclosure of SBNs are not applicable. Refer Note no. 20 of the financial statement.

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Reg. No. 107556W



Mukul Patel  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017

## **Annexure "A" to the Independent Auditors' Report**

As referred to in the Annexure to the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- i. (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 explanations given to us, no material discrepancies were noticed on such verification.  
  
(c) The Company does not own any immovable property and hence clause 3(i)(c) of the Order is not applicable.
- ii. The nature of the business of the Company does not require it to purchase any inventory and hence, the provision of clause 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- iv. The Company has not granted any loan to directors directly or indirectly and also no investment has made by the company and hence clause 3(iv) of the Order is not applicable.
- v. The company has not accepted any deposits from the public and hence clause 3(v) of the Order is not applicable.
- vi. According to the information and explanations obtained, the Company is not required to maintain cost records as prescribed under Section 148(1) of the Act pursuant to the Companies (Cost Accounting Records) Rules 2013 notified by the Central Government of India vide notification dated 1 April 2014.
- vii. In respect of statutory dues:
  - (a) The Company is generally regular in depositing undisputed applicable statutory dues, *except tax deducted at source of Rs. 7,57,525/- which is outstanding as of the year-end for a period of more than six months from their due dates of payment.*
  - (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty and cess which have not been deposited on account of any disputes.



- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year and hence clause 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence clause 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial hence clause 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W

*Mukul Patel*

**Mukul Patel**  
Partner

Membership No. 032489

Place: Mumbai

Date: 17<sup>th</sup> May, 2017



## **Annexure- B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Transport and Handling Limited** ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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



## **Meaning of Internal Financial Controls over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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 M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017



# **Arshiya**

**Arshiya Transport and Handling Limited**

**Audited Financial Statement**

**As at 31st March, 2017**

**Arshiya Transport and Handling Limited**  
Balance Sheet as at 31st March, 2017

(Amount in ₹)

Particulars	Note No	As at 31st March, 2017	As at 31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDER'S FUNDS</b>			
(a) Share Capital	3	5,00,000	5,00,000
(b) Reserves & Surplus	4	(10,74,19,925)	(10,56,80,644)
		<b>(10,69,19,925)</b>	<b>(10,51,80,644)</b>
<b>2. NON-CURRENT-LIABILITIES</b>			
Long -Term Borrowings	5	10,50,18,654	10,49,20,823
		<b>10,50,18,654</b>	<b>10,49,20,823</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Trade Payables	6		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	65,774
(b) Other Current Liabilities	7	19,78,432	19,39,439
		<b>19,78,432</b>	<b>20,05,213</b>
<b>Total</b>		<b>77,161</b>	<b>17,45,393</b>
<b>II. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible Assets	8	-	-
		<b>-</b>	<b>-</b>
<b>2. CURRENT ASSETS</b>			
(a) Trade Receivables	9	-	16,74,800
(b) Cash and Cash Equivalents	10	77,161	70,592
		<b>77,161</b>	<b>17,45,392</b>
<b>Total</b>		<b>77,161</b>	<b>17,45,392</b>

Summary of Significant Accounting Policies  
See accompanying notes to the financial statements.

2  
1 to 22

For M. A. Parikh & Co.  
Chartered Accountants  
Firm Registration Number. 107556W

For and on behalf of the Board of Directors  
Arshiya Transport and Handling Limited

*Mukul Patel*

Mukul Patel  
Partner  
Membership Number. 032489

*Ajay S Mittal*

Ajay S Mittal  
Director  
DIN No.00226355

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN No.00613576

Place: Mumbai  
Date: 17th May 2017





**Arshiya Transport and Handling Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2017**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>I. REVENUE:</b>			
Revenue from Operations		-	-
<b>Total</b>		-	-
<b>II. EXPENSES:</b>			
(a) Finance Cost	11	1,36,496	2,07,479
(b) Depreciation	8	-	3,074
(c) Other Expenses	12	84,657	89,090
<b>Total</b>		<b>2,21,154</b>	<b>2,99,643</b>
III. Loss before exceptional and extraordinary items and tax(I-II)		(2,21,154)	(2,99,643)
IV. Exceptional items		15,18,127	-
V. Loss before extraordinary items and tax (III - IV)		(17,39,281)	(2,99,643)
<b>Loss before Prior Period Adjustment</b>		<b>(17,39,281)</b>	<b>(2,99,643)</b>
<b>Prior Period Adjustment</b>	13	-	11,361
<b>Loss for the year</b>		<b>(17,39,281)</b>	<b>(3,11,004)</b>
Earnings Per Share Basic and Diluted	18	(34.79)	(6.22)

Summary of Significant Accounting Policies  
See accompanying notes to the financial statements.

2  
1 to 22

As per our report of even date

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Registration Number. 107556W

**For and on behalf of Board of Directors of**  
**Arshiya Transport and Handling Limited**

*Mukul Patel*

**Mukul Patel**  
Partner  
Membership Number. 032489

*Ajay S Mittal*

**Ajay S Mittal**  
Director  
DIN No.00226355

*Navnit Choudhary*

**Navnit Choudhary**  
Director  
DIN No.00613576

Place: Mumbai  
Date: 17th May 2017




**Arshiya Transport and Handling Limited**  
**Cash Flow Statement for the year ended 31st March, 2017**

(Amount in ₹)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>A. Cash Flow from Operating Activities</b>		
Loss for the year	(17,39,281)	(3,11,004)
Adjusted for:		
Depreciation	-	3,074
Finance Charges	1,35,748	2,07,479
<b>Operating Loss before Working Capital Changes</b>	<b>(16,03,533)</b>	<b>(1,00,451)</b>
Adjusted for:		
Increase/(Decrease) in Current Liabilities	(96,755)	(9,85,443)
(Decrease)/ Increase in Trade Payables	(65,774)	-
Decrease/ (Increase) in Trade Receivables	16,74,800	-
<b>Net Cash used from Operating Activities</b>	<b>(91,262)</b>	<b>(10,85,894)</b>
<b>B. Cash Flow from Financing Activities</b>		
Long term borrowing	97,831	10,83,451
<b>Net Cash Flow from Financing Activities</b>	<b>97,831</b>	<b>10,83,451</b>
<b>Net Decrease in Cash &amp; Cash Equivalents (A+B)</b>	<b>6,569</b>	<b>(2,443)</b>
Cash and Cash Equivalents as at the beginning of the year	70,592	73,035
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>77,161</b>	<b>70,592</b>


As per our report of even date

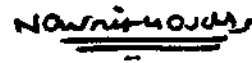
**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Registration Number. 107556W

  
**Mukul Patel**  
Partner  
Membership Number. 032489



**For and on behalf of Board of Directors of**  
**Arshiya Transport and Handling Limited**

  
**Ajay S Mittal**  
Director  
DIN No.00226355

  
**Navnit Choudhary**  
Director  
DIN No.00613576

Place: Mumbai  
Date: 17th May 2017



**Arshiya Transport and Handling Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**1 Corporate Information**

Arshiya Transport and Handling Limited 'the Company', was incorporated on 5th March, 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.

**2 Significant Accounting Policies**

**(i) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified).

**(ii) Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amounts of revenue and expenses for the year. The difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

**(iii) Property, Plant and Equipment (Fixed Assets) and Intangible Assets**

**(A) Tangible Assets**

Fixed assets are stated at original cost of acquisition/installation (net of cenvat credit availed) less accumulated depreciation and impairment losses, if any. All costs including financing costs till commencement of commercial operations are capitalised.

**(B) Capital work-in-progress**

The cost of fixed assets which are not ready for its intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

**(C) Intangible Assets**

(a) Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

(b) The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

**(D) Depreciation and Amortization**

**(a) Tangible Assets**

Depreciation on tangible fixed assets is provided on straight-line method as per Part C of Schedule II of the Companies Act, 2013.

**(b) Intangible Assets**

Amortisation of intangible assets is provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.

**(iv) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Income from Services**

Revenue from Transport Operations is accounted on commencement of journey for movement of cargo/container to the place of destination considering the same as substantial completion of contract. Revenue from Handling Operations is recognized on the basis of loading/unloading of container/cargo, considering the same as substantial completion of contracted services.



**Arshiya Transport and Handling Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**(v) Employee benefits**

Employee benefits include schemes such as provident fund, Employee State Insurance, gratuity and leave encashment entitlements.

**(a) Defined Contribution Plan**

Contributions to defined contribution scheme such as provident fund and Employees' State Insurance are charged to the Statement of Profit and Loss as and when incurred.

**(b) Defined Benefit Plan**

The Liability for Leave Encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS-15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with the Rule 7 of the Companies (Accounts) Amendment Rules, 2016.

**(vi) Accounting for taxes on income**

**(a)** Provision for Current Tax is made, based on the tax payable under the Income-tax Act, 1961.

**(b)** Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and are measured using relevant enacted tax rates. Deferred Tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

**(c)** Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

**(vii) Provisions, Contingent Liability and Assets**

**(a)** A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.

**(b)** Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**(c)** Contingent Assets are not recognised or disclosed in the financial statements.

**(viii) Earnings per Share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of equity and diluted equivalent shares outstanding during the year, except when the results would be anti-dilutive.

**(ix) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

**(x)** Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.



**Arshiya Transport and Handling Limited**  
Notes to financial statements for the year ended 31st March, 2017

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>3. Share Capital</b>		
<u>Authorised</u>		
50,000 (Previous Year -50,000) Equity Shares of ₹ 10/- each	5,00,000	5,00,000
<u>Issued, Subscribed and fully paid</u>		
50,000 (Previous Year -50,000) Equity Shares of ₹ 10/- each fully paid-up	5,00,000	5,00,000
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>

**(a) Terms/rights attached to the Equity Shares**

The Company has one class of equity shares having a par value of ₹ 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 the proportion to the number of equity shares held by the shareholders.

**(b) Reconciliation of the equity shares outstanding as at the beginning and end of the year.**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	Amount (in ₹)	Number of Shares	Amount (in ₹)
Balance as at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Balance as at the end of the year	50,000	5,00,000	50,000	5,00,000

**(c) Shares held by the Holding Company**

Name of the Shareholder	As at 31st March, 2017	As at 31st March, 2016
Arshiya Limited *	50,000	50,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

**(d) Details of equity shares held by the shareholders holding more than 5% of the aggregate shares in the Company**

Name of the Shareholder	As at 31st March, 2017	As at 31st March, 2016
Arshiya Limited * (100%)	50,000	50,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

**\* Notes :-**

(i) Shares held by the Holding Company include 200 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013.

(ii) As per Records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



**Arshiya Transport and Handling Limited**  
Notes to financial statements for the year ended 31st March, 2017

Particulars	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
<b>4. Reserves &amp; Surplus</b>		
<b>Deficit in the Statement of Profit &amp; Loss</b>		
Balance as at beginning of the year	(10,56,80,644)	(10,53,69,640)
Add: (Loss) for the year	(17,39,281)	(3,11,004)
Balance as at end of the year	<b>(10,74,19,925)</b>	<b>(10,56,80,644)</b>
<b>5. Long -Term Borrowings</b>		
<b>Unsecured</b>		
Interest free unsecured loan from Holding Company	10,50,18,654	10,49,20,823
<b>Total</b>	<b>10,50,18,654</b>	<b>10,49,20,823</b>
<b>6. Trade Payables</b>		
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 22)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	65,774
<b>Total</b>	<b>-</b>	<b>65,774</b>
<b>7. Other Current Liabilities</b>		
Employee dues	1,51,156	1,51,156
Statutory dues	7,57,525	7,45,544
Interest payable on delayed payment of statutory dues	9,97,809	8,62,061
Provision for expenses	71,942	1,80,678
<b>Total</b>	<b>19,78,432</b>	<b>19,39,439</b>



**Arshiya Transport and Handling Limited**  
**Notes to financial statements for the year ended 31st March, 2017**

**8. Fixed Assets**

Particulars	Gross Block		Depreciation		Net Block	
	As at 1st April 2016	As at 31st March 2017	As at 1st April 2016	Depreciation during the year	As at 31st March 2017	As at 31st March 2016
<b>Tangible Assets</b>						
Computers	8,67,495	8,67,495	8,67,495	-	8,67,495	-
<b>Previous Year</b>	8,67,495	8,67,495	8,64,421	3,074	8,67,495	3,074



Arshiya Transport and Handling Limited		
Notes to financial statements for the year ended 31st March, 2017		
(Amount in ₹)		
Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>9. Trade Receivables</b>		
Unsecured considered good		
Debts outstanding for period exceeding six months	-	16,74,800
<b>Total</b>	<b>-</b>	<b>16,74,800</b>
<b>10. Cash and Cash Equivalents</b>		
Balances with Banks	77,161	70,592
<b>Total</b>	<b>77,161</b>	<b>70,592</b>
(Amount in ₹)		
Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>11. Finance Cost</b>		
Interest on delayed payment of Statutory Dues	1,35,748	2,05,036
Bank Charges	748	2,443
<b>Total</b>	<b>1,36,496</b>	<b>2,07,479</b>
<b>12. Other Expenses</b>		
Legal and Professional fees	-	2,375
Auditors's Remuneration		
Audit fees	74,750	74,425
Other services	6,180	-
Miscellaneous expenses	3,727	12,290
<b>Total</b>	<b>84,657</b>	<b>89,090</b>
<b>13. Exceptional Items (Net)</b>		
Sundry balances written back	(1,56,673)	
Bad debts written off	16,74,800	
<b>Total</b>	<b>15,18,127</b>	<b>-</b>
<b>14. Prior Period Adjustment</b>		
Legal and Professional fees	-	11,361
<b>Total</b>	<b>-</b>	<b>11,361</b>





**Arshiya Transport and Handling Limited**

Notes to financial statements for the year ended 31st March, 2017

- 15 The financial statements of the Company have been prepared on a "Going Concern" basis in view of note no. 16.
- 16 During the year, Arshiya Rail Infrastructure Limited has filed an application with the National Company Law Tribunal (NCLT) for merger of the Company and Arshiya Industrial & Distribution Hub Limited with Arshiya Rail Infrastructure Limited, the impact of this proposed merger will be recognised of the order from the NCLT.
- 17 **Taxation**
- 17.1 In view of loss for the year, no provision for taxation has been made.
- 17.2 Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognised as a measure of abundant caution.
- 18 **Earnings per Share (EPS)**

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Loss for the year (₹)	(17,39,281)	(3,11,004)
Weighted average number of Equity Shares	50,000	50,000
Nominal Value Per Share (₹)	10	10
Basic and Diluted EPS (₹)	(34.79)	(6.22)

- 19 **Related Party disclosures, as required by Accounting Standard 18 "Related party Disclosures" as given below**

Arshiya Limited	Holding Company
Mr. Ajay S Mittal - Director Mr. Navnit Choudhary - Director Mr. Binu Jacob - Director	Key Management Personnel

Note: The related party relationships and transactions have been determined by the management on the basis of requirements of AS-18 and the same has been relied upon by the auditors.

The nature and amount of transactions with the above related parties are as follows:

Nature of Transactions	(Amount in ₹)	
	Holding Company	
	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>Unsecured Loan</b>		
Opening Balance	10,49,20,823	10,38,37,371
Loan Received	50,000	10,83,452
Loan Repaid	27,328	-
Reimbursement of Expenses	75,159	-
Balance as at year end	10,50,18,654	10,49,20,823



**Arshiya Transport and Handling Limited**

Notes to Financial statements for the year ended 31st March, 2017

**20 Disclosure on Specified Bank notes (SBNs)**

During the year, the Company did not have any specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017

**21 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

(Amount in ₹)			
S. No.	Description	As at 31st March 2017	As at 31st March 2016
a)	Principal amount due and remaining unpaid	-	-
b)	Interest due on above	-	-
c)	Payment made beyond the appointed day during the year.	-	-
d)	Interest paid	-	-
e)	Interest due and payable for the period of delay	-	-
f)	Interest accrued and remaining unpaid	-	-
g)	Amount of further interest remaining due and payable in succeeding years	-	-


**Note:** Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

**22 Previous year's figures have been regrouped/reclassified, wherever necessary to conform to those of current year's classification/disclosures.**


Signatures to Notes forming part of Financial Statements

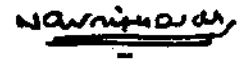
For M.A.Parikh & Co.  
Chartered Accountants  
Firm Registration Number. 107556W

For and on behalf of Board of Directors of  
Arshiya Transport and Handling Limited

  
Mukul Patel  
Partner  
Membership Number. 032489



  
Ajay S Mittal  
Director  
DIN No.00226355

  
Navnit Choudhary  
Director  
DIN No.00613576

Place: Mumbai  
Date: 17th May 2017



**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

**To the Members of Arshiya Technologies (India) Private Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Director is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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



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

### **Opinion**

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;
- and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, 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 "B"; and
- 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) Amendment Rules, 2017, 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 litigation which would impact 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not hold any Specified Bank Notes (SBNs) on 8<sup>th</sup> November, 2016. Therefore, the requirements related to disclosure of SBNs are not applicable. Refer Note no. 13 of the financial statement.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W

*Mukul Patel*

**MUKUL PATEL**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017

## **Annexure "A" to the Independent Auditors' Report**

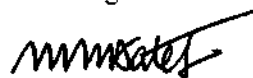
As referred to in the Annexure to the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- i. The Company does not have any fixed assets. Therefore, the requirements of Clause 3(i) of the Order are not applicable.
- ii. The nature of the business of the Company does not require it to purchase any inventory and hence, the provisions of clause 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Order is not applicable.
- iv. The Company has not granted any loan to directors directly or indirectly and also no investment has made by the company and hence clause 3(iv) of the Order is not applicable.
- v. The company has not accepted any deposits from the public and hence clause 3(v) of the Order is not applicable.
- vi. According to the information and explanations obtained, the Company is not required to maintain cost records as prescribed under Section 148(1) of the Act pursuant to the Companies (Cost Accounting Records) Rules 2013 notified by the Central Government of India vide notification dated 1<sup>st</sup> April 2014.
- vii. In respect of statutory dues:
  - (a) According to the to the information and explanations given to us and according to the books and records as produced before us, in our opinion, there is no delay in payment of tax deducted at source by the Company.
  - (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any disputes.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.



- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial hence clause 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul M. Patel**  
Partner

Membership No. 032489

Place: Mumbai

Date: 17<sup>th</sup> May, 2017



## **Annexure- B to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Arshiya Technologies (India) Private Limited** ("the Company") as of 31<sup>st</sup> March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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





## **Meaning of Internal Financial Controls over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, 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 M. A. Parikh & Co.**  
**Chartered Accountants**  
Firm Reg. No. 107556W



**Mukul M. Patel**  
Partner  
Membership No. 032489



Place: Mumbai  
Date: 17<sup>th</sup> May, 2017



# **Arshiya**

**Arshiya Technologies (India) Private Limited**

**Audited Financial Statement**

**As at 31st March,2017**

**Arshiya Technologies (India) Private Limited**  
**Balance Sheet as at 31st March, 2017**

(Amount in ₹)

Particulars	Note No	As at 31st March, 2017	As at 31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	3	10,11,580	10,11,580
(b) Reserves and Surplus	4	(11,34,585)	1,42,062
		<b>(1,23,005)</b>	<b>11,53,642</b>
<b>2. Non-Current-Liabilities</b>			
Long -Term Borrowings	5	81,710	-
<b>3. Current Liabilities</b>			
(a) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Other Current Liabilities	6	51,750	94,300
		<b>1,33,460</b>	<b>94,300</b>
<b>Total</b>		<b>10,455</b>	<b>12,47,942</b>
<b>II. ASSETS</b>			
<b>1. Current Assets</b>			
Cash and Cash Equivalents	7	10,455	12,47,942
		<b>10,455</b>	<b>12,47,942</b>
<b>Total</b>		<b>10,455</b>	<b>12,47,942</b>

Summary of Significant Accounting Policies  
See accompanying notes to the financial statements

2  
1 to 15

For M. A. Parikh & Co  
Chartered Accountants  
Firm Registration Number. 107556W

*Mukul Patel*

Mukul Patel  
Partner  
Membership Number: 032489



Place: Mumbai  
Date: 17th May 2017

For and on behalf of Board of Directors of  
Arshiya Technologies (India) Private Limited

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN No: 00613576

*Binu Jacob*

Binu Jacob  
Director  
DIN No: 06670062



**Arshiya Technologies (India) Private Limited**  
**Statement of Profit and Loss for the year ended 31st March, 2017**

(Amount in ₹)

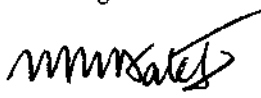
Particulars	Note No	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>I Revenue</b>			
Revenue from operations		-	-
<b>Total</b>		-	-
<b>II Expenses</b>			
Other expenses	8	95,147	86,710
<b>Total</b>		<b>95,147</b>	<b>86,710</b>
III. Loss before exceptional and extraordinary items and tax (I-II)		(95,147)	(86,710)
IV. Exceptional items	9	11,81,500	-
V. Loss before tax (III - IV)		(12,76,647)	(86,710)
<b>Loss for the year</b>		<b>(12,76,647)</b>	<b>(86,710)</b>
<b>Earnings Per Share</b>			
Basic and Diluted	11	(12.62)	(0.86)

Summary of Significant Accounting Policies  
See accompanying notes to the financial statements.

2  
1 to 15

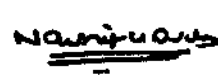
As per our report of even date

**For M.A.Parikh & Co.**  
**Chartered Accountants**  
Firm Registration Number. 107556W

  
**Mukul Patel**  
Partner  
Membership Number: 032489



**For and on behalf of Board of Directors of**  
**Arshiya Technologies (India) Private Limited**

  
**Navnit Choudhary**  
Director  
DIN No:00613576

  
**Binu Jacob**  
Director  
DIN No:06670062

Place: Mumbai  
Date: 17th May 2017



**Arshiya Technologies (India) Private Limited**  
Cash Flow statement for the Year ended March 31, 2017

(Amount in ₹)

Particulars		Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>Cash Flow from Operating Activities</b>			
Loss for the year		(12,76,647)	(86,710)
<b>Change in current Assets and Liabilities</b>			
Increase / (Decrease) in current liabilities		(42,549)	30,852
<b>Cash Generated From Operating Activities</b>		<b>(13,19,197)</b>	<b>(55,858)</b>
Taxes paid/TDS		-	-
<b>Net Cash Flow from Operating Activities</b>	<b>(A)</b>	<b>(13,19,197)</b>	<b>(55,858)</b>
<b>Cash Flow From Investing Activities</b>	<b>(B)</b>	-	-
<b>Cash Flow from Financing Activities</b>			
Long term borrowing		81,710	-
<b>Net Cash Generated (Used) In Financing Activities</b>	<b>(C)</b>	<b>81,710</b>	-
Net increase/(decrease) in cash and cash equivalents during the year		(12,37,487)	(55,858)
Cash and Cash Equivalents as at the beginning of the year		12,47,942	13,03,800
<b>Cash and Cash Equivalents as at the end of the year</b>		<b>10,455</b>	<b>12,47,942</b>

For M.A.Parikh & Co.  
Chartered Accountants  
Firm Registration Number: 107556W

*Mukul Patel*

Mukul Patel  
Partner  
Membership Number: 032489

Place: Mumbai  
Date: 17th May 2017



For and on behalf of Board of Directors of  
Arshiya Technologies (India) Private Limited

*Navnit Choudhary*

Navnit Choudhary  
Director  
DIN No:00613576

*Binu Jacob*

Binu Jacob  
Director  
DIN No:06670062



**Arshiya Technologies (India) Private Limited**  
**Notes to Financial Statements for the Year ended 31st March, 2017**

**1 Corporate Information**

Arshiya Technologies (India) Private Limited 'the Company', was incorporated on 26th October, 2007 to engage in the business of providing planning, consultancy, training and implementation of logistics software products, electronics commercial solutions and all kinds of information technology related support services and related consultancy services and providing any other services in relation to the maintenance of such software.

**2 Significant Accounting Policies**

**(i) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the relevant provisions of the Act (to the extent notified).

**(ii) Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amounts of revenue and expenses for the year. The difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

**(iii) Revenue Recognition**

(a) Revenue from Sale of user licenses for software application is recognised on the transfer of the title of the user licenses.

(b) Revenue from consultancy services related to the information technology is recognised when the services are rendered, upon completion of the actual service performed

**(iv) Accounting for Taxes on Income**

(a) Provision for Current Tax is made, based on the tax payable under the Income-tax Act, 1961.

(b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and are measured using relevant enacted tax rates. Deferred Tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

(c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognised as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

**(v) Property, Plant and Equipment (Fixed Assets) and Intangible Assets**

**(A) Tangible Assets**

Fixed assets are stated at original cost of acquisition/installation (net of cenvat credit availed) less accumulated depreciation and impairment losses, if any. All costs including financing costs till commencement of commercial operations are capitalised.

**(B) Capital work-in-progress**

The cost of fixed assets which are not ready for its intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

**(C) Intangible Assets**

(a) Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

(b) The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

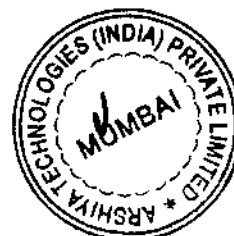
**(D) Depreciation and Amortization**

**(a) Tangible Assets**

Depreciation on tangible fixed assets is provided on straight-line method as per Part C of Schedule II of the Companies Act, 2013.

**(b) Intangible Assets**

Amortisation of intangible assets is provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.



**(vi) Provisions, Contingent Liabilities and Contingent Assets:**

- (a) A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year-end date.
- (b) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- (c) Contingent Assets are not recognised or disclosed in the financial statements.

**(vii) Earnings per Share:**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of equity and diluted equivalent shares outstanding during the year, except when the results would be anti-dilutive.

**(viii) Cash Flow Statement:**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

- (ix) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.





**Arshiya Technologies (India) Private Limited**  
**Notes to Financial Statements for the Year ended 31st March, 2017**

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>3. Share Capital</b>		
<b>Authorised</b>		
2,50,000 (Previous Year 2,50,000) Equity shares of ₹10/- each	25,00,000	25,00,000
<b>Issued, Subscribed and Paid</b>		
1,01,158 (Previous Year 1,01,158) Equity shares of ₹10/- each fully paid up	10,11,580	10,11,580
<b>Total</b>	<b>10,11,580</b>	<b>10,11,580</b>

**a) Terms/rights attached to the equity shares :**

The Company has only one class of equity share having par value of ₹ 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 the Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

**(b) Reconciliation of the equity shares outstanding as at the beginning and end of the year.**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	Amount (in ₹)	Number of Shares	Amount (in ₹)
Balance as at the beginning of the year	1,01,158	10,11,580	1,01,158	10,11,580
Balance as at the end of the year	1,01,158	10,11,580	1,01,158	10,11,580

**c) Shares held by Holding Company**

Name of the shareholder	As at 31st March, 2017	As at 31st March, 2016
Arshiya Limited	1,01,158	10,000
Cyberlog Technologies International Pte Limited	-	91,158
<b>Total</b>	<b>1,01,158</b>	<b>1,01,158</b>

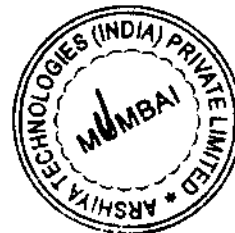
**d) Details of shares held by the shareholders holding more than 5% of aggregate shares in the company**

Name of Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	%	Number of Shares	%
1. Arshiya Limited *	1,01,158	100	10,000	9.89
2. Cyberlog Technologies International Pte Ltd	-	-	91,158	90.11
<b>Total</b>	<b>1,01,158</b>	<b>100</b>	<b>1,01,158</b>	<b>100</b>

**\* Notes :-**

(i) Shares held by the Holding Company include 200 shares fully paid up, held through declaration of beneficial interest as per section 89 of the Companies Act, 2013.

(ii) As per Records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



**Arshiya Technologies (India) Private Limited**  
**Notes to Financial Statements for the Year ended 31st March, 2017**

(Amount in ₹)		
Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>4. Reserves and Surplus</b>		
Deficit in Statement of Profit and Loss		
Balance as at the beginning of the year	1,42,062	2,28,772
(Loss) for the year	(12,76,647)	(86,710)
	(11,34,585)	1,42,062
<b>Balance as at the end of the year</b>	<b>(11,34,585)</b>	<b>1,42,062</b>
<b>5. Long -Term Borrowings</b>		
Unsecured		
Interest free unsecured loan from Holding Company	81,710	-
<b>Total</b>	<b>81,710</b>	<b>-</b>
<b>6. Other Current Liabilities</b>		
Sundry Creditors for Expenses	51,750	94,300
<b>Total</b>	<b>51,750</b>	<b>94,300</b>
<b>7. Cash and Cash Equivalents</b>		
Cash on Hand	-	104
Balances with Bank	10,455	12,47,838
<b>Total</b>	<b>10,455</b>	<b>12,47,942</b>
<b>Particulars</b>	<b>Year Ended 31st March, 2017</b>	<b>Year Ended 31st March, 2016</b>
<b>8. Other Expenses</b>		
Legal and Professional fees	2,875	2,500
Auditor's Remuneration - Audit fees	51,750	51,525
Bank Charges	675	-
Miscellaneous expenses	39,847	32,685
<b>Total</b>	<b>95,147</b>	<b>86,710</b>
<b>9. Exceptional items</b>		
Sundry balances written off / back (Net)	11,81,500	-
<b>Total</b>	<b>11,81,500</b>	<b>-</b>



**Arshiya Technologies (India) Private Limited**  
**Notes to Financial Statements for the Year ended 31st March, 2017**

**10 Related party disclosures, as required by Accounting Standards 18 "Related Party Disclosures" as given below**

**Holding Company**

- Arshiya Limited

**Enterprise over which Key Managerial Personnel (KMP) exercise significant control:**

- Mega Management Services Private Limited

- Flat World Processes Private Limited

**Key Managerial Personnel**

Mr. Navnit Choudhary - Director

Mr. Binu Jacob - Director

**Note:** The related party relationships and transactions have been determined by the management on the basis of requirements of AS-18 and the same has been relied upon by the auditors.

The nature and amount of transactions with the above Related Parties are as follows

(Amount in ₹)

Nature of Transactions	Holding Company	
	As at 31st March, 2017	As at 31st March, 2016
Opening Balance	-	28,094
Loan Received	75,000	12,84,044
Loan Repaid	-	12,72,464
Reimbursement of Expenses	6,710	39,674
<b>Closing Balance</b>	<b>81,710</b>	<b>-</b>

**Enterprises over which KMP exercise significant control**

Nature of Transactions	As at 31st March, 2017	As at 31st March, 2016
Opening Balance	-	-
Advance given	12,00,000	-
Sundry Balance Written off	12,00,000	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

**11 Earnings per share (EPS)**

	As at 31st March, 2017	As at 31st March, 2016
{Loss} for the year (₹)	(12,76,647)	(86,710)
Weighted average number of Equity Shares	1,01,158	1,01,158
Nominal value per share (₹)	10	10
<b>Basic and Diluted EPS (₹)</b>	<b>(12.62)</b>	<b>(0.86)</b>

**12 Details of due to Micro, Small and Medium Enterprises as per MSMED Act 2006**

(Amount in ₹)

S. No.	Description	As at 31st March, 2017	As at 31st March, 2016
a)	Principal amount due and remaining unpaid	-	-
b)	Interest due on above	-	-
c)	Payment made beyond the appointed day during the year	-	-
d)	Interest paid	-	-
e)	Interest due and payable for the period of delay	-	-
f)	Interest accrued and remaining unpaid	-	-
g)	Amount of further interest remaining due and payable in succeeding years	-	-

**Note:** Due to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.



**Arshiya Technologies (India) Private Limited**  
**Notes to Financial Statements for the Year ended 31st March, 2017**

**13 Disclosure on Specified Bank notes (SBNs)**

During the year, the Company did not have any specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017

**14 Taxation**

**14.1** In view of loss for the year, no provision for taxation has been made.

**14.2** Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognised as a measure of abundant caution.

**15** Previous year's figures have been regrouped/reclassified wherever necessary to confirm to those of current year's classification / disclosures

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**Signatures to Notes forming part of Financial Statements**

**For M.A.Parikh & Co.**  
**Chartered Accountants**  
Firm Registration Number. 107556W



**Mukul Patel**  
Partner  
Membership Number: 032489



**For and on behalf of Board of Directors of**  
**Arshiya Technologies (India) Private Limited**



**Navnit Choudhary**  
Director  
DIN No:00613576



**Binu Jacob**  
Director  
DIN No:06670062

**Place: Mumbai**  
**Date: 17th May 2017**





# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

### Independent Auditor's Report

To the Members of  
**ARSHIYA LIFESTYLE LIMITED**

#### **Report On the Financial Statement**

We have audited the accompanying financial statements of **ARSHIYA LIFESTYLE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **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 Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

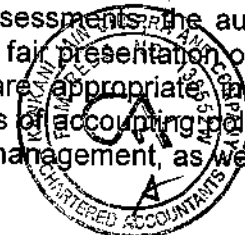
#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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





# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

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

### Opinion

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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date.
- c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. Further to our comments in the Annexures referred to above, 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 appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 B".





# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

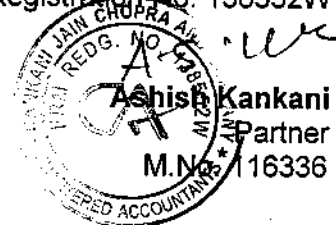
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position as on 31<sup>st</sup> March 2017.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.

For KANKANI JAIN CHOPRA AND COMPANY

Chartered Accountants

Firm Registration No. 138552W

Place: Mumbai  
Date: 17/05/2017





# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

### "Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- 1) The Company does not have fixed assets; therefore reporting under this clause is not applicable to the company.
- 2) The nature of business of the Company does not require to have any inventory. Hence, the requirement of this clause is not applicable to the company;
- 3) During the year, 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.  
  
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations







# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

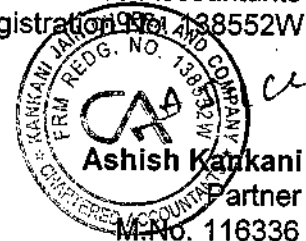
given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.
- 17) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For KANKANI JAIN CHORPA AND COMPANY

Chartered Accountants

Firm Registration No. 138552W



Place: Mumbai  
Date: 17/05/2017



# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

### **"Annexure B" to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **ARSHIYA LIFESTYLE LIMITED** ("the Company"), as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

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

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





# KANKANI JAIN CHOPRA AND COMPANY

## CHARTERED ACCOUNTANTS

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 KANKANI JAIN CHOPRA AND COMPANY  
Chartered Accountants  
Firm Registration No. 138552W

Place: Mumbai  
Date: 17/05/2017





**ARSHIYA LIFESTYLE LIMITED**  
**Balance Sheet as at 31st March, 2017**

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	1,48,50,000	1,48,50,000
(b) Reserves and Surplus	3	(1,32,97,966)	7,27,72,716
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowing	4	2,00,000	-
<b>(3) Current Liabilities</b>			
(a) Trade Payables	5		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,60,500	3,60,500
(b) Other current liabilities	6	46,989	14,313
<b>Total</b>		<b>21,59,523</b>	<b>8,79,97,529</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Investment	7	-	5,00,000
<b>(2) Current assets</b>			
(a) Loans and Advances	8	40,000	8,51,33,548
(b) Trade Receivables	9	13,86,000	16,74,877
(c) Other Current Assets	10	6,10,893	6,10,893
(d) Cash and Bank Balance	11	1,22,630	78,211
<b>Total</b>		<b>21,59,523</b>	<b>8,79,97,529</b>
Significant Accounting Policy	1		

The accompanying notes including other explanatory information form an integral part of the financial statement.

As per our report of even date attached

**For Kankani Jain Chopra and Company**  
**Chartered Accountants**  
**Firm Registration No. 138552W**

*A. S. K.*  
**Ashish Kankani**  
 Partner  
 Membership No.: 116336

**For and on behalf of Board of Directors  
 of Arshiya Lifestyle Limited**

*Ajay S Mittal*  
**Ajay S Mittal**  
 Director  
 DIN: 00226355

*Binu Jacob*  
**Binu Jacob**  
 Director  
 DIN: 06670062

**Place : Mumbai**  
**Date : 17th May, 2017**



**ARSHIYA LIFESTYLE LIMITED****Statement of Profit and Loss Account for the year ended 31st March, 2017****(Amount in ₹)**

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>I. Revenue:</b>			
1. Other Income	12	60,000	60,000
<b>Total Revenue</b>		<b>60,000</b>	<b>60,000</b>
<b>II. Expenses:</b>			
1. Finance Cost	13	3,713	5,236
2. Other expenses	14	8,61,26,969	80,294
<b>Total Expenses</b>		<b>8,61,30,682</b>	<b>85,530</b>
<b>III. Profit/(Loss) Before Exceptional Items</b>		<b>(8,60,70,682)</b>	<b>(25,530)</b>
Less: Prior Period Items	21	-	(28,500)
<b>III. Profit/(Loss) Before Tax</b>		<b>(8,60,70,682)</b>	<b>(54,030)</b>
Less :Provision for Tax		-	-
<b>IV. Profit/(Loss) For the year</b>		<b>(8,60,70,682)</b>	<b>(54,030)</b>
<b>V. Earning per equity share of face value of ₹10/-Each</b>	16		
(1) Basic		(57.96)	(0.04)
(2) Diluted		(57.96)	(0.04)

The accompanying notes including other explanatory information form an integral part of the financial statement.

As per our report of even date attached

**For Kankani Jain Chopra and Company**  
**Chartered Accountants**  
**Firm Registration No. 138552W**

**Ashish Kankani**  
Partner  
Membership No.: 116336

**Place : Mumbai**  
**Date : 17th May, 2017**

**For and on behalf of Board of Directors**  
**of Arshiya Lifestyle Limited**

**Ajay S Mittal**  
Director  
DIN: 00226355

**Binu Jacob**  
Director  
DIN: 06670062



# Arshiya Lifestyle Limited

## Cash Flow Statement for the Year Ended 31st March, 2017

(Amount in ₹)

	Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>A.</b>	<b>Cash Flow from Operating Activities:</b>		
	Net Profit/(Loss) after Tax	(8,60,70,682)	(54,030)
	Adjustment for:		
	Sundry Balances written off	8,60,90,548	
	Dividend Received	(60,000)	(60,000)
	<b>Operating Profit before Working Capital Charges</b>	<b>(40,134)</b>	<b>(1,14,030)</b>
	<u>Movements in Working Capital</u>		
	Increase/(Decrease) in Other Current Liabilities	32,676	(46,362)
	Decrease in Other Current Assets	2,88,877	-
	Less: Tax paid/ TDS	-	-
	<b>Net Cash Flow From Operating Activities</b>	<b>2,81,419</b>	<b>(1,60,392)</b>
<b>B.</b>	<b>Cash Flow from Investing Activities:</b>		
	<b>Inflow</b>		
	Sale of Investment	5,00,000	-
	Dividend Received	60,000	60,000
	<b>Net Cash Flow From Investing Activities</b>	<b>5,60,000</b>	<b>60,000</b>
<b>C.</b>	<b>Cash Flow From Financing Activities</b>		
	Inflow/(Outflow) from Long Term Borrowings	2,00,000	(27,92,20,282)
	Inflow/(Outflow) from Long Term Receivable	(9,97,000)	27,93,51,616
	<b>Net Cash Flow From Financing Activities</b>	<b>(7,97,000)</b>	<b>1,31,334</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>44,419</b>	<b>30,942</b>
	Cash and Cash Equivalent (Opening Balance)	78,211	47,269
	Cash and Cash Equivalent (Closing Balance)	1,22,630	78,211

**Note:**

- 1) Cash and cash equivalent includes Cash and Bank balances.
- 2) This is the cash flow statement referred to in our report of even date.
- 3) The above cash flow has been prepared using Indirect Method as per AS 3 issued by ICAI.

**For Kankani Jain Chopra And Company**  
Chartered Accountants  
Firm Registration No.: 138552W

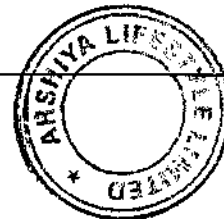
A-5102  
**Ashish Kankani**  
Partner  
Membership No.: 116336

**Place: Mumbai**  
**Date : 17th May, 2017**

**For and on behalf of the Board of Directors  
of Arshiya Lifestyle Limited**

**Ajay S Mittal**  
Director  
DIN: 00226355

**Binu Jacob**  
Director  
DIN: 06670062



## ARSHIYA LIFESTYLE LIMITED

### Notes forming part of financial statements for the year ended 31<sup>st</sup> March, 2017

#### Note:1 Significant Accounting Policies :

##### 1.1 Corporate Information:

Arshiya Lifestyle Limited is an integrated logistics infrastructure solution provider and is engaged in the business of Free Trade and Warehousing Zone (FTWZ) and value added services along with development, operations and maintenance of FTWZ.

##### 1.2 Basis of Preparation of Financial Statement:

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2016 and the relevant provisions of the Act (to the extent notified).

##### 1.3 Use of Estimates :

Management makes estimates and technical and other assumptions regarding the amounts of income and expenses, assets and liabilities and disclosure of contingencies, in accordance with Generally accepted accounting principal in India in the preparation of the financial statements.

Difference between the actual results and estimates are recognised in the period in which determined.

##### 1.4 Revenue recognition :

The Company adopts the accrual method for recognizing all income and expenses. Revenue is recognised when no significant uncertainty as to collectability or realisability exists.

##### 1.5 Provisions, Contingent Liabilities & Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

##### 1.6 Earnings Per Share :

Basic Earning per share is computed by dividing the profit/(loss) after tax by the weighted average number of Equity shares outstanding during the year.

##### 1.7 Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax arising on account of timing difference and which are capable of reversal in one or more subsequent periods, is recognized using the tax rates & the tax laws that are enacted or substantively enacted. Deferred tax assets is recognised only to the extent there is a reasonable certainty with respect to reversal at the same in future years as a matter of prudence.

##### 1.8 Preliminary expenses are written off in the year of occurrence.





# ARSHIYA LIFESTYLE LIMITED

Notes forming part of financial statements for the year ended 31st March,2017

## 2 Share Capital :

Particulars	As at 31st March,2017		As at 31st March,2016	
	Number	Amount in ₹	Number	Amount in ₹
<b>Authorised Share Capital:</b> 30,00,000 (P.Y. 50,000) Equity Shares of ₹ 10/- each	30,00,000	3,00,00,000	30,00,000	3,00,00,000
<b>Issued, Subscribed &amp; Paid up :</b> 14,85,000(P.Y. 14,85,000 ) Equity Shares of ₹ 10/- each Fully paid up	14,85,000	1,48,50,000	14,85,000	1,48,50,000
<b>Total</b>	<b>14,85,000</b>	<b>1,48,50,000</b>	<b>14,85,000</b>	<b>1,48,50,000</b>

### 2.1 Reconciliation of the Equity Shares outstanding at the beginning and at the end of reporting period :

Particulars	March,2017		March,2016	
	Number	Amount in ₹	Number	Amount in ₹
Shares outstanding at the beginning of the year	14,85,000	1,48,50,000	14,85,000	1,48,50,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	14,85,000	1,48,50,000	14,85,000	1,48,50,000

### 2.2 Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 10/-per share. Each holder of equity shares is entitled to vote per share. The Company declares and pay dividends in indian rupees. The dividend proposed by the Board of Director 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 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.

### 2.3 Detail of Shareholders holding more than 5% shares in the company :

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
M/S Arshiya Limited	14,85,000	100.00	-	-
Mrs. Archana Mittal	-	-	10,17,497	68.52
Mr. Navnit Choudhary	-	-	2,20,000	14.81
Mr. Navin Saraf	-	-	2,20,000	14.81

## 3 Reserve & Surplus :

Particulars	As at 31 March 2017	As at 31 March 2016
<b>a. Securities Premium Account:</b>		
Balance Brought Forward from last year	9,62,50,000	9,62,50,000
(+) Amount collected during the year	-	-
Net Surplus/(Deficit)	9,62,50,000	9,62,50,000
Balance Carried Forward	<b>9,62,50,000</b>	<b>9,62,50,000</b>
<b>b. Surplus/(deficit)in the statement of profit and loss</b>		
Balance Brought Forward from last year	(2,34,77,284)	(2,34,23,254)
(+) Net Profit/(Net Loss) For the year	(8,60,70,682)	(54,030)
Net Surplus/(Deficit)	(10,95,47,966)	(2,34,77,284)
Balance Carried Forward	<b>(10,95,47,966)</b>	<b>(2,34,77,284)</b>
<b>Total balance Carried Forward(a+b)</b>	<b>(1,32,97,966)</b>	<b>7,27,72,716</b>



# ARSHIYA LIFESTYLE LIMITED

Notes forming part of financial statements for the year ended 31st March,2017

## 4 Long Term Borrowings:

Particulars	As at 31st March,2017	As at 31st March,2016
From Other	2,00,000	-
<b>Total</b>	<b>2,00,000</b>	<b>-</b>

## 5 Trade Payables

Particulars	As at 31st March,2017	As at 31st March,2016
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,60,500	3,60,500
<b>Total</b>	<b>3,60,500</b>	<b>3,60,500</b>

## 6 Other Current Liabilities:

Particulars	As at 31st March,2017	As at 31st March,2016
Audit Fees Payable	14,375	14,313
Other Creditors	32,614	-
<b>Total</b>	<b>46,989</b>	<b>14,313</b>

## 7 Investments:

Particulars	As at 31st March,2017	As at 31st March,2016
Investments	-	-
- In NKGSB Bank	-	5,00,000
<b>Total</b>	<b>-</b>	<b>5,00,000</b>

## 8 Loans & Advances :

Particulars	As at 31st March,2017	As at 31st March,2016
<b>Other loans and advances</b>		
-Other Long Term Receivable	-	8,51,33,548
-Advance TDS	40,000	-
<b>Total</b>	<b>40,000</b>	<b>8,51,33,548</b>

## 9 Trade Receivable:

Particulars	As at 31st March,2017	As at 31st March,2016
<b>Trade Receivable</b>		
More than 180 days	13,86,000	16,74,877
Less than 180 days	-	-
<b>Total</b>	<b>13,86,000</b>	<b>16,74,877</b>

## 10 Other Current Assets:

Particulars	As at 31st March,2017	As at 31st March,2016
Cash Seized by Income Tax Dept	80,000	80,000
Service tax Receivable	5,30,893	5,30,893
<b>Total</b>	<b>6,10,893</b>	<b>6,10,893</b>



# ARSHIYA LIFESTYLE LIMITED

Notes forming part of financial statements for the year ended 31st March,2017

## 11 Cash & Bank Balance :

Particulars	As at 31st March,2017	As at 31st March,2016
Cash and cash equivalents :		
Balance with bank	20,545	76,126
-In Current Account	1,02,085	2,085
Cash in Hand (Refer Note No. 25)		
<b>Total</b>	<b>1,22,630</b>	<b>78,211</b>

## 12 Other Income

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Dividend Income	60,000	60,000
<b>Total</b>	<b>60,000</b>	<b>60,000</b>

## 13 Finance Cost :

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest Paid on delay in depositing Tds	-	3,690
Bank Charges	3,713	1,546
<b>Total</b>	<b>3,713</b>	<b>5,236</b>

## 14 Others Expenses :

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Appeal Fess	1,000	-
Legal & Professional Fees	2,875	5,000
Profession Tax	2,500	2,500
Rent & Taxes	3,950	-
Demat Charges	1,717	-
<u>Auditor Remuneration</u>		
-As Audit Fees	14,375	14,313
Roc Filling Fees	9,942	56,796
Sundry Balance written off	8,60,90,548	-
General Expenses	62	1,685
<b>Total</b>	<b>8,61,26,969</b>	<b>80,294</b>



## ARSHIYA LIFESTYLE LIMITED

### Notes forming part of financial statements for the year ended 31st March, 2017

15 There was no income/expenditure in foreign currency during the year.

**16 Earnings per Share**

The number of shares used in computing Basic and Diluted Earnings Per Share is the weighted average number of shares outstanding during the year (Including the pending allotments)

Computation of Earnings Per Share (Basic and Diluted)	2016-17	2015-16
Net Profit attributable to Shareholders (₹)	(8,60,70,682)	(54,030)
Weighted average number of Equity Shares for basic	14,85,000	14,85,000
Weighted average number of Equity Shares for Diluted	14,85,000	14,85,000
Nominal Value per share (₹)	10	10
Earnings Per Share – Basic (₹)	(57.96)	(0.04)
Earnings Per Share – Diluted (₹)	(57.96)	(0.04)

17 Claims against the Company not acknowledged as debts: Nil.

18 There are no contingent liabilities.

19 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is Nil.

20 No amounts are payable to MICRO ,Small and Medium Enterprises (SMES) within the meaning of MICRO, Small & medium enterprises development Act,2006.

21 Prior Period Adjustment (Included in the statement of Profit & Loss)

Particulars	2016-17	2015-16
Audit Fees	-	28,500

22 a) In view of the loss for the year, no provision for taxation has been made.

b) In view of above absence of virtual certainty of future income for setoff and on the basis of prudence, creation of deferred tax assets and liabilities is not considered.

**23 Related Party Disclosures**

(a) Key Management Personnel :

Mr. Ajay S Mittal  
Mrs. Archana A Mittal  
Mr. Binu Jacob

(b) Enterprises owned or Significantly influenced by key Management Personnel or their Relatives:

1. Arshiya Limited: Holding Company (w.e.f. 8th February, 2017)

Note: The related party relationship have been determined by the management on the basis of the requirements of the AS-18 & the same have been relied by the auditors.



**ARSHIYA LIFESTYLE LIMITED****Notes forming part of financial statements for the year ended 31st March, 2017****Disclosure of Transactions with related party**

Nature of Transactions	Name of Party	(Amount in ₹)	
		March, 2017	March, 2016
Opening Balances	Arshiya Limited	1,78,887	-
Loan and Advances Recover	Arshiya Limited	1,78,887	-
Closing Balance at year end			
Loan Receivables/Payables	Arshiya Limited	-	1,78,887

24. The previous year figure have been re-grouped, re-arranged and re-classified wherever necessary.

**25. Specified Bank Notes (SBN)**

During the year, the Company had Specified Bank Notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 30th March, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as per the mentioned below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	2,00,000	2,085	2,02,085
(+) Permitted receipts	-	1,00,000	1,00,000
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	(2,00,000)	-	(2,00,000)
<b>Closing cash in hand as on 30-12-2016</b>	<b>-</b>	<b>1,02,085</b>	<b>1,02,085</b>

\* For the purpose of the clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407(E), dated 8th November, 2016.

**As per our report of even date attached**

**For Kankani Jain Chopra and Company**  
**Chartered Accountants**  
**Firm Registration No. 138552W**

*Ashish Kankani*  
**Ashish Kankani**  
 Partner  
 Membership No.: 116336

**For and on behalf of Board of Directors**  
**of Arshiya Lifestyle Limited**

*Ajay S Mittal*  
**Ajay S Mittal**  
 Director  
 DIN: 00226355

*Binu Jacob*  
**Binu Jacob**  
 Director  
 DIN: 06670062

**Place : Mumbai**  
**Date : 17th May, 2017**

