INDEPENDENT AUDITORS' REPORT

To the Members of
Arshiya Rail Infrastructure Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **Arshiya Rail Infrastructure Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of Ind AS financial statement 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 these Ind AS financial statements are free from material misstatement.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

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

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

Basis for qualified opinion

(i) *As mentioned in Note no. 50 of the Ind AS Financial Statements, as per debt covenant of Restructuring Agreement (RA), the Company is required to adhere to repayment schedule and such event of default gives Edelweiss Assets Reconstruction Company Limited (EARC) right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. Pending exercise of conversion right, the Company continues to disclose such amount as non-current borrowing amounting to Rs. 335,02.36 Lakh and provide for interest. Further, the Company is also liable to pay penal interest amounting to Rs. 17.38 Lakh for the year ended 31st March 2018, as confirmed by EARC. No provision for such interest is made in the books of account, which is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost". Had provision for such amount would have been made finance cost would have been higher by amount as mentioned above, total comprehensive income would have been lower to that extent and having consequential impact on other equity and financial liabilities.*

(ii) *As mentioned in Note no. 52 of the Ind AS Financial Statement, banks revoked the Corporate Debt Restructuring (CDR) package in July 2015. The Company continued to accounts for interest on such borrowings at interest rate prescribed in CDR package instead of original loan documents. Pending finalization and confirmations, differential interest cannot be ascertained / quantified and have not been recognized in the books of account.*

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Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in Paragraphs "Basis for Qualified Opinion" read with Emphasis of Matter paragraph regarding going concern,* the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

(i) We draw attention to the Note no. 49 of the Ind AS Financial Statement, regarding preparation of financial statements on going concern basis, which indicates that the Company has incurred net losses, unable to meet its financial obligations and as of that date their accumulated losses is resulting in negative net worth of Company and current liabilities have exceeded their current assets. These conditions, along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about Company's ability to continue as a going concern. Arshiya Limited, the Parent Company, has given a support letter to extend, for the foreseeable future, any financial support which may be required. Further, in view of various steps taken by the management, future outlook as assessed by the management and the business plans and in lieu of the support letter from the Parent Company, the management has assessed Company continues to be going concern.

(ii) We draw attention to the Note no. 57 of the Ind AS Financial Statement, reconciliation and balance confirmations of trade receivables, trade payables and loan and advances are not available. The accounting impact of variations, if any, will be accounted as and when the same is settled.

Our Opinion is not modified in respect of the above said matters.

Other Matter

The Company had prepared the audited financial statements for the corresponding year ended 31st March, 2017 and transition date opening balance sheet as at 1st April, 2016 in accordance with the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Act, on which M. A. Parikh & Co., Chartered Accountants (Firm registration no. 107556W) vide their audit report dated 17th May, 2017 and 25th May, 2016, respectively had issued an modified audit report. The financial statements for the year ended 31st March, 2017 and transition date opening balance sheet as at 1st April 2016 are based on previously audited financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of above said matter.

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Report on other Legal and Regulatory Requirements

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

2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;

   e. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   f. The matters described in the paragraphs above under the Emphasis of Matters regarding going concern, in our opinion, may have an adverse effect on the functioning of the Company;

   g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**;

   h. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

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Continuation sheet...

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i. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company, as detailed in Note no. 37 (ii) (e and f) and 38 to the Ind AS financial statements has disclosed the impact of pending litigations on its financial position.

   ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.

   iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th May 2018

CHATURVEDI & SHAH
Chartered Accountants

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Rail Infrastructure Limited on the Ind AS financial statements for the year ended 31st March 2018)

(i) In respect of fixed assets:-

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) As explained to us, the Company has physically verified fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.

(c) In our opinion and according to information and explanation given to us and on the basis of our examination of available records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of its inventories:-
As explained to us, inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable. No discrepancies noticed on physical verification of the inventories between the physical inventories and book records.

(iii) In respect of unsecured loans granted by the Company to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. According to the information and explanations given to us:

(a) In our opinion and according to the information and explanations provided to us, the terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no overdue amounts as at the year-end in respect of both principal and interest.

(iv) In our opinion and according to the infonnation and explanations provided to us, provisions of section 185 and 186 of the Companies Act 2013, in respect of loans, investments, guarantees and security, as applicable, have been complied with.

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CHATURVEDI & SHAH
Chartered Accountants

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of services rendered. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular except slight delays in few cases, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable except Tax deducted at Source and Service Tax amounting to Rs. 38.06 Lakh and Rs. 6,03.57 Lakh, respectively and interest on tax deducted at source and interest on service tax amounting to Rs. 1,45.78 Lakh and Rs. 2,80.99 Lakh, respectively.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute except as mentioned below:-

(Rs. In Lakh)

Name of the Statute	**Nature of Dues**	**Amount Disputed (net of amount deposited)**	**Period to which Dispute Relates**	**Forum where Dispute is Pending**
The Finance Act, 1994	Service tax	21.85	FY 2011-2012 and 2012-2013	Commissioner of Service Tax (Appeal 1)
	Penalty on Service tax	25.82	FY 2011-2012 and 2012-2013	Commissioner of Service Tax (Appeal 1)
	Total	**47.67**		

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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Chartered Accountants

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

(Rs. In Lakh)

Particulars	Amount of continuing default as on 31st March, 2018		Period of Default
	Principal	Interest	
Edelweiss Asset Reconstruction Company Limited – through various trust	-	13,78.00	Financial Year 2017-2018
Corporation Bank	52.50	-	Financial Year 2012-2013
	1,75.00	6,76.15	Financial Year 2013-2014
	3,15.00	6,16.80	Financial Year 2014-2015
	25,86.46	7,25.71	Financial Year 2015-2016
	-	9,01.75	Financial Year 2016-2017
	-	10,59.67	Financial Year 2017-2018
Bank of India	75.00	-	Financial Year 2012-2013
	2,50.00	9,67.30	Financial Year 2013-2014
	4,50.00	8,57.15	Financial Year 2014-2015
	5,50.00	10,31.51	Financial Year 2015-2016
	6,50.00	12,81.72	Financial Year 2016-2017
	24,86.36	15,06.18	Financial Year 2017-2018
Karur Vysya Bank Limited	22.50	-	Financial Year 2012-2013
	75.00	2,88.90	Financial Year 2013-2014
	1,35.00	2,59.72	Financial Year 2014-2015
	11,08.48	3,10.23	Financial Year 2015-2016
	-	3,85.48	Financial Year 2016-2017
	-	4,52.98	Financial Year 2017-2018
Total	**89,31.30**	**126,99.25**	

(ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.

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(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Rail Infrastructure Limited on the Ind AS financial statements for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of Arshiya Rail Infrastructure Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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.

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Continuation sheet...

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

ARSHIYA RAIL INFRASTRUCTURE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Rupees in lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	5	47,856.82	51,515.45	55,157.43
(b) Intangible Assets	6	3,223.16	3,087.61	3,421.64
(c) Financial Assets				
(i) Investments	7	-	-	-
(ii) Loans	8	-	1,871.62	1,328.24
(iii) Other Financial Assets	9	818.60	1,041.41	994.59
(d) Other Non-Current Assets	10	1,227.72	1,281.22	1,546.52
		53,126.30	**58,797.31**	**62,448.42**
Current assets				
(a) Inventories	11	15.66	15.73	40.12
(b) Financial Assets				
(i) Trade Receivables	12	666.59	230.53	505.58
(ii) Cash and Cash Equivalents	13	375.35	176.92	186.51
(iii) Bank Balances Other than (ii) above	14	386.16	413.01	207.20
(iv) Loans	15	-	-	76.49
(v) Other Financial Assets	16	348.59	339.91	352.86
(c) Other Current Assets	17	272.80	121.82	193.44
		2,065.15	**1,297.92**	**1,562.20**
TOTAL ASSETS		**55,191.45**	**60,095.23**	**64,010.62**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	18	4,238.44	4,238.44	4,088.92
(b) Other Equity	19	(13,561.72)	(3,330.44)	(8,882.15)
		(9,323.28)	**908.00**	**(4,793.23)**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	20	33,502.36	34,786.50	17,830.42
(b) Provisions	21	16.42	14.65	20.74
(c) Other Non-Current Liabilities	22	1,723.69	2,363.30	2,728.79
		35,242.47	**37,164.45**	**20,579.95**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	2,029.26	627.18	6,760.10
(ii) Trade Payables	24	626.12	441.11	647.17
(iii) Other Financial Liabilities	25	24,694.96	19,579.30	39,665.82
(b) Other Current Liabilities	26	1,918.23	1,371.53	1,145.39
(c) Provisions	27	3.69	3.66	5.42
		29,272.26	**22,022.78**	**48,223.90**
TOTAL EQUITY & LIABILITIES		**55,191.45**	**60,095.23**	**64,010.62**

Notes to the financial statements 1-60

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Vinod Jain
Chief Financial Officer

Place : Mumbai
Date: May 24, 2018

ARSHIYA RAIL INFRASTRUCTURE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Revenue from operations	28	13,598.32	15,539.26
Other income	29	1,459.39	591.82
Total Income (I)		**15,057.71**	**16,131.08**
EXPENSES			
Cost of operations	30	11,507.38	14,096.82
Employee benefits expenses	31	826.79	905.73
Finance costs	32	7,507.05	4,507.17
Depreciation and amortization expenses	33	4,130.61	4,107.18
Other expenses	34	895.48	789.40
Total Expenses (II)		**24,867.30**	**24,406.30**
Profit/(loss) before exceptional items and tax (I-II)		(9,809.59)	(8,275.22)
Exceptional Items (Net)	35	424.26	958.12
Profit/(loss) before tax		(10,233.85)	(9,233.34)
Tax expense:	48		
Current tax		-	-
Deferred tax		-	-
Profit/(loss) for the year		(10,233.85)	(9,233.34)
OTHER COMPREHENSIVE INCOME (OCI)			
Item not to be reclassified to profit and loss :			
Remeasurement of gains/ (losses) on defined benefit plans		7.19	0.10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(10,226.66)	(9,233.24)
Earnings per Equity shares (Face Value Rupees 10 each)	36		
Basic/ Diluted earnings per share (In Rupees)		(24.15)	(22.58)

Notes to the financial statements 1-60

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Vinod Jain
Chief Financial Officer

Place : Mumbai
Date: May 24, 2018

ARSHIYA RAIL INFRASTRUCTURE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A Equity Share Capital (Refer Note 18)

(Rupees in lakhs)

Particulars	Amount
Equity Shares of Rupees 10 each issued, subscribed and paid up	
As at April 1, 2016	
Equity Shares	4,088.92
Issue of equity share during the year	149.52
As at March 31, 2017	**4,238.44**
Equity Shares	4,238.44
Issue of equity share during the year	-
As at March 31, 2018	**4,238.44**

B Other Equity (Refer Note 19)

(Rupees in lakhs)

Particulars	Reserve & Surplus		Other Reserve		Total
	Securities Premium Account	Retained Earnings	Equity Component of Guarantee given by Parent Company	Equity Component of loan from Parent Company	
As at April 1, 2016	23,603.48	(33,934.33)	1,277.33	171.37	(8,882.15)
Loss for the year	-	(9,233.34)	-	-	(9,233.34)
Other comprehensive income	-	0.10	-	-	0.10
Total comprehensive income for the year	-	**(9,233.24)**	-	-	**(9,233.24)**
Fair Valuation of Financial Guarantee	-	-	287.12	-	287.12
Prior Period Adjustments	-	(22.00)	-	-	(22.00)
On Issue of equity shares	14,802.70	-	-	-	14,802.70
Transaction costs on issue of equity shares	(282.87)	-	-	-	(282.87)
As at March 31, 2017	**38,123.31**	**(43,189.57)**	**1,564.45**	**171.37**	**(3,330.44)**
Loss for the year	-	(10,233.85)	-	-	(10,233.85)
Other comprehensive income	-	7.19	-	-	7.19
Total comprehensive income for the year	-	**(10,226.66)**	-	-	**(10,226.66)**
Fair valuation of financial guarantees given	-	-	(4.62)	-	(4.62)
As at March 31, 2018	**38,123.31**	**(53,416.23)**	**1,559.83**	**171.37**	**(13,561.72)**

Notes to the financial statements 1-60

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Vinod Jain
Chief Financial Officer

ARSHIYA RAIL INFRASTRUCTURE LIMITED
Cash Flow Statement for the year ended March 31, 2018

(Rupees in lakhs)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before tax		**(10,233.85)**	**(9,233.34)**
Adjustments for :			
Depreciation and amortization expenses		4,130.61	4,107.18
Interest Income		(29.38)	(30.04)
Loss on sale/discarded Property, plant and equipment		182.79	-
Reconciliation of Loans Account (net)		-	815.57
Inventory Written off		-	23.43
Gain on sale of Investment		(5.00)	-
Sundry Balances Written Back (net)		(609.53)	(41.16)
Finance Expense		7,507.05	4,507.17
Bad Debts Written off		101.36	0.93
Settlement of Claims		302.54	158.43
Unwinding of interest on loan to related party		(476.14)	(159.39)
Fair value of financial instruments		(1.28)	-
Government grant – income		(365.49)	(365.49)
Financial Guarantee Income		(0.77)	-
Advance rent		1.45	-
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES		**499.35**	**(216.71)**
Adjustments for			
Trade & other payables		(817.42)	(451.42)
Inventories		0.07	24.39
Trade & other receivables		1,559.41	(366.73)
CASH GENERATED FROM OPERATIONS		**1,241.41**	**(1,010.47)**
Direct Tax (Paid)/ Refunds		24.58	216.35
NET CASH FLOW FROM OPERATING ACTIVITIES	**Total (A)**	**1,265.99**	**(794.12)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(295.31)	(131.17)
Purchase of Intangible assets		(500.00)	-
Proceeds from Sale of Investment		5.00	-
Interest Income		29.38	30.04
NET CASH FLOW FROM INVESTING ACTIVITIES	**Total (B)**	**(760.93)**	**(101.13)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings - Non current		3,220.74	2,074.86
Repayment of borrowings - Non current		(3,756.60)	(1,735.26)
Borrowing - current (Net)		1,402.08	552.18
Interest paid on borrowings		(1,172.85)	(6.12)
NET CASH FLOW FROM FINANCING ACTIVITIES	**Total (C)**	**(306.63)**	**885.66**
Net Increase/(Decrease) in cash and cash equivalents	**(A+B+C)**	198.43	(9.59)
Cash and cash equivalents at the beginning of the year		176.92	186.51
Cash and Cash Equivalents at the beginning of the year		**375.35**	**176.92**
Cash and cash equivalents at the end of the year		375.35	176.92
Cash and Cash Equivalents at the end of the year		**375.35**	**176.92**

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

Particulars	**March 31, 2017**	**Cash flow**	**INDAS impact**	**March 31, 2018**
Long term borrowing (Refer Note no. 20 & 25)	42,777.66	(535.86)	191.86	42,433.66
Short term borrowing (Refer Note no. 23)	627.18	1,402.08	-	2,029.26

Notes to the financial statements 1-60

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Vinod Jain
Chief Financial Officer

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 **CORPORATE INFORMATION:**

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

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

The financial statements of the Company for the year ended 31st March, 2018 were approved and adopted by board of directors in their meeting held on 24th May 2018.

2 **BASIS OF PREPARATION:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).

For all periods up to year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31st March, 2018 are the first financial statement, the Company has prepared in accordance with Ind AS.

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

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

3 **SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT:**

3.1 **Property, Plant and Equipment:**

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

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

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

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

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

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

3.2 **Intangible Assets :**

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

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

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

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

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

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

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd Mumbai

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

The Company as a lessee

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

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

The Company as a lessor

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

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

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

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

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

3.5 Cash and cash equivalents:
Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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

3.7 Financial instruments – initial recognition, subsequent measurement and impairment:
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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Arshiya Rail Infrastructure Ltd Mumbai

Financial assets - Subsequent measurement:
For the purpose of subsequent measurement, financial assets are classified in two broad categories:-
a) Financial assets at fair value
b) Financial assets at amortised cost
Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured **at amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.
a) Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.
b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at **fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.
a) Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets - Equity Investment in subsidiaries
The Company has accounted for its equity investment in subsidiaries at cost.

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

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

II) **Financial liabilities - Initial recognition and measurement:**
The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

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

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

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

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

3.8 Provisions, Contingent Liabilities, Contingent Assets and Commitments:
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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

3.9 Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of services e.g. rail freight income is recognized as per the terms of contracts with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Amounts disclosed as revenue is net of goods and service tax, service tax, trade allowances, rebates.

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

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

Interest Income:
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income:
Dividend Income is recognised when the right to receive the payment is established.

3.10 Foreign currency reinstatement and translation:
Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates as on balance sheet date and the resulting exchange difference recognised in statement of profit and loss. Differences arising on settlement of monetary items are also recognised in statement of profit and loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

3.11 Employee Benefits:

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

(a) **Defined Contribution Plan**

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

(b) **Defined Benefit Plan**

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

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

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

3.12 Taxes on Income:

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

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

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

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

3.13 Borrowing Costs:

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

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3.14 Earnings per share:

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

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

3.15 Current and non-current classification:

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

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

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

a) Expected to be settled in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.16 Fair value measurement:

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

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

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

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

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

3.17 Off-setting financial Instrument:

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

3.18 Government Grants

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

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

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Arshiya Rail Infrastructure Ltd ★ Mumbai

3.19 Segment Reporting - Identification of Segments

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

3.20 Contributed Equity

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

3.21 Cash flow statement

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

3.22 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

3.23 Dividend Distribution

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Property, plant and equipment and Intangible Assets:

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

4.2 Income Tax:

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

4.3 Contingencies:

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

CHATURVEDI & SHAH ★ MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd ★ Mumbai

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

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

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

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

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

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

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

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5 **PROPERTY, PLANT AND EQUIPMENT**

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Computer	Railway Terminals	Total
Gross Carrying Value (at deemed cost)								
As at April 1, 2016	15,138.85	309.52	25,376.26	10.74	35.91	2.21	14,283.94	55,157.43
Additions	-	-	131.18	-	-	-	-	131.18
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2017	**15,138.85**	**309.52**	**25,507.44**	**10.74**	**35.91**	**2.21**	**14,283.94**	**55,288.61**
Additions	204.81	-	40.92	-	-	-	49.60	295.33
Disposals	-	-	(261.08)	(3.80)	-	(1.12)	-	(266.00)
Other Adjustments	-	-	(8.32)	-	8.32	-	-	-
As at March 31, 2018	**15,343.66**	**309.52**	**25,278.96**	**6.94**	**44.23**	**1.09**	**14,333.54**	**55,317.94**
Accumulated Depreciation	-	63.11	2,546.51	1.95	7.07	0.02	1,154.50	3,773.16
Depreciation for the year	-	-	-	-	-	-	-	-
Deductions								
As at March 31, 2017	-	**63.11**	**2,546.51**	**1.95**	**7.07**	**0.02**	**1,154.50**	**3,773.16**
Depreciation for the year	-	53.42	2,547.88	1.95	5.67	-	1,157.25	3,766.17
Deductions	-	-	(77.05)	(1.14)	-	(0.02)	-	(78.21)
As at March 31, 2018	-	116.53	5,017.34	2.76	12.74	(0.00)	2,311.75	7,461.12
Net Carrying value as at March 31, 2018	**15,343.66**	**192.99**	**20,261.62**	**4.18**	**31.49**	**1.09**	**12,021.79**	**47,856.82**
Net Carrying value as at March 31, 2017	**15,138.85**	**246.41**	**22,960.93**	**8.79**	**28.84**	**2.19**	**13,129.44**	**51,515.45**
Net Carrying value as at April 1, 2016	**15,138.85**	**309.52**	**25,376.26**	**10.74**	**35.91**	**2.21**	**14,283.94**	**55,157.43**

Note 1) In accordance with the Indian Accounting Standard (IND AS -36) on " Impairment of Assets", the mangement during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said IND AS. On the basis of this review carried out by the management, there was no impairment loss of property, plant and equipment during the year ended March 31, 2018.

Note 2) The carrying value (Gross Block less accumulated depreciation and amortisation) as on April 1, 2016 of the property, plant and equipment is considered as a deemed cost on the date of transition.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

6 **INTANGIBLE ASSETS**

(Rupees in lakhs)

Particulars	Computer Software	Rail Licenses fees	Total
Gross Carrying Value (at deemed cost)			
As at April 1, 2016	213.31	3,208.33	3,421.64
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2017	**213.31**	**3,208.33**	**3,421.64**
Additions	500.00	-	500.00
Disposals	-	-	-
As at March 31, 2018	**713.31**	**3,208.33**	**3,921.64**
Accumulated Depreciation			
Amortisation for the year	84.03	250.00	334.03
Deductions	-	-	-
As at March 31, 2017	**84.03**	**250.00**	**334.03**
Amortisation for the year	114.61	249.84	364.45
Deductions	-	-	-
As at March 31, 2018	**198.64**	**499.84**	**698.48**
Net Carrying value as at March 31, 2018	**514.67**	**2,708.50**	**3,223.16**
Net Carrying value as at March 31, 2017	**129.28**	**2,958.33**	**3,087.61**
Net Carrying value as at April 1, 2016	**213.31**	**3,208.33**	**3,421.64**

Note 1) The carrying value (Gross Block less accumulated amortisation) as on April 1, 2016 of the intangible assets is considered as a deemed cost on the date of transition.

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

FINANCIAL ASSETS

7 NON CURRENT- INVESTMENTS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investments carried at Cost			
Unquoted			
Investments in Equity Instruments of subsidiary company (refer note 53) Nil(March 31,2017 - 50,000, April 1, 2016 - 50,000) Equity Shares of Arshiya Rail Siding Infrastructure Limited of Rs. 10 each, fully paid up	-	5.00	5.00
Less : Provision for Impairment in Value of Investments	-	(5.00)	(5.00)
Total	-	-	-

8 NON CURRENT - LOANS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Loans to Fellow Subsidiary Companies* (Refer Note 44)	-	1,871.62	1,328.24
Total	-	**1,871.62**	**1,328.24**

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

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Industrial & Distribution Hub Limited	-	746.80	323.94
Arshiya Northern FTWZ Limited	-	1,124.82	1,004.30
Total	-	**1,871.62**	**1,328.24**

The Company has granted loan to fellow subsidiary for the purpose of utilising this amount in the Business.

9 OTHER NON CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Financial assets carried at amortised cost			
Security Deposits	14.21	-	-
Financial Guarantee	804.39	1,041.41	994.59
Total	**818.60**	**1,041.41**	**994.59**

10 OTHER NON CURRENT ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Capital Advances	864.64	898.31	960.22
Advances other than Capital advances			
- Other Advances - gratuity (Refer Note 40)	10.05	9.09	-
- Prepaid Rent	3.79	-	-
- TDS Receivable	345.37	369.95	586.30
- Service tax paid under protest	3.87	3.87	-
Total	**1,227.72**	**1,281.22**	**1,546.52**

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11 INVENTORIES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Stores and Spares (At cost as certified by the management)	15.66	15.73	40.12
Total	**15.66**	**15.73**	**40.12**

12 CURRENT ASSETS - TRADE RECEIVABLES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured, considered good	-	-	-
Unsecured, considered good	670.98	325.89	600.53
Doubtful	-	-	-
	670.98	**325.89**	**600.53**
Allowance for ECL			
Unsecured, considered good	4.39	95.36	94.95
Doubtful	-	-	-
	4.39	**95.36**	**94.95**
Total	**666.59**	**230.53**	**505.58**

13 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks on current accounts	375.29	176.16	186.25
Cash on hand	0.06	0.76	0.26
Total	**375.35**	**176.92**	**186.51**

14 CURRENT ASSETS - OTHER BANK BALANCES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposits with banks to the extent held as margin money	357.68	397.13	202.43
Interest Accrued on Fixed Deposit	28.48	15.88	4.77
Total	**386.16**	**413.01**	**207.20**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

15 CURRENT ASSETS - LOANS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Loans to Fellow Subsidiary Company*	-	-	76.49
Total	-	-	**76.49**

*Loans to Related Parties are as follows:-

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Northern FTWZ Limited	-	-	76.49
Total	-	-	**76.49**

16 OTHER CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Financial assets carried at amortised cost			
Security Deposits	111.83	99.61	70.12
Financial Guarantee	236.76	240.30	282.74
Total	**348.59**	**339.91**	**352.86**

17 OTHER CURRENT ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances other than Capital advances			
- Advances to Related Parties	0.23	0.00	0.82
- Advances to Suppliers	81.34	11.97	19.17
- Advances to Employees	16.58	16.08	11.09
- Unearned Revenue (Refer Note 60(C)(4))	15.27	-	-
-Others	0.28	-	7.01
Others			
- Prepaid expenses	2.02	93.77	155.35
- Input credit available on Goods & Service Tax (GST)	157.08	-	-
Total	**272.80**	**121.82**	**193.44**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd * Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

18 [illegible]

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity Shares			
i) Authorised Share Capital			
4,36,50,000 (As at March 31, 2017: 4,36,50,000 and as at April 1, 2016: 4,50,00,000) Equity shares of Rupees 10 each	4,365.00	4,365.00	4,500.00
13,50,000 (As at March 31, 2017: 13,50,000 and as at April 1, 2016: NIL) Preference Shares of Rupees 10 each	135.00	135.00	-
Total	**4,500.00**	**4,500.00**	**4,500.00**
ii) Issued, Subscribed & Fully Paid up			
4,23,84,417 (As at March 31, 2017: 4,23,84,417 and as at April 1, 2016: 4,08,89,195) Equity Shares of Rupees 10 each	4,238.44	4,238.44	4,088.92
Total	**4,238.44**	**4,238.44**	**4,088.92**

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

Particulars	In numbers	Amount (Rupees in lakhs)
Equity Share Capital		
Equity shares of Rupees 10 each issued, subscribed and fully paid		
At April 1, 2016	4,08,89,195	4,088.92
Issued during the year*	14,95,222	149.52
At March 31, 2017	4,23,84,417	4,238.44
Issued during the year	-	-
At March 31, 2018	**4,23,84,417**	**4,238.44**

* Note:- Out of total number of shares issued 14,95,222 , equity shares of 1,85,222 were issued on conversion of loan from holding company and equity shares of 13,10,000 were issued on conversion of Optionally Convertible Redeemable Preference Shares (OCRPS).

Reconciliation of 0% optionally convertible redeemable preference shares outstanding as at the beginning and end of the year

Particulars	In numbers	Amount (Rupees in lakhs)
Preference Share Capital		
Zero Percent Optionally Convertible Redeemable Preference Shares of Rupees 10 each		
At April 1, 2016	-	-
Issued during the year	13,10,000	131.00
Conversion into Equity Shares during the year	(13,10,000)	(131.00)
At March 31, 2017	-	-
Issued during the year	-	-
At March 31, 2018	-	-

Terms/rights attached to equity shares

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

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

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Terms/rights attached to preference shares
The Company has one class of Preference Shares being Optionally Convertible Preference Shares (OCRPS) having a face value of INR 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 Rupees 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.

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% holding	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid						
Arshiya Limited (Holding Company)*	4,23,84,417	100.00	4,23,84,417	100.00	3,87,32,491	94.73
Arshiya Hongkong Limited, Fellow Subsidiary*	-		-		21,56,704	5.27

*** Notes**
During the previous year, fellow subsidiary has dispossed off its investment in the company to the Holding Company.
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.

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.

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

19 OTHER EQUITY

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium Account	38,123.31	38,123.31	23,603.48
Retained Earnings	(53,416.24)	(43,189.57)	(33,934.33)
Equity Component of Guarantee given by Parent Company	1,559.83	1,564.45	1,277.33
Equity Component of loan from Parent Company	171.37	171.37	171.37
Total	**(13,561.72)**	**(3,330.44)**	**(8,882.15)**

(a) Securities Premium Account

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	38,123.31	23,603.48
Add: On issue of Equity shares	-	14,802.70
Less: Transaction cost	-	(282.87)
Closing Balance	**38,123.31**	**38,123.31**

(b) Retained Earnings

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(43,189.57)	(33,934.33)
Add/(Less):		
Net Profit/(Loss) for the year	(10,233.85)	(9,233.34)
Other comprehensive income	7.19	0.10
Prior period adjustments	-	(22.00)
Closing balance	**(53,416.24)**	**(43,189.57)**

(c) Equity Component of Guarantee given by Parent Company

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Equity Component of Guarantee given by Parent Company (Refer note no. 60 (C)(5))		
Opening balance	1,564.45	1,277.33
Add/(Less): Transaction during the year	(4.62)	287.12
Closing balance	**1,559.83**	**1,564.45**

(d) Nature & purpose of Reserves

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

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

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

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

ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

20 NON CURRENT BORROWINGS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
(a) Term Loans			
From Banks (refer note 20.1 below)	-	941.26	5,981.26
From Others (refer note 20.2 below)	33,502.36	33,371.25	11,425.96
Unsecured			
(b) Loans from Holding Company (Refer note 20.3 below and 44)	-	473.99	423.20
Total	**33,502.36**	**34,786.50**	**17,830.42**

20.1 Rupee term loan from Banks :-

(a) Rupee term loans (including current maturity refer note 25) of Rupees 8931.30 lakhs (March 31, 2017 : Rupees 8932.42 lakhs , April 1, 2016 : Rupees 15,189.64 lakhs) are secured by

(1) Details of Security

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

ii. Second charge by way of Hypothecation of the entire current assets of the company on pari passu basis.

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

iv. Personal guarantees from Promoters of Holding Company.

v. Corporate Guarantee from Holding Company/ Promoter.

(2) Terms of Interest rate:

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

(3) Terms of repayment :-

(Rupees in lakhs)

Financial Year	Term Loans from Banks
2012-2013	150.00
2013-2014	500.00
2014-2015	900.00
2015-2016	4,244.94
2016-2017	650.00
2017-2018	2,486.36
Total	**8,931.30**

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

(Rupees in lakhs)

Particulars	March 31, 2018	
	Banks	Period of Default
Current maturity of Rupee Term loans (refer note 25)	150.00	2012-13
	500.00	2013-14
	900.00	2014-15
	4,244.94	2015-16
	650.00	2016-17
	2,486.36	2017-18
Total	8,931.30	

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

20.2 Rupee term loan from other parties :-

(b) Rupee term loans (including current maturity) of Rupees 33,502.36 lakhs (March 31, 2017 : Rupees 33,371.25 lakhs , April 1, 2016 : Rupees 20,130.96 lakhs) are secured by

(1) Details of Security

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

ii. Second charge by way of Hypothecation of the entire current assets of the company on pari passu basis.

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

iv. Personal guarantees from Promoters of Holding Company.

v. Corporate Guarantee from Holding Company.

(2) Terms of Interest rate:

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

(3) Terms of repayment :-

(Rupees in lakhs)

Financial Year	Term Loans from others
2019-2020	1,744.63
2020-2021	6,139.19
2021-2022	2,276.52
2022-2023	23,954.16
Total	**34,114.50**

(4) The amortised cost disclosed above is net off of incidental cost of borrowings aggregating to Rupees 612.13 lakhs for March 31, 2018 and Rupees 747.13 lakhs for March 31, 2017.

20.3 Unsecured Loan from Holding Company

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

Arshiya Rail Infrastructure Ltd ★ Mumbai

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ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

21 NON CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Leave encashment (Refer Note 40)	16.42	14.65	20.74
Total	**16.42**	**14.65**	**20.74**

22 OTHER NON CURRENT LIABILITIES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Government Grants (Refer Note 60(C)(6))	1,723.69	2,363.30	2,728.79
Total	**1,723.69**	**2,363.30**	**2,728.79**

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

23 CURRENT BORROWINGS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
(a) Short Term Loan (refer note 23.1 below)	-	627.18	75.00
(b) Working Capital Loan from others (refer note 23.2 below)	-	-	5,654.11
Unsecured			
(c) Loans from Holding Company (refer note 23.3 below & Note 44)	2,029.26	-	1,030.99
Total	**2,029.26**	**627.18**	**6,760.10**

23.1 (a) Short term loan of Rupees NIL (March 31, 2017 : Rupees 627.18 lakhs , April 1, 2016 : Rupees 75.00 lakhs) are secured by

(1) Details of Security

i. Exclusive charge by way of mortgage of immovable property, i.e., land admeasuring 5.62 acres situated at Khurja held by the company, fellow subsidiary and Holding company.

ii. Exclusive Hypothecation on power packs acquired by the company.

iii. Pledge of 100% unencumbered equity shares of the company held by Arshiya Limited (Holding Company).

iv. Pledge of 100% unencumbered equity shares of Arshiya Industrial and Distribution Hub limited held by holding company.

v. Pledge of 100% unencumbered equity shares of Arshiya Ltd. belonging to Promoters.

vi. Personal Guarantee of Promoters of Holding Company.

vii. Corporate Guarantee of Holding Company and Arshiya Industrial & Distribution Hub Limited.

viii. Priority charge & Escrow on entire cash flows of the Company arising out of scheduled movement of all trains between Khurja ICD and the ports.

(2) Terms of Interest rate:

Rate of Interest on Short Term Loan-Others: 24% p.a.

(3) Terms of repayment :-

The repayment to be made in 12 equated monthly installments starting from April 30, 2016.

23.2 (a) Working Capital loan of Rupees NIL (March 31, 2017 : Rupees NIL , April 1, 2016 : Rupees 5,654.11 lakhs) are secured by

(1) Details of Security

i. First charge by way of Hypothecation of the entire current assets including receivables of the company.

ii. Second mortgage and charge on all present and future movable assets (including rakes, containers, equipment's) and immovable assets of the company, including intangibles assets.

iii. 100% equity shares of the Company held by Holding Company and Arshiya Honkong Limited.

iv. Irrevocable and unconditional personal guarantees from Director and a Relative of Director, being Promoters of Holding Company.

v. Corporate Guarantee from Holding Company.

(2) Terms of Interest rate:

Rate of Interest on Cash Credit Loan : 14.00% p.a.

The said loan has been restructured in last year into Term Loan as per restructuring agreement dated March 31, 2017 (Refer note 50).

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

Arshiya Rail Infrastructure Ltd. Mumbai

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ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

24 CURRENT LIABILITIES- TRADE PAYABLES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade Payables to Micro, Small and Medium Enterprises (Refer Note 42)	5.24	-	-
Trade Payables to Others (Refer Note 57)	620.88	441.11	647.17
Total	626.12	441.11	647.17

25 OTHER CURRENT FINANCIAL LIABILITIES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Liabilities at amortised cost			
Current maturities of long term borrowings			
Term Loans from banks* (Refer Note 20.1)	8,931.30	7,991.16	9,208.38
Term Loans from others (Refer Note 20.2)	-	-	8,705.00
Interest accrued and due on borrowings**	12,671.96	8,446.62	19,357.09
Interest accrued but not due on borrowings	1,370.35	-	-
Security Deposit	57.64	38.00	35.00
Financial Guarantee	3.85	-	-
Others			
Project Creditors(Refer Note 38 & 57)	1,054.01	1,359.57	1,796.88
Employee's Dues ***	103.59	216.58	182.10
Payable for Expenses	502.26	1,527.37	381.37
Total	24,694.96	19,579.30	39,665.82

* Include Loan aggregating to Rupees 8,931.30 lakhs (March 31, 2017: Rupees 4,471.15 lakhs, April 1,2016: Rupees 4,471.15 lakhs) recalled by banks.

**Include Interest accrued and due on Term Loans aggregating to Rupees 11,399.19 lakhs (March 31, 2017: Rupees 4,164.72 lakhs, April 1, 2016: Rupees 2,877.50 lakhs) recalled by banks.

*** Include Full and Final settlement of Rupees 14.04 lakhs (Year 2017 Rupees 1,30.68 lakhs, Year 2016 Rupees 82.52 lakhs)

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

(Rupees in lakhs)

Particulars	March 31, 2018		
	Banks	Others	Period of Default
Interest accrued & due on borrowing	1,932.34	-	2013-14
	1,733.66	-	2014-15
	2,067.45	-	2015-16
	2,568.95	-	2016-17
	3,018.83	1,378.00	2017-18
Total	11,321.23	1,378.00	

The amortised cost disclose above is net off interest cost of borrowings aggregating to Rupees 891.58 lakhs for March 31, 2018.

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26 OTHER CURRENT LIABILITIES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unearned Revenue (Refer Note 60(C)(4))	-	92.59	160.08
Advance received from Customers	151.12	13.62	64.18
Other Advances	1.74	-	-
Government Grants (Refer Note 60(C)(6))	639.61	365.49	365.49
Others			
Statutory Liabilities*	698.99	718.44	510.32
Interest on Delayed payment of Statutory dues	426.77	174.95	45.32
Excess haulage changes payable	-	6.44	-
Total	**1,918.23**	**1,371.53**	**1,145.39**

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

GOVERNMENT GRANTS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening balance	2,728.79	3,094.28	3,094.28
Released to statement of profit and loss	(365.49)	(365.49)	-
Closing balance	**2,363.30**	**2,728.79**	**3,094.28**
Current	639.61	365.49	365.49
Non Current	1,723.69	2,363.30	2,728.79

27 CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits(Refer Note 40)			
Leave encashment (Refer Note 40)	3.69	3.66	5.42
Total	**3.69**	**3.66**	**5.42**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

28 REVENUE FROM OPERATIONS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rail Freight Income	12,338.16	14,382.84
Road Freight Income	440.86	358.00
Handling Income	643.90	775.42
Terminal Income	175.40	23.00
Total	**13,598.32**	**15,539.26**

29 OTHER INCOME

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on Financial assets carried at amortised cost		
Unwinding of interest on loan to related party	476.14	159.39
Unwinding of interest on Security deposit	1.28	-
Other interest income		
Interest on Bank fixed deposits	29.38	30.04
Interest income on income tax refund	16.92	33.92
Other Income		
Government Grants	365.49	365.49
Financial Guarantee Income	0.77	-
Sundry Balance/ Excess provision Written Back	553.46	1.85
Gain on sale of Investment	5.00	-
Miscellaneous Income	10.95	1.13
Total	**1,459.39**	**591.82**

30 COST OF OPERATIONS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rail Freight Expenses	10,172.63	12,530.74
Road Freight Expenses	448.10	401.74
Handling Expenses	231.86	326.17
Terminal Expenses	304.26	388.74
Other operating expenses	350.53	449.43
Total	**11,507.38**	**14,096.82**

31 EMPLOYEE BENEFITS EXPENSE

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	776.16	868.26
Contribution to provident and other funds	15.09	15.49
Staff welfare expenses	35.54	21.98
Total	**826.79**	**905.73**

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd ★ Mumbai

32 FINANCE COST

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on Financial liabilities measured at amortised cost		
Interest expense on borrowings	6,939.19	3,937.79
Unwinding of interest for loan from related party (Refer Note 44)	56.88	148.47
Interest expense on Security Deposit	1.24	-
Interest expense others		
Interest on Delayed Payment of Statutory Dues	263.01	135.11
Other borrowing costs		
Guarantee Commission Expense	240.56	282.74
Bank charges	6.17	3.06
Total	**7,507.05**	**4,507.17**

33 DEPRECIATION AND AMORTISATION EXPENSES

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on tangible assets	3,766.16	3,773.15
Amortisation on intangible assets	364.45	334.03
Total	**4,130.61**	**4,107.18**

34 OTHER EXPENSES

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Repairs and maintenance		
- Building	17.97	34.78
- Others	46.10	6.00
Advertisement	38.79	21.99
Payments to Auditors (Refer note below)	8.50	8.04
Bad Debts written off	101.36	0.93
Electricity charges	28.54	23.76
Insurance	18.41	16.08
Legal and professional fees	75.94	207.74
Rates and taxes	7.36	3.05
Rent	374.08	288.84
Printing and Stationary	7.82	7.51
Office Expenses	13.38	13.08
Security charges	45.14	41.07
Telephone and internet expenses	18.07	22.77
Travelling & conveyance expenses	46.98	66.51
Vehicle Expenses	28.18	18.97
Allowance for doubtful debts and advances	-	0.41
Miscellaneous expenses	18.86	7.87
Total	**895.48**	**789.40**

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

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ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(a) Details of Payments to auditors

(Rupees in lakhs)

Particulars	2017-18	2016-17
As Statutory Auditor		
Audit Fee	8.50	8.00
In other capacity		
Other services (certification fees)	-	0.04
Total	**8.50**	**8.04**

35 EXCEPTIONAL ITEMS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Reconciliation of loan accounts (net)	-	815.57
Inventories Written off	-	23.43
Sundry Balance / excess provision written back	(61.07)	(39.31)
Loss on sale/discarded of Property, plant and equipment	182.79	-
Settlement of Claim	302.54	158.43
Total	**424.26**	**958.12**

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ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

36 **Earnings per share (Basic and Diluted)**

Particulars	As at March 31, 2018	As at March 31, 2017
Profit available to equity shareholders		
Profit/(Loss) after tax (A) (Rupees in Lakhs)	(10,233.85)	(9,233.34)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic and Diluted) (B)	4,23,84,417	4,08,93,291
Basic & Diluted earnings per share(A/B) (Rupees)	(24.15)	(22.58)
Nominal Value of an equity share (Rupees)	10	10

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

i) **Capital Commitments**

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)	400.98	562.59	624.80

Cash outflow expected on execution on such capital contracts

(ii) **Contingent liabilities:**

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(a) Maharashtra VAT Demand	-	72.23	72.23
(b) Carrier Bond (Bond has been given to Principle of custom for the safeguarding duty liability on goods movement from respective ports to ICD khurja)	1,080.00	1,080.00	-
(c) Bank Guarantee	162.00	43.00	68.00
(d) Letter of Credit (Letter of Credit given in favour of Railways for availing e-freight facility for haulage payment)	100.00	100.00	100.00
(e) Claims Against the Company not acknowledged as Debt	23.39	594.25	292.71
(f) Service tax Demand	51.55	51.55	-
	1,416.94	**1,941.03**	**532.94**
No Cash outflow is expected in near future			

38 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.

39 **Operating lease commitments - Company as lessee**
The company has taken office on lease under non-cancellable operating lease expiring at the end of 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.
The company has paid Rupees 278.56 lakhs (March 31, 2017: Rupees 147.50 lakhs)(March 31, 2016: Rupees 149.54 lakhs) during the year towards minimum lease payment.

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows			
Future Lease Payment:			
a) Within one Year	340.65	113.45	119.03
b) Later than one year but not later than five years	1,051.11	255.26	8.47
c) Later than five years	-	-	0.99
Total	**1,391.76**	**368.71**	**128.49**
Lease rents recognised as expense in the year	278.56	147.50	149.54

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40 EMPLOYEE BENEFIT

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

(a) Defined contribution plans

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

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employer's Contribution to Provident Fund	5.46	5.16
Employer's Contribution to Pension Scheme	12.40	13.01
Employer's Contribution to ESIC	0.78	0.62

(b) Brief descriptions of the plans

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

(c) Leave Obligations

(Rupees in lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Provisions for Leave encashment			
Current	3.69	3.66	5.42
Non-Current	16.42	14.65	20.74
Total	20.11	18.31	26.16

(d) Defined benefit plan – Gratuity:

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

Particulars	March 31, 2018	March 31, 2017
I. Actuarial assumptions		
Mortality Table	Indian Assured lives Mortality (2006-08) Ult	Indian Assured lives Mortality (2006-08) Ult
Discount rate	7.40%	6.90%
Expected return on plan assets	7.40%	6.90%
Salary Escalation Rate	7.00%	7.00%
Withdrawal Rate	15.00%	15.00%
Retirement Age	58 Years	58 Years
II. Change in Present value of defined benefit obligations		
Liability as at the beginning of the year	37.19	42.21
Interest cost	2.30	3.01
Current service cost	7.78	10.12
Benefits paid	(0.93)	(8.97)
Actuarial (gain)/loss on obligations	0.98	(9.18)
Liability as at the end of the year	47.31	37.19
III. Change in Fair value of plan assets		
Fair value of plan assets as at the beginning of the year	46.28	42.75
Expected return on plan assets	14.01	3.22
Actual Enterprise's Contributions	0.93	8.97
Benefits paid	(0.93)	(8.97)
Actuarial gain/(loss) on plan assets	(2.93)	0.30
Fair value of plan assets as at the end of the year	57.35	46.28
IV. Actual return on plan assets		
Expected return on plan assets	14.01	3.22
Actuarial gain/(loss) on plan assets	(2.93)	0.30
Actual return on plan assets	11.08	3.52
V. Liability recognised in the Balance Sheet		
Liability as at the end of the year	47.31	37.19
Fair value of plan assets as at the end of the year	57.35	46.28
Liability recognised in the Balance Sheet	(10.05)	(9.09)
VI. Percentage of each category of plan assets to total fair value of plan assets		
Insurer managed funds	100%	100%

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VII. Amount recognised in the Statement of Profit and Loss		
Current service cost	7.78	10.12
Interest cost	2.30	3.01
Expected return on plan assets	(14.01)	(3.22)
Net actuarial (gain)/loss to be on obligation	-	-
Expense recognised in Statement of Profit and Loss	(3.93)	9.91
VIII. Amount recognised in the Other Comprehensive Income (OCI)		
Amount recognised in OCI, beginning of the year	(0.10)	-
Components of actuarial gain/losses on obligations		
Due to Change in financial assumptions	(1.16)	1.19
Due to Change in demographic assumption	-	-
Due to Change in experience assumption	2.13	(10.37)
Expected return on plan assets	(2.93)	0.30
Change in Asset Ceiling	-	9.09
Total remasurement recognised in OCI	(7.19)	(0.10)
Amount recognised in OCI, end of year	(7.29)	(0.10)
IX. Balance Sheet reconciliation		
Opening net liability	(9.09)	(9.93)
Expenses recognised in Profit & Loss	7.16	9.91
Actual Employer Contribution	(0.93)	(8.97)
Total Remeasurement recognised in OCI	(7.19)	(0.10)
Closing net liability	(10.05)	(9.09)

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

40.2 **Sensitivity analysis:**

(Rupees in lakhs)

Particulars	Changes in assumptions	Effect on Gratuity obligation
For the year ended 31st March, 2017		
Salary growth rate	+0.50%	38.15
	-0.50%	36.26
Discount rate	+0.50%	36.26
	-0.50%	38.16
For the year ended 31st March, 2018		
Salary growth rate	+0.50%	47.66
	-0.50%	45.40
Discount rate	+0.50%	45.41
	-0.50%	47.66

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

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

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants. As such, an increase the plan's liability.

(C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, as increase in the salary of the plan participants will increase the plan's liability.

40.3 The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 years (31st March, 2017 - 6.6 years).

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41 Disclosure pursuant to Indain Accounting Standard 108 - Operating Segment

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

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

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

There are 3 customers (March 31, 2017 - 4 customers) aggregating to Rupees 8,619.29 lakhs (March 31, 2017 Rupees 11,176.57 lakhs) constituting 64% (March 31, 2017- 72%) of Revenue.

42 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount due to suppliers under MSMED Act, 2006*	5.24	-	-
Interest accrued and due to suppliers under MSMED Act, on the above	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day,	-	-	-
Interest paid to suppliers under MSMED Act, (other than Section 16)	-	-	-
Interest paid to suppliers under MSMED Act, (Section 16)	-	-	-
Interest due and payable to suppliers under MSMED Act, for payment already	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers	-	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Mico and Small" enterprises on the basis of information available with the Company.

43 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On 28th March, 2018, the Ministry of Corporate Affairs (MCA) has notified IND AS 115 - Revenue from contract with customers and certain amendment to existing IND AS. These amendments shall be applicable to the Company from 1st April, 2018.

(a) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede current revenue recognition guidance including IND AS 18 Revenue, IND AS 11 construction contracts and the related interpretations. IND AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(b) Amendment to Existing issued IND AS

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

i. IND AS 21 - The effects of Changes in Foreign Exchange Rates,
ii. IND AS 40 - Investment property
iii. IND AS 12 - Income Taxes
iv. IND AS 28 - Investment in associates and joint ventures and
v. IND AS 112 - Disclosure of Interests in Other Entities.

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

44 RELATED PARTY TRANSACTIONS

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

Sr. No.	Name of Related Party	Nature of Relationship	% of equity interest	Country of Incorporation
1	Arshiya Limited	Holding Company	100	India
2	Arshiya Rail Siding and Infrastructure Limited (till Febreuary 3, 2018)	Subsidiary	100	India
3	Arshiya Supply Chain Management Private Limited (till March 21, 2018) Arshiya Northern FTWZ Limited Arshiya Industrial & Distribution Hub Limited Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited)	Fellow Subsidiaries		India
4	Mr. Ajay S. Mittal - Director Mr. Navnit Choudhary - Director Mr. Ashish Kumar Bairagra - Director Mr. Rishabh Pankaj Shah - Director Mr. Dinesh Kumar Sodani - Chief Financial Officer (till January 12, 2018) Mr. Vinod Jain - Chief Financial Officer (w.e.f. January 12, 2018)	Key Managerial Personnel (KMP)		
5	Mrs. Archana A Mittal	Relative of Key Managerial Personnel		

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

(Rupees in lakhs)

Name of the Party	Nature of Transaction	March 31, 2018	March 31, 2017
Arshiya Industrial & Distribution Hub Limited	Loans given	376.05	513.83
	Loan repayments***	(1,312.83)	(32.15)
	Rail Freight Income	23.48	23.79
	Unwinded Interest Income on Loan to subsidiaries	67.20	38.88
Arshiya Northern FTWZ Limited	Loans given	943.84	375.61
	Loan repayments***	(2,354.81)	(452.10)
	Unwinded Interest income on Loan to subsidiaries	101.22	120.52
Arshiya Limited	Loans taken***	(4,831.75)	(758.22)
	Loan repayments	3,751.60	356.81
	Allocation of cost and common expenses by Holding Company*	(418.25)	(419.82)
	Conversion of loan into equity shares with security premium**	-	1,852.22
	Conversion of OCRPS into Equity	-	13,100.00
	Unwinded Interest expense on Loan from holding company	(56.88)	(50.78)
	Financial Guarantees	(240.56)	(282.74)
Arshiya Supply Chain Management Private Limited	Loans given	11.81	-
	Loan repayments***	(11.81)	-
Arshiya Logistics Services Limited	Loans given	0.23	-
	Loan repayments	-	-

* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to Rupees 418.25 lakhs (31st March, 2017 - Rupees 419.82 lakhs) based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 31) and certain expenses stated under other expenses (Refer Note No. 34) are presented as inclusive of such allocation of certain common costs and expenses.

**Equity shares of 1,85,222 were issued on conversion of loan of Rupees 1852.22 lakhs from holding company

*** The Company has adjusted balance receivable amount of Arshiya Industrial, Distribution & Hub Limited (AIDHL) on March 31, 2018 Rupees 1,269.42 lakhs (March 31, 2017 NIL), receivable amount of Arshiya Northern FTWZ Limited (ANFTWZ) on March 31, 2018 Rupees 2,026.74 lakhs (March 31, 2017 NIL), receivable amount of Arshiya Supply Chain Management Private Limited (ASCM) on March 31, 2018 Rupees 4.45 lakhs (March 31, 2017 NIL) with Arshiya Limited.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

(iii) Closing Balances

Name	March 31, 2018	March 31, 2017	April 1, 2016
Loans to related parties			
Arshiya Industrial Distribution & Hub Limited	-	746.80	323.93
Arshiya Northern FTWZ Limited	-	1,124.82	1,080.79
Arshiya Logistics Services Limited	0.23	-	-
Loans from related parties			
Arshiya Limited	2,029.26	473.99	1,454.20
Financial Guarantee			
Arshiya Limited	1,041.15	1,281.71	1,277.33
Personal Guarantee taken			
Ajay S Mittal	51,120.00	51,770.00	51,770.00
Archana A Mittal	51,120.00	51,770.00	51,770.00
Corporate Guarantee taken			
Arshiya Limited	48,200.19	57,233.00	76,548.19

(v) **Key management personnel compensation**

Mr. Ranjit Ray (Chief Executive Officer till November 17, 2016)

(Rupees in lakhs)

Particulars	March 31, 2018	March 31, 2017
Short term employee benefits	-	85.44
Total	-	**85.44**

45 FAIR VALUE MEASUREMENTS

(Rupees in lakh

I. Financial Instruments by Category

Particulars	Carrying Amount			Fair Value		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Trade Receivables	666.59	230.53	505.58	666.59	230.53	505.58
Loans	-	1,871.62	1,404.72	-	1,871.62	1,404.72
Cash and Cash Equivalents	375.35	176.92	186.51	375.35	176.92	186.51
Security Deposits	126.04	99.61	70.12	126.04	99.61	70.12
Other Bank Balances	386.16	413.01	207.19	386.16	413.01	207.19
Financial Guarantee	1,041.15	1,281.72	1,277.33	1,041.15	1,281.72	1,277.33
Total	2,595.29	4,073.41	3,651.45	2,595.29	4,073.41	3,651.45
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	44,462.92	43,404.85	42,503.90	44,462.92	43,404.85	42,503.90
Trade Payables	626.12	441.11	647.17	626.12	441.11	647.17
Other financial liabilities	15,763.67	11,588.14	21,752.44	15,763.67	11,588.14	21,752.44
Total	60,852.71	55,434.10	64,903.51	60,852.71	55,434.10	64,903.51

(ii) **Fair Valuation techniques used to determine fair value**
The Company maintains procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

(a) The Company assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) The fair values for loans to fellow subsidiaries, security deposits and other financial liabilities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(c) The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

(d) Equity Investments in subsidiary is stated at cost.

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

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

(b) **Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

46 Financial Risk Management

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

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

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

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

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

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

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

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

ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Contractual maturities of financial liabilities

(Rupees in lakhs)

Particulars	Less than 1 year	Between 1 year and 5 years	More than 5 year
March 31, 2018			
Borrowings	11,024.26	34,114.50	-
Trade payables	626.12	-	-
Other financial liabilities	15,765.03	-	-
Total Financial liabilities	**27,415.41**	**34,114.50**	-
March 31, 2017			
Borrowings	9,094.48	35,654.20	-
Trade payables	441.11	-	-
Other financial liabilities	11,588.14	-	-
Total Financial liabilities	**21,123.73**	**35,654.20**	-
April 1, 2016			
Borrowings	25,211.32	18,001.78	-
Trade payables	647.17	-	-
Other financial liabilities	21,752.44	-	-
Total Financial liabilities	**47,610.93**	**18,001.78**	-

(C) Market risk

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

1) Foreign currency risk

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

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the 31st March, 2018 the Company's borrowings at the variable rate were mainly denominated in Rupees.

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

Interest rate risk exposure

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

(Rupees in lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings	8,931.30	8,932.42	15,189.64

Interest sensitivity

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

Particulars	Impact on profit before tax	
	March 31, 2018	March 31, 2017
Interest sensitivity		
50 bps increase the profit before tax by*	(44.66)	(44.66)
50 bps decrease the profit before tax by*	44.66	44.66
* Holding all other variable constant		

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

47 **CAPITAL MANAGEMENT**

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

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

(Rupees in lakhs)

	March 31, 2018	March 31, 2017	April 1, 2016
Borrowings	44,462.92	43,404.85	42,503.90
Other Financial Liabilities (int accrued)	14,042.30	8,446.62	19,357.09
Total Debt	**58,505.22**	**51,851.47**	**61,860.99**
Equity	4,238.44	4,238.44	4,088.92
Other equity	(13,561.72)	(3,330.44)	(8,882.15)
Total Equity	**(9,323.29)**	**908.00**	**(4,793.23)**

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

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

Debt Covenants

Under the terms of Restructuring Agreement, the company is required to comply with following financial covenants:-
Without prior approval of lender, the company shall not:

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

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

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

The Company has not proposed any dividend in last three year in view of losses incurred.

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CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

48 Taxation

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

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

iii) **Unused tax losses for which no deferred tax assets has been recognised**

(Rupees in lakhs)

Assessment Year	Business Loss	Available for utilisation till Assessment Year	Unabsorbed Depreciation
2014-2015	14,739.87	2022-2023	6,512.68
2015-2016	-	2023-2024	5,536.76
2016-2017	-	2024-2025	3,192.80
2017-2018	13,093.10	2025-2026	3,717.69
2018-2019	4,464.88	2026-2027	3,246.19
Total	**32,297.85**		**22,206.12**

Unused deferred tax assets as at March 31, 2018 Rupees 13,290.60 Lakh (March 31, 2017 - Rupees 12,635.73 Lakh, April 1, 2016 Rupees 10,118.00 Lakh) has not been recognised, as there is no convincing evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

Details of Deferred tax assets are mentioned below:-

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Property plant equipment	4,084.31	4,959.87	4,967.29
Unabsorbed depreciation	(5,773.59)	(5,858.62)	(4,709.85)
Expense allowable on payments under section	(3,651.00)	(3,621.40)	(6,049.59)
Unabsorbed loss	(8,397.44)	(8,600.39)	(4,564.79)
Financial Instruments	447.13	484.80	238.93
Total Deferred Tax Assets	**(13,290.59)**	**(12,635.74)**	**(10,118.01)**

49 Preparation of financial statements on " Going Concern" basis

The company has incurred net loss of Rupees 10,226.66 Lakhs during the year ended March 31, 2018 and as of that date, the company's current liabilities exceeded by its current assets by Rupees 27,207.10 lakhs. Accumulated losses have also resulted into more than net worth of the company. The company is yet to achieve its full operational potential. Meanwhile certain lenders have recalled its loan in the Company and the Company is in the process of negotiating revise payment terms with the creditors. Arshiya Limited, the parent company, has given a support letter to extent, for the foreseeable future any financial support which may be received by the company. Considering to steps taken by the Management as mentioned below, the financial statements of the company have been prepared on a going concern basis.

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

i Increased focus on Khurja as a distribution hub post GST implementation
ii Stabilizing of PFT business with Long term contracts and constructing the second line.
iii Standardisation of Containers to be able to better utilise the assets
iv Diversified focus from only Steel industry to Cement, Agro and Tiles also so as to have a balance of product mix.
v Two Dedicated Freight Corridor(s) (DFC) along the Western and Eastern part of India to support increase in the business volume.
vi Government announcement of Jewar Airport and Merut Highway connecting Jewar via Khurja and thereby connecting to Yamuna Expressway(i.e. Delhi to Agra).
vii Government focus on Multi-modal logistic and transport services to increase the throughput of the infrastructure already created by the company;
viii Government focus on the revamping of the Railway Boards and increasing clarity on regulatory aspects to support resolution of the regulatory issues;

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

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd Mumbai

50 The Company have made repayment as agreed in amortisation schedule of Restructuring Agreement (RA) during the year ended 31st March, 2018. As per debt covenant, the Company are required to adhere to repayment schedule and any short payment gives Edelweiss Asset Reconstruction Company (EARC) the right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. No such notice of conversion in writing has been given by EARC and the Company continues to disclose the amount as non-current as per repayment schedule, in the Balance Sheet.

The Company is liable to pay penal interest of Rupees 17.38 Lakh on the unpaid/ delays amounts for the year ended 31st March, 2018 which has not been provided. Had the Company provided the above penal interest, the finance cost would have been higher to that extent for the year ended and total comprehensive income would have been lower to that extent having consequential impact on other equity and financials liabilities.

51 **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 March 31, 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 March 31, 2017. Under the Agreement, the loans assigned to EARC aggregating to Rupees 47,700 lakhs

(i) Stand restructured, merged and converted into Restructured Loans aggregating to Rupees 34,600 lakhs,

(ii) the balance debt of Rupees 13,100 lakhs 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 Rupees 10 each at a price of Rupee 1,000 each (which includes premium of Rupees 990).

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

The current outstanding of above restructured loan as on March 31, 2018 is Rupees 34,114 lakhs (March 31, 2017 Rupees 34,118 lakhs)

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

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 these Banks. Earlier CDR-EG issued a letter dated July 31, 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 banks regarding interest rate on borrowing, the company continued to accounts for interest on such borrowings at interest rate prescribed in CDR package instead of original loan documents. Further, banks are also entitled to penal interest on overdue amount of interest and principles. Pending finalisation and confirmations, such differential interest cannot be ascertained / quantified and have not been recognised in the books of account.

53 The company has executed the Share Purchase Agreement dated November 23, 2017 for sale of equity shares of its subsidiary company "Arshiya Rail Siding Infrastructure Limited", with Ascendas Property Fund (India) Pte Limited (hereinafter referred to as "Ascendas") whereby 100 % shares of the Company i.e., 50,000 shares of Rs. 10 each as held by ARIL together with nominee shareholders have been divested for a consideration of Rs. 5 lakhs on February 3, 2018.

54 The Company has procured certain capital goods under EPCG scheme at concessional rate of duty. On non fulfillment of certain conditions, the company may become liable to pay differential custom duty along with interest thereon such procurement. The management is hopeful of completing the expected obligation within the stipulated time.

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55 The scheme of Arrangement and Amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013 has been filed before the National Company Law Tribunal ("NCLT") between Arshiya Rail Infrastructure Limited (Transferee Parent Company), Arshiya Industrial & Distribution Hub Limited (First Transferor Company) and Arshiya Transport & Handling Limited (Second Transferor Company) and their respective shareholders. The scheme is conditional on various approval / sanctions and is effective thereafter; accordingly no effect of the said Scheme is given in the financial statement. Directions of NCLT are awaited for holding the creditor's meeting in respective companies. No accounting impact and disclosures is considered and necessary at this stage pending requisite regulatory approvals.

56 During the year, a new Scheme is presented under Sections 230 to 232 read with Sections 66 and 52 and other applicable provisions of the Companies Act, 2013 for demerger of "Domestic warehousing business" of the Parent Company into Arshiya Rail Infrastructure Limited. This proposed scheme of arrangement is conditional upon approval of an ongoing scheme of group companies i.e. merger of Arshiya Industrial and Distribution Hub Limited, Arshiya Transport & Handling Limited in to Arshiya Rail Infrastructure Limited which is pending with NCLT. No accounting impact and disclosures is considered and necessary at this stage pending requisite regulatory approvals.

57 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.

58 As per Provisions of sub section 1 of Section 203 of Companies Act, 2013 (w.e.f. April 1, 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.

59 **Original application filed before appropriate Forum**

Corporation Bank has filed a suit with Debt Recovery Tribunal, New Delhi, towards recovery against Arshiya Rail Infrastructure Limited, Arshiya Limited as a Corporate Guarantor and two promoter directors of the holding company as Guarantors, for Rupees 7,187.00 lakhs. The same is pending before the DRT Delhi. The Company is in discussion with Bank for one time settlement.

CHATURVEDI & SHAH
MUMBAI
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60 FIRST TIME ADOPTION OF IND AS

These are the company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

I) Ind AS optional exemptions

i. Deemed cost of Property Plant and Equipment & Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment covered under IND AS 16 and intangible assets covered by Ind AS 38 - Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value at deemed cost.

ii. Investment in subsidiary

The Company has elected to apply Indian GAAP carrying amount as deemed cost on the date of transition to IND AS for its equity investment in subsidiaries.

II) Mandatory exceptions applied

The following mandatory exception have been applied in accordance with IND AS 101 in preparing the financial statements.

i. Estimates

The company's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. IND AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP except where IND AS required a different basis for estimates as compared to the Indian GAAP.

ii. Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 "Financial Instruments" on the basis of facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

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i. Balance sheet as at date of transition (April 1, 2016) (Rupees in lakhs)

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	52,175.45	2,981.98	55,157.43
(b) Intangible Assets	3,421.64	(0.00)	3,421.64
(c) Financial Assets			
(i) Loans	1,942.56	(614.32)	1,328.24
(ii) Other Financial Assets	-	994.59	994.59
(d) Other Non-Current Assets	1,546.52	-	1,546.52
	59,086.17	**3,362.25**	**62,448.42**
Current assets			
(a) Inventories	40.12	-	40.12
(b) Financial Assets			
(i) Trade Receivables	600.53	(94.95)	505.58
(ii) Cash and Cash Equivalents	186.52	(0.01)	186.51
(iii) Bank Balances Other than (ii) above	207.19	0.01	207.20
(iv) Loans	-	76.49	76.49
(v) Other Financial Assets	70.12	282.74	352.86
(c) Other Current Assets	46.03	147.41	193.44
	1,150.51	**411.69**	**1,562.20**
Total Assets	**60,236.68**	**3,773.94**	**64,010.62**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	4,088.92	-	4,088.92
(b) Other Equity	(9,573.12)	690.97	(8,882.15)
	(5,484.20)	**690.97**	**(4,793.23)**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19,032.78	(1,202.36)	17,830.42
(b) Provisions	20.74	-	20.74
(c) Other Non-Current Liabilities	-	2,728.79	2,728.79
	19,053.52	**1,526.43**	**20,579.95**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	5,729.13	1,030.97	6,760.10
(ii) Trade Payables	647.17	-	647.17
(iii) Other Financial Liabilities	39,665.82	-	39,665.82
(b) Other Current Liabilities	619.82	525.57	1,145.39
(c) Provisions	5.42	-	5.42
	46,667.36	**1,556.54**	**48,223.90**
Total Equity and Liabilities	**60,236.68**	**3,773.94**	**64,010.62**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

ii. Balance sheet as at March 31, 2017

(Rupees in lakhs)

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	48,955.03	2,560.42	51,515.45
(b) Other Intangible Assets	3,087.61	-	3,087.61
(c) Financial Assets			
(i) Loans	3,727.61	(1,855.99)	1,871.62
(ii) Other Financial Assets	-	1,041.41	1,041.41
(d) Other Non-Current Assets	-	1,281.22	1,281.22
	55,770.25	**3,027.06**	**58,797.31**
Current assets			
(a) Inventories	15.73	-	15.73
(b) Financial Assets			
(i) Trade Receivables	231.86	(1.33)	230.53
(ii) Cash and Cash Equivalents	176.92	-	176.92
(iii) Bank Balances Other than (iii) above	397.13	15.88	413.01
(iv) Other Financial Assets	133.23	206.68	339.91
(c) Other Current Assets	15.88	105.94	121.82
	970.75	**327.17**	**1,297.92**
Total Assets	**56,741.00**	**3,354.23**	**60,095.23**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	4,238.44	-	4,238.44
(b) Other Equity	(3,731.04)	400.60	(3,330.44)
	507.40	**400.60**	**908.00**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	35,654.20	(867.70)	34,786.50
(b) Provisions	14.65	-	14.65
(c) Other Non-Current Liabilities	35.00	2,328.30	2,363.30
	35,703.85	**1,460.60**	**37,164.45**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	627.18	-	627.18
(ii) Trade Payables	441.11	-	441.11
(iii) Other Financial Liabilities	-	19,579.30	19,579.30
(b) Other Current Liabilities	19,457.80	(18,086.27)	1,371.53
(c) Provisions	3.66	-	3.66
	20,529.75	**1,493.03**	**22,022.78**
Total Equity and Liabilities	**56,741.00**	**3,354.23**	**60,095.23**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

iii. Statement of Profit and Loss for the year ended March 31, 2017

(Rupees in lakhs)

Particulars	IGAAP	Ind-AS Adjustments	IND AS Balance
REVENUE			
Revenue from operations (net)	15,471.77	67.49	15,539.26
Other Income	65.09	526.73	591.82
Total Revenue (I)	**15,536.86**	**594.22**	**16,131.08**
EXPENSES			
Cost of operations	14,063.00	33.82	14,096.82
Employee benefits expense	905.63	0.10	905.73
Finance costs	4,075.96	431.21	4,507.17
Depreciation and amortization expense	3,685.63	421.55	4,107.18
Other expenses	689.00	100.40	789.40
Total Expenses (II)	**23,419.22**	**987.08**	**24,406.30**
Profit/(loss) before exceptional items and tax (I-II)	**(7,882.36)**	**(392.86)**	**(8,275.22)**
Exceptional Items	1,078.27	(120.15)	958.12
Profit/(loss) before tax	(8,960.63)	(272.71)	(9,233.34)
Tax expense:			
Current tax	-	-	-
Deferred tax	-	-	-
Profit/(loss) for the year	**(8,960.63)**	**(272.71)**	**(9,233.34)**

OTHER COMPREHENSIVE INCOME			
Item not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans	-	0.10	0.10
Other Comprehensive income for the year	-	0.10	0.10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(8,960.63)	(272.61)	(9,233.24)

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Rail Infrastructure Ltd

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

iv. Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(Rupees in lakhs)

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP		507.40	(5,484.20)
Adjustments:			
Fair Valuation of loan from Related Parties	1	120.58	171.37
Fair Valuation of loan to Related Parties	2	(476.14)	(537.84)
Expected credit loss on trade receivable	3	(95.36)	(94.95)
Change in revenue recognition as per percentage of completion method POCM (Net)	4	(9.00)	(42.66)
Fair Valuation of Financial Guarantee	5	1,281.71	1,277.33
Government Grant - Income	6	2,728.79	3,094.27
Increase in depreciation due to recognition of grant for duty saved on PPE	6	(2,728.79)	(3,094.27)
Fair Valuation of Financial instruments	7	30.00	-
Transaction costs on issue of equity shares	7	(282.87)	-
Prior Period items adjusted	9	(168.32)	(82.28)
Total adjustments		**400.60**	**690.97**
Total equity as per Ind AS		**908.00**	**(4,793.23)**

v. Reconciliation of total comprehensive income for the year ended March 31, 2017

(Rupees in lakhs)

Particulars	Note	Year ended March 31, 2017
Profit after tax as per previous GAAP		(8,960.63)
Adjustments:		
Fair Valuation of loan from Related Parties	1	(50.77)
Fair Valuation of loan to Related Parties	2	61.70
Expected credit loss on trade receivable	3	(0.41)
Change in revenue recognition as per percentage of completion method POCM (Net)	4	33.66
Fair Valuation of Financial guarantees	5	(282.74)
Government Grant - Income	6	365.48
Increase in depreciation due to recognition of grant for duty saved on PPE	6	(365.48)
Actuarial loss on defined benefit plan reclassified to other comprehensive income (OCI)	8	(0.10)
Prior Period items adjusted	9	(34.05)
Total adjustments		**(272.71)**
Profit after tax as per Ind AS		(9,233.34)
Other comprehensive income	10	0.10
Total comprehensive income as per Ind AS		(9,233.24)

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd

C. Notes to first-time adoption:

Note (1): Loan from Parent company
Under the previous GAAP, interest free loan taken from parent company are recorded at their transaction value. Under Ind AS, financial liability are required to be recognised at fair value. Accordingly, the company has fair valued the loan under Ind AS. Difference between the fair value and transaction value of the loan has been recognised in retained earning at the first time adoption. subsequently amortised as an interest expense on loan from parent company to the Statement of Profit and Loss. Consequently, the total equity has increased in March 31, 2017 Rupees 120.58 lakhs, April 1, 2016 Rupees 171.36 lakhs. The loss for the year ended March 31, 2017 has increased by Rupees 50.78 lakhs.

Note (2): Loan to Fellow subsidiaries
Under the previous GAAP, interest free loan given to fellow subsidiaries are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these loan under Ind AS. Difference between the fair value and transaction value of the loan has been recognised in retained earning at the first time adoption. Subsequently amortised as an interest income from loan to fellow subsidiaries to the Statement of Profit and Loss. Consequently to this change, the total equity has reduced in March 31, 2017 Rupees 476.14 lakhs, April 1, 2016 Rupees 537.84 lakhs. The loss for the year ended March 31, 2017 has reduced by Rupees 159.39 lakhs.

Note (3): Expected credit loss on trade receivable
Under Indian GAAP, the company has created provision for impairment of trade receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). The Company is also required to account for loss allowance on trade receivables based on the Expected Credit Loss model. Consequently, the total equity decreased in March 31, 2017 by Rupees 95.36 lakhs, April 1, 2016 Rupees 94.95 Lakh. The loss for the year ended March 31, 2017 increased by Rupees 0.41 Lakh.

Note (4): Change in revenue recognition as per percentage of completion method POCM (Net)
Under the previous GAAP, the company recognised revenue from Rail freight and Allied Services on the day of issue of Railway Receipt (RR) by Indian Railways. Under Ind AS, the revenue for service contract is recognised on the basis of Percentage of Completion method (POCM). Revenue impacted due to this for the year ended March 31, 2017 is Rupees 67.48 lakhs. Cost of operations also increased in March 31, 2017 Rupees 33.82 lakhs.
Consequently, the total equity has increased by Rupees 92.58 lakhs in March 31, 2017, reduced by Rupees 160.08 lakhs in April 1, 2016 due to Revenue increased and Rupees 83.59 lakhs in March 31, 2017, Rupees 117.42 lakhs in April 1, 2016 due to operational expenses.

Note (5): Financial Guarantee
Under Ind AS, the financial guarantee issued by parent company to the lender of the Company for its borrowings are recognised initially as an asset at fair value which is subsequently amortised as finance expense to the Statement of Profit and Loss. Consequently, the total Equity has increased in March 31, 2017 by Rupees 1281.71 lakhs, April 1, 2016 by Rupees 1277.33 lakhs . The loss for the year ended March 31, 2017 increased Rupees 282.74 lakhs.

Note (6): Government Grants
Under previous GAAP, eligible incentives under Export promotion capital goods (EPCG) scheme were recognised by way of reduction of the duty saved from the cost of related capital goods imported under the scheme and the outstanding amount of underlying export obligation as at the Balance Sheet date was disclosed as contingent liability. Under Ind AS, eligible incentives under EPCG scheme is recognised as deferred income by a corresponding debit to the cost of capital goods imported under the scheme and income is recognised in the Statement of Profit and Loss in proportion of depreciation charged over the period. As at the date of transition, Government grant in proportion to outstanding amount of export obligation has been recognised as a liability by a corresponding debit to the property, plant and equipment.

Note (7): Fair Valuation of financial instruments
Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Consequently, the total equity has increased in March 31, 2017 Rupees 30 lakhs, April 1, 2016 Rupees NIL .

Transaction costs of Rs. 282.87 Lakh incurred on issue of Equity shares has been deducted from the security premium.

Note (8): Remeasurements of post-employment benefit obligations
Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended March 31, 2017 increased by Rupees 0.10 lakhs and other comprehensive income reduced by the same amount. There is no impact on the total equity as at March 31, 2018.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Rail Infrastructure Ltd Mumbai

ARSHIYA RAIL INFRASTRUCTURE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note (9): Prior Period Adjustments
During the year life of internal roads was changed retrospectively from 60 years to 10 years and accordingly depreciation amount and book value of internal roads have been changed.

Note (10): Other comprehensive income
Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of post employment benefit obligation.

Note (11): Retained earnings
Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

Note (12): Cash Flow
The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the previous GAAP.

Notes to the financial statements 1-60

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Vinod Jain
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Members of
Arshiya Industrial & Distribution Hub Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **Arshiya Industrial & Distribution Hub Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of Ind AS financial statement 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 these Ind AS financial statements are free from material misstatement.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

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Branch : Bengaluru

CHATURVEDI & SHAH
Chartered Accountants

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

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

Basis for qualified opinion

As mentioned in Note no. 45 of the Ind AS Financial Statements, as per debt covenant of Restructuring Agreement (RA), the Company is required to adhere to repayment schedule and such event of default gives Edelweiss Assets Reconstruction Company Limited (EARC) right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. Pending exercise of conversion right, the Company continues to disclose such amount as non-current borrowing amounting to Rs. 265,89.56 Lakh and provide for interest. Further, the Company is also liable to pay penal interest amounting to Rs. 9.56 Lakh for the year ended 31st March 2018, as confirmed by EARC. No provision for such interest is made in the books of account, which is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost". Had provision for such amount would have been made finance cost would have been higher by amount as mentioned above, total comprehensive income would have been lower to that extent and having consequential impact on other equity and financial liabilities.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in Paragraphs above "Basis for Qualified Opinion"*, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

Emphasis of Matter

We draw attention to the Note no. 50 of the Ind AS Financial Statement, reconciliation and balance confirmations of trade receivables, trade payables and loan and advances are not available. The accounting impact of variations, if any, will be accounted as and when the same is settled. Our Opinion is not modified in respect of the above said matter.

Other Matter

The Company had prepared the audited financial statements for the corresponding year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April 2016 included in the statement in accordance with the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Act, on which M. A. Parikh & Co., Chartered Accountants (Firm registration no. 107556W) vide their audit report dated 17th May, 2017 and 25th May 2016, respectively, had issued an modified audit report. The financial statements for the year ended 31st March, 2017 are based on previously audited financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of above said matters.

Report on other Legal and Regulatory Requirements

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

2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid Ind AS financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

e. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**;

g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

h. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company, as detailed in Note no. 33(ii)(a) and 34 to the Ind AS financial statements has disclosed the impact of pending litigations on its financial position.

   ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.

   iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

CHATURVEDI & SHAH
Chartered Accountants

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Industrial & Distribution Hub Limited on the Ind AS financial statements for the year ended 31st March 2018)

(i) In respect of fixed assets:-

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) As explained to us, the Company has physically verified fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.

(c) In our opinion and according to information and explanation given to us and on the basis of our examination of available records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is engaged in providing facility of warehousing including temperature controlled storage and other cargo / logistics related activities through Inland Container Depot (ICD) and does not have any inventory during the year therefore considering the nature of services, the Provisions of Clause 3(xii) of the Order are not applicable to the Company.

(iii) In respect of unsecured loans granted by the Company to companies, firms, Limited liability partnerships or other parties, as applicable, covered in the register maintained under section 189 of the Act. According to the information and explanations given to us:

(a) In our opinion and according to the information and explanations provided to us, the terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no overdue amounts as at the year-end in respect of both principal and interest.

(iv) In our opinion and according to the information and explanations provided to us, provisions of section 185 and 186 of the Companies Act 2013, in respect of loans, investments, guarantees and security, as applicable, have been complied with.

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular except slight delays in few cases, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable except Tax deducted at Source amounting to Rs. 160.89 Lakh and interest on tax deducted at source /PF/Service Tax amounting to Rs. 262.59 Lakh.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.

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

Defaults in respect of Edelweiss Asset Reconstruction Company Limited – through various trusts are as under:- (Rs. In Lakh)

Amount of continuing default in respect of interest as on 31st March, 2018	Period of Default
5,26.72	Financial Year 2017-2018

(ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Napawaliya

Vijay Napawaliya
Partner
Membership No. 109859

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th May 2018

CHATURVEDI & SHAH
Chartered Accountants

"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Industrial & Distribution Hub Limited on the Ind AS financial statements for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of **Arshiya Industrial & Distribution Hub Limited** ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Napawaliya

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Rupees in lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	5	66,070.03	68,598.72	71,050.99
(b) Other Financial Assets	6	505.11	680.41	769.73
(c) Other Non-Current Assets	7	17.04	19.51	15.34
		66,592.18	**69,298.64**	**71,836.06**
Current assets				
(a) Inventories	8	-	-	120.29
(b) Financial Assets				
(i) Investments	9	-	-	-
(ii) Trade Receivables	10	21.15	1.59	-
(iii) Cash and Cash Equivalents	11	4.47	14.44	1.66
(iv) Bank Balances Other than (iii) above	12	112.34	106.24	-
(v) Other Financial Assets	13	1,693.19	164.48	236.69
(c) Other Current Assets	14	1,076.34	1,053.58	1,071.46
		2,907.49	**1,340.33**	**1,430.10**
TOTAL ASSETS		**69,499.67**	**70,638.97**	**73,266.16**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	15	1,723.72	1,723.72	1,499.30
(b) Other Equity	16	19,637.77	18,074.86	10,546.13
		21,361.49	**19,798.58**	**12,045.43**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	27,270.47	16,286.35	1,603.54
(b) Provisions	18	2.49	2.50	10.76
		27,272.96	**16,288.85**	**1,614.30**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	17,471.17	519.70	430.64
(ii) Trade Payables	20	188.54	130.22	153.32
(iii) Other Financial Liabilities	21	2,771.57	33,378.66	58,605.27
(b) Other Current Liabilities	22	433.46	522.50	414.26
(c) Provisions	23	0.48	0.46	2.94
		20,865.22	**34,551.54**	**59,606.43**
TOTAL EQUITY & LIABILITIES		**69,499.67**	**70,638.97**	**73,266.16**
Notes to the financial statements	1-55			

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859
Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Sanjay Lakkhan
Company Secretary

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Revenue from operations	24	78.38	42.96
Other income	25	172.48	159.09
Total Income (I)		**250.86**	**202.05**
EXPENSES			
Cost of operations	26	111.61	71.99
Employee benefits expenses	27	467.50	533.84
Finance costs	28	3,924.16	7,706.92
Depreciation	29	2,369.61	2,452.29
Other expenses	30	285.93	547.25
Total Expenses (II)		**7,158.81**	**11,312.29**
Loss before exceptional items and tax (I-II)		(6,907.95)	(11,110.24)
Exceptional Items (Net)	31	(7,947.93)	3,643.36
Profit/(loss) before tax		1,039.98	(14,753.60)
Tax expense:			
Current tax		-	-
Deferred tax	37	-	-
Profit/(loss) for the year		1,039.98	(14,753.60)
OTHER COMPREHENSIVE INCOME (OCI)			
Item not to be reclassified to profit and loss :			
Remeasurement of gains/ (losses) on defined benefit plans		0.14	7.19
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,040.12**	**(14,746.41)**
Earnings per Equity shares (Face Value Rupees 10 each)			
Basic earnings per share (In Rupees)	32	6.03	(98.36)
Diluted earnings per share (In Rupees)	32	6.02	(98.36)

Notes to the financial statements 1-55

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859
Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Sanjay Lakkhan
Company Secretary

Arshiya Industrial & Distribution Hub Limited
Cash flow statement for the year ended March 31, 2018

(Rupees in lakhs)

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year before tax		1,039.98	(14,753.60)
Adjustment for :			
Depreciation		2,369.61	2,452.29
Interest Income		(6.78)	(6.93)
Reconciliation of Loan Accounts (net)		(562.39)	3,033.71
Loss on sale of Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD)		10,350.00	-
Property, Plant and Equipment written off		247.30	-
Finance Expense		3,924.16	7,706.92
Gain due to settlement with banks		(18,189.68)	-
Sundry balance written back		(47.33)	-
Settlement of Claims		254.17	609.65
Unwinding of interest on loan from fellow subsidiaries		-	(104.44)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(620.96)	(1,062.40)
Adjustments for			
Trade and other payables		(568.04)	(58.35)
Inventories		-	120.29
Trade and other receivables		(1,573.57)	(123.02)
CASH GENERATED FROM OPEPATIONS		(2,762.67)	(1,123.48)
Direct Tax Paid		(1.08)	(1.10)
NET CASH FLOW USED IN OPERATING ACTIVITIES	(A)	(2,763.65)	(1,124.58)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(88.23)	-
Purchase of Equity shares of ASCM		(378.70)	-
Sale of Equity shares of ASCM		378.70	-
Purchase of Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD)		(11,500.00)	-
Sale of Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD)		1,150.00	-
Interest Received		6.78	6.93
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES	(B)	(10,431.45)	6.93
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings - Non current		935.19	1,880.84
Repayment of borrowings - Non current		(4,484.75)	(754.94)
Borrowing - current (Net)		16,951.46	-
Interest paid		(216.77)	4.53
NET CASH FLOW FROM FINANCING ACTIVITIES	(C)	13,185.13	1,130.43
Net increase/(decrease) in cash and cash equivalents	(A+B+C)	(9.97)	12.78
Cash and cash equivalents at the beginning of the year		14.44	1.66
Cash and Cash Equivalents at the end of the year		4.47	14.44
Cash and cash equivalents at the end of the year		4.47	14.44
Cash and Cash Equivalents at the end of the year		4.47	14.44

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

Particulars	March 31, 2017	Cash flow	INDAS Impact	Non Cash Movement	March 31, 2018
Long term borrowing (Refer Note no. 17)	35,539.88	(3,549.57)	252.78	(4,972.62)	27,270.47
Short term borrowing (Refer Note no. 19)	519.70	16,951.47	-	-	17,471.17

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859
Place : Mumbai
Date: May 24, 2018

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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

Ajay S Mittal	Navnit Choudhary
Director	Director
DIN : 00226355	DIN : 00313576

Sanjay Lakkhan
Company Secretary

Arshiya Industrial Distribution Hub Limited Mumbai

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

Statement of Changes in Equity

A Equity Share Capital (Refer Note 15)

(Rupees in lakhs)

Particulars	Amount
Equity Shares of Rupees 10 each issued, subscribed and paid up	
As at April 1, 2016	
Equity Shares	1,499.30
Issue of equity share during the year	224.42
As at March 31, 2017	**1,723.72**
Equity Shares	1,723.72
Issue of equity share during the year	-
As at March 31, 2018	**1,723.72**

B Other Equity (Refer Note 16)

(Rupees in lakhs)

Particulars	Reserve & Surplus		Other Reserve			Total
	Securities Premium Account	Retained Earnings	Equity Component of Guarantee given by Parent Company	Equity Component of loan from Parent Company	Equity Component of Zero% Optionally Convertible Preference shares (OCRPS)	
As at April 1, 2016	27,575.17	(18,066.67)	1,006.42	31.21	-	10,546.13
(Loss) for the year	-	(14,753.60)	-	-	-	(14,753.60)
Other comprehensive income		7.19				7.19
Total comprehensive income for the year		**(14,746.41)**				**(14,746.41)**
Fair Valuation of Financial Guarantee	-	-	75.16	-	-	75.16
On Issue of equity shares	22,217.15	-	-	-	-	22,217.15
Transaction costs on issue of equity shares	(17.17)					(17.17)
As at March 31, 2017	**49,775.15**	**(32,813.08)**	**1,081.58**	**31.21**	**-**	**18,074.86**
Profit for the year	-	1,039.98	-	-	-	1,039.98
Other comprehensive income	-	0.14	-	-		0.14
Total comprehensive income for the year		**1,040.12**	**-**	**-**	**-**	**1,040.12**
Fair valuation of financial guarantees	-	-	3.70	-		3.70
Issue of Zero% optionally convertible redeemable preference shares (OCRPS)	-	-	-	-	519.09	519.09
As at March 31, 2018	**49,775.15**	**(31,772.96)**	**1,085.28**	**31.21**	**519.09**	**19,637.77**

Notes to the financial statements 1-55

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859
Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Sanjay Lakkhan
Company Secretary

CHATURVEDI & SHAH MUMBAI

Arshiya Industrial & Distribution Hub Limited * Mumbai

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 **Corporate Information**

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

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

The financial statements of the Company for the year ended 31st March, 2018 were approved and adopted by board of directors in their meeting held on 24th May 2018.

2 **Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).

For all periods up to year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31st March, 2018 are the first financial statement, the Company has prepared in accordance with Ind AS.

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

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

3 **SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT:**

3.1 **Property, Plant and Equipment:**

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

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

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

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

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

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

3.2 **Intangible Assets :**

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

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

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

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

3.3 **Leases:**

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

The Company as a lessee

(a) **Finance lease**

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

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

Arshiya Industrial & Distribution Hub Limited * Mumbai

(b) **Operating lease**

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

The Company as a lessor

(a) **Finance lease**

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

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

(b) **Operating lease**

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

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

3.4 Inventories:

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

3.5 Cash and cash equivalents:

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

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

3.6 Impairment of assets:

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

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

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

I) **Financial assets -Initial recognition and measurement:**

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

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-
a) Financial assets at fair value
b) Financial assets at amortised cost
Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

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

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

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

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

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Industrial & Distribution Hub Mumbai

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

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

Financial assets - Equity Investment in subsidiaries
The Company has accounted for its equity investment in subsidiaries at cost.

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

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

II) Financial liabilities - Initial recognition and measurement:

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

Financial liabilities - Subsequent measurement:

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

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

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

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

3.8 Provisions, Contingent Liabilities, Contingent Assets and Commitments:
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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

3.9 Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company collects taxes such as sales tax/value added tax, service tax, etc. on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

Arshiya Industrial & Distribution Hub Limited * Mumbai

The following are the specific revenue recognition criteria:

(i) Inland Container Depot (ICD)
Income from Container handling, storage and Rail & Road transportation are recognised on proportionate completion of the movement and delivery of goods to the party/ designated place.
Income from Ground rent is recognised for the period the container is lying in the ICD area.

(ii) **Interest income**
Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(iii) **Dividend Income**
Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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

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

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

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

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

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

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

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

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

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

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

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

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3.13 Borrowing Costs:

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

3.14 Earnings per share:

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

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

3.15 Current and non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.
The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is:

a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.16 Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

3.17 Off-setting financial instrument:

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

3.18 Contributed Equity

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

3.19 Cash flow statement

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

3.20 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

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3.21 Segment Reporting - Identification of Segments

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Property, plant and equipment:

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

4.2 Income Tax:

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

4.3 Contingencies:

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

4.4 Impairment of financial assets:

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

4.5 Impairment of non-financial assets:

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

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

4.6 Defined benefits plans:

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

4.7 Recoverability of trade receivable:

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

4.8 Provisions:

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

4.9 Fair value measurement of financial instruments :

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

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5. PROPERTY, PLANT AND EQUIPMENT

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Computer	Electric Installations	Total
Gross Carrying Value (at deemed cost)									
As at April 1, 2016	20,379.37	43,823.85	4,321.43	639.50	8.23	313.39	108.86	1,456.36	71,050.99
Additions	-	-	-	-	-	-	-	-	-
As at March 31, 2017	20,379.37	43,823.85	4,321.43	639.50	8.23	313.39	108.86	1,456.36	71,050.99
Additions	88.23	-	-	-	-	-	-	-	88.23
Disposals	-	-	(55.31)	(263.40)	-	(0.03)	(1.89)	-	(320.63)
As at March 31, 2018	20,467.60	43,823.85	4,266.12	376.10	8.23	313.36	106.97	1,456.36	70,818.59
Accumulated Depreciation									
Depreciation for the year	-	1,594.74	349.79	90.33	1.02	173.65	36.74	206.00	2,452.27
As at March 31, 2017	-	1,594.74	349.79	90.33	1.02	173.65	36.74	206.00	2,452.27
Depreciation for the year	-	1,594.74	348.72	81.16	1.02	101.23	36.74	206.00	2,369.61
Deductions during the year	-	-	(7.91)	(65.21)	-	(0.03)	(0.17)	-	(73.32)
As at March 31, 2018	-	3,189.48	690.60	106.28	2.04	274.85	73.31	412.00	4,748.56
Net Carrying value as at March 31, 2018	20,467.60	40,634.37	3,575.52	269.82	6.19	38.51	33.66	1,044.36	66,070.03
Net Carrying value as at March 31, 2017	20,379.37	42,229.11	3,971.64	549.17	7.21	139.74	72.12	1,250.36	68,598.72
Net Carrying value as at April 1, 2016	20,379.37	43,823.85	4,321.43	639.50	8.23	313.39	108.86	1,456.36	71,050.99

Note 1) In accordance with the Indian Accounting Standard (IND AS -36) on " Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said IND AS. On the basis of this review carried out by the management, there was no impairment loss of property, plant and equipment during the year ended March 31, 2018.

Note 2) The carrying value (Gross Block less accumulated depreciation and amortisation) as on April 1, 2016 of the property, plant and equipment is considered as a deemed cost on the date of transition.

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(Rupees in lakhs)

6 OTHER NON CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial assets carried at amortised cost			
Financial Guarantee	505.11	680.41	769.73
Total	**505.11**	**680.41**	**769.73**

(Rupees in lakhs)

7 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Capital Advances	10.00	15.34	15.34
TDS Receivable	2.18	1.10	-
Other advances- gratuity (Refer Note 35)	4.86	3.07	-
Total	**17.04**	**19.51**	**15.34**

(Rupees in lakhs)

8 CURRENT ASSETS - INVENTORIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Stores and Spares	-	-	120.29
Total	-	-	**120.29**

(Rupees in lakhs)

9 CURRENT ASSETS - INVESTMENTS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investments carried at Cost			
Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD) and Equity shares of Arshiya Supply Chain Management Private Limited (ASCM) (Refer Note 49)	-	-	-
Total	-	-	-

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10 CURRENT ASSETS - TRADE RECEIVABLES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured, considered good	21.15	1.59	-
Unsecured, considered good	-	-	-
Doubtful			
Total	21.15	1.59	-

11 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
On current accounts:			
Balances with banks	4.47	14.44	1.66
Total	4.47	14.44	1.66

12 CURRENT ASSETS - OTHER BANK BALANCES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposits with banks to the extent held as margin money	100.00	100.00	-
Interest Accrued on Fixed Deposit	12.34	6.24	-
Total	112.34	106.24	-

13 OTHER CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Financial assets carried at amortised cost			
Financial Guarantee	164.48	164.48	236.69
Other receivable	1,528.71	-	-
Total	1,693.19	164.48	236.69

14 OTHER CURRENT ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance to suppliers	-	0.01	1.16
Prepaid expenses	6.97	2.61	33.75
Cenvat credit receivable (Refer Note 52)	1,069.37	1,050.96	1,036.55
Total	1,076.34	1,053.58	1,071.46

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Authorised Share Capital			
1,78,00,000 (As at March 31, 2017: 1,78,00,000 and as at April 1, 2016: 2,00,00,000) Equity shares of Rupees 10 each	1,780.00	1,780.00	2,000.00
22,00,000 (As at March 31, 2017: 22,00,000 and as at April 1, 2016: NIL) Preference Shares of Rupees 10 each	220.00	220.00	-
Total	2,000.00	2,000.00	2,000.00
i) Issued, Subscribed & Fully Paid up			
1,72,37,152 (As at March 31, 2017: 1,72,37,152 and as at April 1, 2016: 1,49,92,995) Equity Shares of Rupees 10 each	1,723.72	1,723.72	1,499.30
Total	1,723.72	1,723.72	1,499.30

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

Particulars	In numbers	Amount (Rupees in lakhs)
Equity Share Capital		
Equity shares of Rupees 10 each issued, subscribed and fully paid		
At April 1, 2016	1,49,92,995	1,499.30
Issued during the year*	22,44,157	224.42
At March 31, 2017	1,72,37,152	1,723.72
Issued during the year	-	-
At March 31, 2018	1,72,37,152	1,723.72

* Note:- Out of total number of shares issued 22,44,157, equity shares of 1,04,157 were issued on conversion of loan from holding company and equity shares of 21,40,000 were issued on conversion of Optionally Convertible Redeemable Preference Shares (OCRPS).

Reconciliation of Zero% optionally convertible redeemable preference shares outstanding as at the beginning and end of the year

Particulars	In numbers	Amount (Rupees in lakhs)
Preference Share Capital		
Zero Percent Optionally Convertible Redeemable Preference Shares of Rupees 10 each		
At April 1, 2016	-	-
Issued during the year	21,40,000	214.00
Conversion into Equity Shares during the year	(21,40,000)	(214.00)
At March 31, 2017	-	-
Issued during the year	1,20,000	12.00
At March 31, 2018	1,20,000	12.00

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rupees10 per share. Each holder of equity shares is entitled to one vote per share. The shareholders who held shares on the record date are entitled to dividend as may be proposed by the Board of Directors and is subject to approval of the Shareholders at the ensuing General Meeting.

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

Terms/rights attached to preference shares

During the previous year, the Company has one class of Preference Shares being Optionally Convertible Preference Shares (OCRPS) having a face value of Rupees10 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 Rupees 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. The Company has converted these OCRPS on March 31, 2017.

The Company has issued & allotted 1,20,000 Zero % OCRPS of Rupees 10 each at a premium of Rupees 990 per OCRPS aggregating to Rupees 1,200.00 lakhs.

Tenure of OCRPS: 6 years,

Conversion option: The right of conversion shall be exercised at the last day of sixth year from the date of allotment of the OCRPS, only in event of failure on part of the Company to redeem the OCRPS or inability of the Promoters to buyback the OCRPS.

Redemption: The OCRPS Series 1 shall be redeemed in one single instalment of Rupees 1200 lakh (including premium) at the end of 6th year from the date of allotment of OCRPS - Series I.

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% holding	Number	% holding	Number	% holding
Equity shares of Rupees 10 each fully paid						
Arshiya Limited (Holding Company)*	1,72,37,152	100	1,72,37,152	100	1,35,86,659	90.62
Cyberlog Technologies (UAE) FZE, the Fellow Subsidiary*	-	-	-	-	14,06,336	9.38

*** Notes**

* During the previous year, fellow subsidiary has disposed off its investment in the company to the Holding Company.

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.

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.

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(Rupees in lakhs)

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Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium Account	49,775.15	49,775.15	27,575.17
Retained Earnings	(31,772.96)	(32,813.08)	(18,066.67)
Equity Component of Guarantee given by Parent Company	1,085.28	1,081.58	1,006.42
Equity Component of loan from Parent Company	31.21	31.21	31.21
Equity Component of Zero% Optionally Convertible Preference shares (OCRPS)	519.09	-	-
Total	**19,637.77**	**18,074.86**	**10,546.13**

(a) Securities Premium Account

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	49,775.15	27,575.17
Add: On issue of Equity shares	-	22,217.15
Less: Transaction costs on issue of equity shares	-	(17.17)
Closing Balance	**49,775.15**	**49,775.15**

(b) Retained Earnings

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(32,813.08)	(18,066.67)
Add/(Less):		
Net Profit/(Loss) for the year	1,039.98	(14,753.60)
Other comprehensive income	0.14	7.19
Closing balance	**(31,772.96)**	**(32,813.08)**

(c) Equity Component of Guarantee given by Parent Company

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Equity Component of Guarantee given by Parent Company (Refer note no. 55 C (2))		
Opening balance	1,081.58	1,006.42
Add/(Less): Transaction during the year	3.70	75.16
Closing balance	**1,085.28**	**1,081.58**

(d) Nature & purpose of Reserve

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

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

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

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

Equity Component of Zero% Optionally Convertible Preference shares (OCRPS)
The fair value of liability component is deducted from the fair value of instruments as a whole, with the resulting residual amount being recognised as the equity component.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

17 NON CURRENT BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
(a) Term Loans			
From Others (Refer Note 17.1 & 47)	26,589.56	15,944.39	1,200.75
Liability Component of Compound Financial instruments	680.91	-	-
Unsecured			
(b) Loans from Holding Company (Refer Note 17.2 below and 40)	-	-	77.07
(c) Loans from Fellow Subsidiary Companies (Refer Note 17.2 below & 40)	-	341.96	325.72
Total	**27,270.47**	**16,286.35**	**1,603.54**

17.1 Rupee term loan from other parties :-

(1) Rupee term loans (including current maturity) of Rupees 26,589.56 lakhs (March 31, 2017 : Rupees 15,944.39 lakhs , April 1, 2016 : Rupees 1,935.99 lakhs) are secured by

(a) Details of Security

i. First charge on all movable assets and immovable properties of the company both present and future on pari passu basis.

ii. First charge by way of Hypothecation of the entire current assets of the company on pari passu basis.

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

iv. Personal guarantees from Promoters of Holding Company.

v. Corporate Guarantee from Holding Company.

(b) Rate of Interest :

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

(c) Repayment Schedule of above Term loans as on March 31, 2018 is as follows :-

(Rupees in lakhs)

Period	Term Loans from others
31-Mar-20	1,885.69
31-Mar-21	4,034.74
31-Mar-22	2,209.30
31-Mar-23	18,470.27
Total	**26,600.00**

(d) The amortised cost disclose above is net off interest cost of borrowings aggregating to Rupees 10.44 lakhs for March 31, 2018 and Rupees 55.61 lakhs for March 31, 2017.

17.2 Unsecured Loan from Holding Company & from fellow subsidiary

Interest free loan repayable after 12 months but before 5 year

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Industrial & Distribution Hub Limited Mumbai

18 NON CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Gratuity (Refer Note 35)	-	-	5.77
Leave encashment (Refer Note 35)	2.49	2.50	4.99
Total	2.49	2.50	10.76

19 CURRENT BORROWINGS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
(a) Loan from other party (Refer note 19.1 below)	3,000.00	-	-
Unsecured			
(b) Loans from Holding Company (Refer note 19.2 below & 40)	14,471.17	86.32	430.64
(c) Loans from Fellow Subsidiary (Refer note 19.2 & 40)	-	433.38	-
Total	17,471.17	519.70	430.64

19.1 **Short term loan from other party**

Term loans of Rupees 3,000 lakhs (March 31, 2017 : Rupees NIL , April 1, 2016 : Rupees NIL) are secured by

(a) **Security:**

i) First Ranking charges on all present and future cash flows, all assets and movable collateral available to the existing lenders of the Company as per the Deeds of Hypothecation,

ii) Personal Guarantee of both promoter directors of Parent Company

iii) Corporate Guarantee of Parent Company

(b) **Rate of interest**: 18% P.A

(c) **Repayment**: Bullet payment after expiry of 3 months.

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

20 CURRENT LIABILITIES- TRADE PAYABLES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade Payables to Micro, Small and Medium Enterprises (Refer Note 38)	5.35	-	-
Trade Payables to Others (Refer Note 50)	183.19	130.22	153.32
Total	188.54	130.22	153.32

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Industrial & Distribution Hub Limited Mumbai

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

21 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Liabilities at amortised cost			
Current maturities of long term borrowings			
Term Loans from banks* (Refer Note 21.1, 47 and 48)	-	19,253.52	38,736.81
Term Loans from others (Refer Note 17.2)	-	-	735.25
Interest accrued and due on borrowings			
On term loans from banks**	-	12,915.91	17,934.50
On term loans from others	768.33	-	555.48
On term loans from others short term	97.20	-	-
Interest accrued but not due on borrowings	950.97		
Others			
Project Creditors(Refer Note 34 & 50)	893.14	926.92	470.94
Employee's Dues***	48.96	160.07	145.13
Other Payables	12.97	122.24	27.16
Total	**2,771.57**	**33,378.66**	**58,605.27**

* Include Loan aggregating to Rupees NIL (March 31, 2017: Rupees 19,253.52 lakhs, April 1,2016: 38,732.22 lakhs) recalled by banks.

** Reflects interest accrued & due on Term Loans aggregating to Rupees NIL (March 31, 2017 Rupees 12,915.91 lakhs, April 1, 2016 Rupees 17,934.50 lakhs) recalled by banks.

*** Include Full and Final settlement of Rupees 5.88 lakhs (Year 2017 Rupees 109.13 lakhs, Year 2016 Rupees 94.40 lakhs)

21.1 Rupee term loan from Banks :-

(1) Rupee term loans (including current maturity) of Rupees NIL (March 31, 2017 : Rupees 19,253.52 lakhs , April 1, 2016 : Rupees 38,736.81 lakhs) are secured by

(a) Details of Security

i. First charge on all movable assets and immovable properties of the company both present and future on pari passu basis.

ii. First charge by way of Hypothecation of the entire current assets of the company.

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

iv. Personal guarantees from Promoters of the Holding Company.

v. Corporate Guarantee of the Holding Company.

(b) Rate of Interest :

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

(Rupees in lakhs)

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

Particulars	March 31, 2018	
	Others	Period of Default
Interest	526.72	2017-18
Total	**526.72**	

The amortised cost disclose above is net off interest cost of borrowings aggregating to Rupees 41.61 lakhs for March 31, 2018.

(Rupees in lakhs)

22 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory Liabilities*	170.87	315.26	280.15
Interest on delayed payment of statutory dues	262.59	207.24	134.11
Total	**433.46**	**522.50**	**414.26**

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

(Rupees in lakhs)

23 CURRENT LIABILITIES - PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits (Refer Note 35)			
Leave encashment	0.48	0.46	2.94
Total	**0.48**	**0.46**	**2.94**

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

24 REVENUE FROM OPERATIONS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rail Freight Income	59.55	23.46
Road Freight Income	11.77	0.73
Other operating Income	7.06	18.77
	78.38	42.96

25 OTHER INCOME

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income on Financial assets carried at amortised cost		
Fair value of loan from related party	-	104.44
Other Income		
Interest on Fixed Deposit	6.78	6.93
Sundry Balance / Excess provision Written Back	165.70	15.78
Miscellaneous Income	-	31.94
	172.48	159.09

26 COST OF OPERATIONS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rail Freight Expenses	66.75	38.12
Road Freight Expenses	15.79	9.13
Handling Expenses	4.69	1.46
Other operating expenses	24.38	23.28
	111.61	71.99

27 EMPLOYEE BENEFITS EXPENSE

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	444.05	506.33
Contribution to provident and other funds	12.98	16.59
Staff welfare expenses	10.47	10.92
	467.50	533.84

28 FINANCE COST

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on Financial liabilities measured at amortised cost		
Interest expense on borrowings	3,471.88	7,325.62
Unwinding of interest on loan from related parties	207.61	48.34
Interest expense others		
Interest on Delayed Payment of Statutory Dues	64.74	94.53
Interest Expenses Others	-	0.65
Others		
Guarantee Commission Expense	178.45	236.69
Finance cost on derecognition of financial guarantee	0.54	-
Bank charges	0.94	1.09
	3,924.16	7,706.92

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

Arshiya Industrial & Distribution Hub Limited * Mumbai

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

29 DEPRECIATION

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on tangible assets	2,369.61	2,452.29
	2,369.61	**2,452.29**

30 OTHER EXPENSES

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Repairs and maintenance		
-Building	8.30	4.10
-Others	25.34	15.20
Advertisement	38.38	21.22
Payments to Auditors (Refer note below)	6.23	5.24
Electricity charges	35.27	37.10
Insurance	17.74	15.46
Legal and professional fees	44.14	183.16
Rates and taxes	7.97	1.73
Rent	15.68	49.80
Printing and Stationary	4.77	4.89
Security charges	36.50	33.55
Telephone and internet expenses	10.09	15.63
Travelling & conveyance expenses	3.02	5.02
Vehicle Expenses	13.92	17.22
Miscellaneous expenses	18.58	137.93
Total	**285.93**	**547.25**

(a) Details of Payments to auditors

(Rupees in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
As Statutory Auditor		
Audit Fee	6.23	5.00
Certification fees	-	0.24

31 EXCEPTIONAL ITEMS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Reconciliation of loan accounts (net)	(562.39)	3,033.71
Property, Plant and Equipment Written off	247.30	-
Sundry Balance written back	(47.33)	-
Gain due to settlement with banks (Refer Note 47 & 48)	(18,189.68)	-
Loss on sale of Zero coupon unsecured Compulsorily and fully Convertible Debenture (CCD) (Refer Note 49)	10,350.00	-
Settlement of Claim	254.17	609.65
	(7,947.93)	**3,643.36**

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Arshiya Industrial & Distribution Hub Limited ★ Mumbai

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ES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Earnings per share (Basic and Diluted)

Computation of Earnings Per Share (Basic and Diluted)	As at March 31, 2018	As at March 31, 2017
Profit available to equity shareholders		
Profit / (loss) after tax (A) (Rupees in Lakhs)	1,039.98	(14,753.60)
Number of equity shares		
Weighted average number of equity shares outstanding (B)	1,72,37,152	1,49,99,143
Add: Adjustment on account of 0% Optionally Convertible Redeemable Preference Shares (OCRPS)	24,000	-
Total Weighted average number of equity shares/OCRPS (C)	1,72,61,152	1,49,99,143
Nominal Value of an equity share (Rupees)	10.00	10.00
Basic earnings per share(A/B) (Rupees)	6.03	(98.36)
Diluted earnings per share(A/C) (Rupees)	6.02	(98.36)

CONTINGENT LIABILITIES & COMMITMENT

(To the extent not provided for)

Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)	48.62	131.51	131.51

Cash outflow expected on execution on such capital contracts

ii) **Contingent liabilities:**

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Claims against the Company not acknowledged as Debt	51.94	79.40	1,075.92
(b) Custodian cum Carrier Bond (Company has provided bond in favour of custom department for duty free movement of goods from respective ports to ICD khurja)	1,000.00	1,000.00	-
	1,051.94	**1,079.40**	**1,075.92**
No Cash outflow is expected in near future			

34 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.

35 EMPLOYEE BENEFIT

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

(a) Defined contribution plans

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

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employer's Contribution to Provident Fund	2.00	2.18
Employer's Contribution to Pension Scheme	4.54	4.95
Employer's Contribution to ESIC	0.15	0.05

(b) Brief descriptions of the plans

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Industrial & Distribution Hub Limited Mumbai

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ES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Leave Obligations

(Rupees In lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provisions for Leave encashment			
Current	0.48	0.46	2.94
Non Current	2.49	2.50	4.99
Total	**2.97**	**2.96**	**7.93**

I) Defined benefit plan – Gratuity:

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

Particulars	As at March 31, 2018	As at March 31, 2017
I. Actuarial assumptions		
Mortality Table	Indian Assured lives Mortality (2006-08) Ult	Indian Assured lives Mortality (2006-08) Ult
Discount rate	7.40%	6.90%
Expected return on plan assets	7.40%	6.90%
Salary Escalation Rate	7.00%	7.00%
Withdrawal Rate	15.00%	15.00%
Retirement Age	58 Years	58 Years
II. Change in Present value of defined benefit obligations		
Liability as at the beginning of the year	5.55	13.74
Interest cost	0.36	0.84
Current service cost	2.20	3.92
Benefits paid	(6.98)	(2.74)
Actuarial (gain)/loss on obligations	2.63	(10.21)
Liability as at the end of the year	3.76	5.55
III. Change in Fair value of plan assets		
Fair value of plan assets as at the beginning of the year	8.63	7.97
Expected return on plan assets	0.57	0.60
Actual Enterprise's Contributions	6.98	2.74
Benefits paid	(6.98)	(2.74)
Actuarial gain/(loss) on plan assets	(0.57)	0.06
Fair value of plan assets as at the end of the year	8.63	8.63
IV. Actual return on plan assets		
Expected return on plan assets	0.57	0.60
Actuarial gain/(loss) on plan assets	(0.57)	0.06
Actual return on plan assets	-	0.66
V. Liability recognised in the Balance Sheet		
Liability as at the end of the year	3.76	5.55
Fair value of plan assets as at the end of the year	8.62	8.62
Liability recognised in the Balance Sheet	(4.86)	(3.07)
VI. Percentage of each category of plan assets to total fair value of plan assets		
Insurer managed funds	100%	100%
VII. Amount recognised in the Statement of Profit and Loss		
Current service cost	2.19	3.92
Interest cost	0.36	0.84
Expected return on plan assets	(0.57)	(0.60)
Expense recognised in Statement of Profit and Loss	1.98	4.16
VIII. Amount recognised in the Other Comprehensive Income (OCI)		
Amount recognised in OCI, beginning of the year	(7.19)	-
Components of actuarial gain/losses on obligations		
Due to Change in financial assumptions	(0.12)	0.18
Due to Change in experience assumption	2.76	(10.39)
Expected return on plan assets	(0.57)	0.05
Total remasurement recognised in OCI	(0.14)	(7.19)
Amount recognised in OCI, end of year	(7.33)	(7.19)
IX. Balance Sheet reconciliation		
Opening net liability	(3.07)	2.70
Expenses recognised in Profit & Loss	1.98	4.16
Actual Employer Contribution	(3.63)	(2.74)
Total Remeasurement recognised in OCI	(0.14)	(7.19)
Closing net liability/ (Asset)	(4.86)	(3.07)

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Industrial & Distribution Hub Limited Mumbai

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

.2 **Sensitivity analysis:**

Particulars	Changes in assumptions	Effect on Gratuity obligation
For the year ended 31st March, 2017	+0.50%	5.70
Salary growth rate	-0.50%	5.41
	+0.50%	5.41
Discount rate	-0.50%	5.71
For the year ended 31st March, 2018	+0.50%	3.89
Salary growth rate	-0.50%	3.64
	+0.50%	3.64
Discount rate	-0.50%	3.89

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

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

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase ir the life expectancy of the plan participants. As such, an increase the plan's liability.

(C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, as increase in the salary of the plan participants will increase the plan's liability.

35.3 The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 years (31st March, 2017 - 6.6 years).

36 **Disclosure pursuant to Indian Accounting Standard 108 - Operating Segment**

The Company is primarily engaged in the Inland Container Depot (ICD). 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 with in India and hence does not have any obligations in economic environment with different risk and return hence it is considered that the Company is operating in Single Geographical Segment.

Customers individually contributes to more than 10% of revenue :-
There are 3 customers (March 31, 2017 - 5 customers) aggregating to Rupees 59.15 lakhs (March 31, 2017 Rupees 37.94 lakhs) constituting 75% (March 31, 2017- 88%) of Revenue.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Industrial & Distribution Hub Limited Mumbai

37 Deferred Taxes

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

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

37.3 **Unused tax losses for which no deferred tax assets has been recognised**

(Rupees in lakhs)

Assessment Year	Business Loss	Available for utilisation till Assessment Year	Unabsorbed Depreciation	Short Term Capital Loss
2014-2015	-	2022-2023	5,977.49	-
2015-2016	-	2023-2024	5,257.31	-
2016-2017	-	2024-2025	4,661.18	-
2017-2018	3,894.22	2025-2026	4,148.96	-
2018-2019	-	2026-2027	-	10,350.00
Total	**3,894.22**		**20,044.94**	**10,350.00**

Deferred tax assets as at March 31, 2018 Rupees 5,482.99 Lakh (March 31, 2017 - Rupees 8,290.89 Lakh, April 1, 2016 Rupees 4,973.31 Lakh) has not been recognised, as there is no convincing evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

Details of Deferred tax assets are mentioned below:-

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Property plant equipment	3,724.65	3,308.00	3,330.48
Financial Instruments	179.83	288.33	358.30
Unabsorbed depreciation	(5,211.68)	(5,161.57)	(4,748.13)
Expense allowable on payments under section 43B and 40(a)(ia)	(472.29)	(2,619.57)	(3,560.25)
Unabsorbed loss	(3,703.50)	(4,106.07)	(353.71)
Total Deferred Tax Assets	**(5,482.99)**	**(8,290.89)**	**(4,973.31)**

38 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount due to suppliers under MSMED Act, 2006*	5.35	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
Interest paid to suppliers under MSMED Act, (other than Section 16)	-	-	-
Interest paid to suppliers under MSMED Act, (Section 16)	-	-	-
Interest due and payable to suppliers under MSMED Act, for payment already made	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Mico and Small" enterprises on the basis of information available with the Company.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Industrial & Distribution Hub Limited Mumbai

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39 STANDARDS ISSUED BUT NOT YET EFFECTIVE

(a) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede current revenue recognition guidance including IND AS 18 Revenue, IND AS 11 construction contracts and the related interpretations. IND AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(b) Amendment to Existing issued IND AS

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

i. IND AS 21 - The effects of Changes in Foreign Exchange Rates,
ii. IND AS 40 - Investment property
iii. IND AS 12 - Income Taxes
iv. IND AS 28 - Investment in associates and joint ventures and
v. IND AS 112 - Disclosure of Interests in Other Entities.

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

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CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA INDUSTRIAL & DISTRIBUTION HUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

40 RELATED PARTY TRANSACTIONS

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

Sr. No.	Name of Related Party	Nature of Relationship	% of equity interest	Country of Incorporation
1	Arshiya Limited	Holding Company	100%	India
2	Arshiya Supply Chain Management Private Limited (January 2, 2018 till March 21, 2018)	Subsidiary Company	100%	India
3	Arshiya Northern FTWZ Limited Arshiya Supply Chain Management Private Limited (till January 1, 2018) Arshiya Rail Infrastructure Limited	Fellow Subsidiaries		India
4	Mr. Ajay S. Mittal - Director Mrs. Archana A Mittal – Director Mr. Navnit Choudhary - Director Mr. Sanjay Lakkhan- Company Secretary Mr. Mukesh Katuria - Chief Financial Officer (till March 31, 2018)	Key Managerial Personnel (KMP)		
5	Mr. Ananya Mittal - V.P. Strategy	Relative of Key Managerial Personnel		

(ii) Transactions with related parties

(Rupees in lakhs)

Name	Nature of Transaction	March 31, 2018	March 31, 2017
Arshiya Rail Infrastructure Limited	Loans received	(376.05)	(513.83)
	Loan repayment / adjusted ***	1,312.83	32.15
	Rail Freight expense	(23.48)	(23.79)
	Unwinded Interest expense on Loan from fellow subsidiaries	(67.20)	(38.88)
Arshiya Northern FTWZ Limited	Loans received	(54.99)	(65.52)
	Loan repayment / adjusted ***	90.80	32.22
	Unwinded Interest expense on Loan from fellow subsidiaries	(7.26)	(0.21)
	Purchase of equity shares of ASCM***	47.87	-
Arshiya Limited	Loans received***	(14,470.75)	(191.97)
	Loan repayments	514.50	0.87
	Allocation of cost and common expenses by Holding Company*	(418.25)	(419.82)
	Conversion of loan into equity shares with security premium**	-	1,041.57
	Conversion of OCRPS into Equity	-	21,400.00
	Unwinded Interest expense on Loan from Holding Company	(10.36)	(9.25)
	Financial Guarantees	(178.99)	(236.69)
	Purchase of equity shares of ASCM	330.83	-
Arshiya Supply Chain Management Private Limited	Loan given	(11,500.00)	-
	Investment made in Compulsory Convertible Debentures (CCD) and adjusted against loan given	11,500.00	
Ananya Mittal	Salary Paid	25.67	25.67

* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to Rupees 418.25 lakhs (Previous year Rupees 419.82 lakhs) based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 27) and certain expenses stated under other expenses (Refer Note No. 30) are presented as inclusive of such allocation of certain common costs and expenses.

**Equity shares of 1,04,157 were issued on conversion of loan of Rupees 1041.57 lakhs from holding company

*** The Company has adjusted balance payable amount of Arshiya Rail Infrastructure Limited (ARAIL) on March 31, 2018 Rupees 1 269.42 lakhs (March 31, 2017 NIL) and payable amount of Arshiya Northern FTWZ Limited (ANFTWZ) on March 31, 2018 Rupees 90.18 lakhs (March 31, 2017 NIL) with Arshiya Limited.

*** The Company has made payment of Rupees 47.87 lakhs on behalf of Arshiya Northern FTWZ Limited (ANFTWZ) to Arshiya Limited for equity share purchase of Arshiya Supply Chain Management Private Limited (ASCM).

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(Rupees in lakhs)

(iii) Closing Balances

Name	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans from related parties			
Arshiya Northern FTWZ Limited	-	28.55	1.79
Arshiya Rail Infrastructure Limited	-	746.80	323.93
Arshiya Limited	14,471.17	86.32	507.71
Financial Guarantee			
Arshiya Limited	669.60	844.89	1,006.42
Corporate Guarantee taken			
Arshiya Limited	29,600.00	48,169.43	47,338.00
Personal Guarantee taken			
Ajay S Mittal	42,351.00	47,338.00	47,338.00
Archana A Mittal	42,351.00	47,338.00	47,338.00

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41 FAIR VALUE MEASUREMENTS

i. Financial Instruments by Category

(Rupees in lakhs)

Particulars	Carrying Amount			Fair Value		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Trade Receivables	21.15	1.59	-	21.15	1.59	-
Cash and Cash Equivalents	4.47	14.44	1.66	4.47	14.44	1.66
Other Bank Balances	112.34	106.24	-	112.34	106.24	-
Other Financial Assets	1,528.71	-	-	1,528.71	-	-
Financial Guarantee	669.59	844.89	1,006.42	669.59	844.89	1,006.42
Total	**2,336.26**	**967.16**	**1,008.08**	**2,336.26**	**967.16**	**1,008.08**
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	44,741.64	16,806.05	2,034.18	44,741.64	16,806.05	2,034.18
Trade Payables	188.54	130.22	153.32	188.54	130.22	153.32
Other financial liabilities	2,771.57	14,125.14	19,133.21	2,771.57	14,125.14	19,133.21
Total	**47,701.75**	**31,061.41**	**21,320.71**	**47,701.75**	**31,061.41**	**21,320.71**

(ii) Fair Valuation techniques used to determine fair value

The Company maintains procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

(a) The Company assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) The fair values of security deposits and other financial liabilities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(c) The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

(ii) Fair value hierarchy

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

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

(b) **Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

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42 FINANCIAL RISK MANAGEMENT

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

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

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

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

(A) Credit risk

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

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

(B) Liquidity risk

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

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

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Contractual maturities of financial liabilities

(Rupees in lakhs)

Particulars	Less than 1 year	Between 1 year and 5 years	More than 5 year
March 31, 2018			
Borrowings	17,482.77	26,600.00	-
OCRPS (Debt and Equity component)	-	-	1,200.00
Trade payables	188.54	-	-
Other financial liabilities	2,771.57	-	-
Total Financial liabilities	**20,442.88**	**26,600.00**	**1,200.00**
March 31, 2017			
Borrowings	19,795.19	16,341.96	-
Trade payables	130.22	-	-
Other financial liabilities	14,125.13	-	-
Total Financial liabilities	**34,050.54**	**16,341.96**	-
April 1, 2016			
Borrowings	39,933.91	1,603.54	-
Trade payables	153.32	-	-
Other financial liabilities	19,133.21	-	-
Total Financial liabilities	**59,220.44**	**1,603.54**	-

(C) Market risk

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

1) Foreign currency risk

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

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the 31st March, 2018 the Company's borrowings at the variable rate were mainly denominated in Rupees.

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

Interest rate risk exposure

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

(Rupees in lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings	-	19,253.52	38,736.81

Interest sensitivity

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

Particulars	Impact on profit before tax	
	As at March 31, 2018	As at March 31, 2017
Interest sensitivity		
50 bps increase the profit before tax by*	-	(96.27)
50 bps decrease the profit before tax by*	-	96.27
* Holding all other variable constant		

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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43 CAPITAL MANAGEMENT

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

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

(Rupees in lakhs)

	March 31, 2018	March 31, 2017	April 1, 2016
Borrowings	44,741.64	16,806.05	2,034.18
Other Financial Liabilities (int accrued)	1,816.51	12,915.91	18,489.98
Total Debt	46,558.15	29,721.96	20,524.16
Equity	1,723.72	1,723.72	1,499.30
Other equity	19,637.77	18,074.86	10,546.13
Total Equity	21,361.49	19,798.58	12,045.43
Capital and net debt	67,919.64	49,520.54	32,569.59
Gearing ratio	0.69	0.60	0.63

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

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

Debt Covenants
Under the terms of Restructuring Agreement, the company is required to comply with following financial covenants:-
Without prior approval of lender, the company shall not:

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

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

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

The Company has not proposed any dividend in last three year in view of losses incurred.

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44 **Preparation of financial statements on "Going Concern" basis**
The company has accumulated loss of Rupees 31,772.93 Lakhs as at March 31, 2018 and as of that date, the company's current liabilities exceeded by its current assets by Rupees 17,957.73 lakhs. The company is yet to achieve its full operational potential. Arshiya Limited, the parent company, has given a support letter to extent, for the foreseeable future any financial support which may be received by the company. Considering to steps taken by the Management, as mentioned below & under Note No. 51 the financial statements of the company have been prepared on a going concern basis.

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

i) Fully operational facility has now entered into long term contract with global shipping majors;
ii) The planned long term contract for transportation of Reefer cargo to increase revenue;
iii) Increasing throughput through collaborative 'Pooling of assets' with other ICD and Private Container Train Operators (PCTO);
iv) Increasing interest from various Global customers for integrated solutions including rail transport and warehousing.

45 The company have made substantial repayment as agreed in amortisation schedule of Restructuring Agreement (RA) during the year ended 31st March, 2018. As per debt covenant, the Company are required to adhere to repayment schedule and any short payment gives Edelweiss Asset Reconstruction Company (EARC) the right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. No such notice of conversion in writing has been given by EARC and the Company continues to disclose the amount as non-current as per repayment schedule, in the Balance Sheet.

The Company is liable to pay penal interest of Rupees 9.56 Lakh on the unpaid/ delays amounts for the year ended 31st March, 2018 which has not been provided. Had the Company provided the above penal interest, the finance cost would have been higher to that extent for the year ended and total comprehensive income would have been lower to that extent having consequential impact on other equity and financials liabilities.

46 **Loans other than assigned to Asset Reconstruction Company (ARC):**
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 these Banks. Earlier CDR-EG issued a letter dated July 31, 2015 approving the exit from CDR on account of failure of the restructuring package. During the previous financial year some Banks of the company had assigned their loans amounting to Rupees 37,400 lakhs to Edelweiss Assets Reconstruction Company (EARC).Pursuant to assignment of loans, EARC has become a secured lender of the company and rights, title and interest of lenders have vested in EARC.As per restructuring package approved by the EARC, loans so assigned as on March 31, 2017 have been restructured.

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

During the year two lenders of the company have assigned their rights, title, and interest in financial assistance granted by them to Edelweiss Assets Reconstruction Parent Company Limited (EARC). Post assignment of loans, EARC has become a secured lender of the Parent Company and right, title and interest of the lenders have vested into EARC.

Pursuant to the assignment of such loans, and in terms of the restructuring package approved by EARC for the loans so assigned, the company has executed Restructuring Agreement (RA) with EARC, on behalf of EARC Trusts on 13th January, 2018 taking the aggregate amount of assigned loans to Rupees 20,998 lakhs.

As a result of this restructuring and assignment of debts of lenders the gain earned amounting to Rupees 10,398.92 lakhs has been credited to the profit and loss for the year ended on 31st March,2018.This has been disclosed as part of an exceptional item.

48 **Loans settled during the year:**
During the year ended 31st March, 2018 the company has completed one time settlement (OTS) with a lender in respect of the term loan taken. OTS stipulates payment and allotment of Optionally Convertible Redeemable Preference Shares. The Company has made a payment of Rs 3000 lakhs on 18th January, 2018 and issued 1,20,000 OCRPS. Gain of Rs 7,790.75 lakhs on this OTS has been credited to the Statement of Profit & Loss as an exceptional item.

49 **Acquisition and disinvestment of subsidiary (ASCM) during the year**
During the year, Company have acquired 33,08,333 equity shares from Arshiya Limited(AL) and 4,78,787 equity shares from Arshiya Northern FTWZ Limited (ANFTWZ) @ Rupees 10 each of Arshiya Supply Chain Management Private Limited (ASCM) and thereby ASCM became wholly owned subsidiary of the Company.

The company has also subscribed and allotted to 11,50,000 Zero Coupon unsecured compulsorily and fully convertible debentures (CCD) of Rupees 10 each at a premium of Rupees 990 each of ASCM. At the end of tenor, these CCD's are convertible into equal number of equity shares of ASCM. However on March 22, 2018, the Company has sold its investment of Equity shares in ASCM including CCD's to third party incurring a net loss of Rupees 10,350 lakhs which has been recognised in the Profit & Loss account as an exceptional item.

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50 Certain balances in respect of Trade Receivables, Loans and Advances, Trade Payables and other liabilities 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.

51 Scheme of Arrangement and Amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013 has been filed before the National Company Law Tribunal ("NCLT") between Arshiya Rail Infrastructure Limited (Transferee Parent Company), the company (First Transferor Company) and Arshiya Transport & Handling Limited (Second Transferor Company) and their respective shareholders. The scheme is conditional on various approval / sanctions and is effective thereafter; accordingly no effect of the said Scheme is given in the financial statements of the company. Directions of NCLT are awaited for holding the creditor's meeting in respective companies. No accounting impact and disclosures is considered and necessary at this stage pending requisite regulatory approvals.

52 **Cenvat Credit Receivable:-**
The Company has been legally advised 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.

53 **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 Rupees 58,657.51 lakhs (reduced to Rupees 29,369.94 lakhs after the RA is signed with EARC on 31st March,2017). The bank has also invoked the Corporate Guarantee issued by the Promoter Company, Arshiya Limited and Personal Guarantees of Promoter Directors i.e. Mr. Ajay S. Mittal and Mrs. Archana A. Mittal. Further on 19th January 2016, the Company received a notice of Possession from the authorised officer of the bank under Power Conferred on the bank u/s 13(4) of the said Act read with Rule 8 (i) of the Rules. The said loan has been assigned by Punjab National Bank to EARC & further EARC has filed an application for withdrawal for the same.

54 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 Chief Financial Officer(CFO). However, Company appointed Mr. Mukesh Kathuria as a CFO w.e.f. 8th February, 2017 but he left the company on March 31, 2018.

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55 FIRST TIME ADOPTION OF IND AS

These are the company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

1 Ind AS optional exemptions

I. Deemed cost of Property Plant and Equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment covered under IND AS 16 as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value at deemed cost.

II) Mandatory exceptions applied

The following mandatory exception have been applied in accordance with IND AS 101 in preparing the financial statements.

i. Estimates

The company's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. IND AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP except where IND AS required a different basis for estimates as compared to the Indian GAAP.

ii. Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 "Financial Instruments" on the basis of facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

I. Balance sheet as at date of transition (April 1, 2016)

(Rupees in lakhs)

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	72,719.72	(1,668.73)	71,050.99
(b) Other Financial Assets	-	769.73	769.73
(c) Other Non-Current Assets	15.34	-	15.34
	72,735.06	**(899.00)**	**71,836.06**
Current Assets			
(a) Inventories	120.29	-	120.29
(b) Financial Assets			
(i) Cash and Cash Equivalents	1.66	-	1.66
(ii) Other Financial Assets	-	236.69	236.69
(c) Other Current Assets	1,041.47	29.99	1,071.46
	1,163.42	**266.68**	**1,430.10**
Total Assets	**73,898.48**	**(632.32)**	**73,266.16**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	1,499.30	-	1,499.30
(b) Other Equity	11,015.33	(469.20)	10,546.13
	12,514.63	**(469.20)**	**12,045.43**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
- Borrowings	2,197.29	(593.75)	1,603.54
(b) Provisions	10.76	-	10.76
	2,208.05	**(593.75)**	**1,614.30**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	-	430.64	430.64
(ii) Trade Payables	153.32	-	153.32
(iii) Other Financial Liabilities	-	58,605.27	58,605.27
(b) Other Current Liabilities	59,019.54	(58,605.28)	414.26
(c) Provisions	2.94	-	2.94
	59,175.80	**430.63**	**59,606.43**
Total Equity and Liabilities	**73,898.48**	**(632.32)**	**73,266.16**

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(Rupees in lakhs)

ii. Balance sheet as at March 31, 2017

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	71,100.65	(2,501.93)	68,598.72
(b) Other Financial Assets	-	680.41	680.41
(c) Other Non-Current Assets	19.52	(0.01)	19.51
	71,120.17	**(1,821.53)**	**69,298.64**
Current assets			
(a) Financial Assets			
(i) Trade Receivables	1.59	-	1.59
(ii) Cash and Cash Equivalents	114.44	(100.00)	14.44
(iii) Bank Balances Other than (ii) above	-	106.24	106.24
(iv) Loans	1,053.58	(1,053.58)	-
(v) Other Financial Assets	-	164.48	164.48
(b) Other Current Assets	6.24	1,047.34	1,053.58
	1,175.85	**164.48**	**1,340.33**
Total Assets	**72,296.02**	**(1,657.05)**	**70,638.97**
EQUITY AND LIABILITIES			-
Equity			
(a) Equity Share capital	1,723.72	-	1,723.72
(b) Other Equity	19,457.09	(1,382.23)	18,074.86
	21,180.81	**(1,382.23)**	**19,798.58**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17,080.87	(794.52)	16,286.35
(b) Provisions	2.50	-	2.50
	17,083.37	**(794.52)**	**16,288.85**
Current Liabilities		-	-
(a) Financial Liabilities			
(i) Borrowings	-	519.70	519.70
(ii) Trade Payables	130.22	-	130.22
(iii) Other Financial Liabilities	-	33,378.66	33,378.66
(b) Other Current Liabilities	33,901.16	(33,378.66)	522.50
(c) Provisions	0.46	-	0.46
	34,031.84	**519.70**	**34,551.54**
Total Equity and Liabilities	**72,296.02**	**(1,657.05)**	**70,638.97**

(Rupees in lakhs)

iii. Statement of Profit and Loss for the year ended March 31, 2017

Particulars	IGAAP	INDAS Adjustments	IND AS Balance
REVENUE			
Revenue from operations	42.96	-	42.96
Other income	13.42	145.67	159.09
Total Revenue (I)	**56.38**	**145.67**	**202.05**
EXPENSES			
Cost of operations	72.00	(0.01)	71.99
Employee benefits expense	526.65	7.19	533.84
Finance costs	7,464.67	242.25	7,706.92
Depreciation and amortization expense	1,619.07	833.22	2,452.29
Other expenses	324.37	222.88	547.25
Total Expenses (II)	**10,006.76**	**1,305.53**	**11,312.29**
Profit/(loss) before exceptional items and tax (I-II)	**(9,950.38)**	**(1,159.86)**	**(11,110.24)**
Exceptional Items	3,825.01	(181.65)	3,643.36
Profit/(loss) before tax	(13,775.39)	(978.21)	(14,753.60)
Profit/(loss) for the period	**(13,775.39)**	**(978.21)**	**(14,753.60)**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans	-	7.19	**7.19**
Other Comprehensive Income for the year	-	7.19	7.19
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(13,775.39)**	**(971.02)**	**(14,746.41)**

CHATURVEDI & SHAH MUMBAI

Arshiya Industrial & Distribution Hub Limited Mumbai

iv. Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(Rupees in lakhs)

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP		21,180.81	12,514.63
Adjustments:			
Fair Valuation of loan from Related Parties	1	219.21	163.10
Fair Valuation of Financial Guarantee	2	844.89	1,006.42
Fair Valuation of financial instruments	3	55.61	30.00
Prior period items adjusted	5	(2,501.94)	(1,668.72)
Total adjustments		**(1,382.23)**	**(469.20)**
Total equity as per Ind AS		**19,798.58**	**12,045.43**

v. Reconciliation of total comprehensive income for the year ended March 31, 2017

(Rupees in lakhs)

Particulars	Note	Year ended March 31, 2017
Profit after tax as per previous GAAP		(13,775.39)
Adjustments:		
Fair Valuation of loan from Related Parties	1	56.10
Fair valuation of Financial guarantees	2	(236.69)
Fair value gain on financial instrument	3	42.78
Actuarial loss on defined benefit plan reclassified to other comprehensive income (OCI)	4	(7.18)
Prior Period items adjusted	5	(833.22)
Total adjustments		**(978.21)**
Profit after tax as per Ind AS		(14,753.60)
Other comprehensive income	6	7.19
Total comprehensive income as per Ind AS		(14,746.41)

C. Notes to first-time adoption:

Note (1): Loan from Related parties
Under the previous GAAP, interest free loan taken from parent company are recorded at their transaction value. Under Ind AS, financial liability are required to be recognised at fair value. Accordingly, the company has fair valued the loan under Ind AS. Difference between the fair value and transaction value of the loan has been recognised in retained earning at the first time adoption. subsequently amortised as an interest expense on loan from parent company to the Statement of Profit and Loss. Consequently, the total equity has increased in March 31, 2017 Rupees 219.21 lakhs, April 1, 2016 Rupees 163.10 lakhs. The loss for the year ended March 31, 2017 has increased by Rupees 56.10 lakhs.

Note (2): Financial Guarantees
Under Ind AS, the financial guarantee issued by parent company to the lender of the Company for its borrowings are recognised initially as an asset at fair value which is subsequently amortised as finance expense to the Statement of Profit and Loss. Consequently, the total Equity has increased in March 31, 2017 by Rupees 844.89 lakhs, April 1, 2016 by Rupees 1006.42 lakhs . The loss for the year ended March 31, 2017 increased Rupees 236.69 lakhs.

Note (3): Fair Valuation of financial instruments
Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Consequently, the total equity has increased in March 31, 2017 Rupees 160.06 lakhs, April 1, 2016 Rupees 30.00 lakhs. The loss for the year ended March 31, 2017 has decreased by Rupees 42.78 lakhs.

Note (4): Remeasurements of post-employment benefit obligations
Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended March 31, 2017 increased by Rupees 7.19 lakhs and other comprehensive income reduced by the same amount.

Note (5): Prior Period Adjustments
During the year life of internal roads was changed retrospectively from 60 years to 10 years and accordingly depreciation amount and book value of internal roads have been changed.

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Arshiya Industrial & Distribution Hub Limited Mumbai

Note (6): Other comprehensive Income
Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of post employment benefit obligation.

Note (7): Retained earnings
Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

Note (8): Cash Flow
The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the previous GAAP.

Notes to the financial statements 1-55

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director
DIN : 00613576

Sanjay Lakkhan
Company Secretary

Arshiya Industrial & Distribution Hub Limited Mumbai

CHATURVEDI & SHAH
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Arshiya Northern FTWZ Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **Arshiya Northern FTWZ Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of Ind AS financial statement 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 these Ind AS financial statements are free from material misstatement.

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

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

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

Basis for qualified opinion

(i) *As mentioned in Note no. 46 of the Ind AS Financial Statements, as per debt covenant of Restructuring Agreement (RA), the Company is required to adhere to repayment schedule and such event of default gives Edelweiss Assets Reconstruction Company Limited (EARC) right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. Pending exercise of conversion right, the Company continues to disclose such amount as non-current borrowing to Rs. 104,47.22 Lakh and provide for interest. Further, the Company is also liable to pay penal interest amounting to Rs. 6.58 Lakh for the year ended 31st March 2018, as confirmed by EARC. No provision for such interest is made in the books of account, which is not in compliance with requirements of Ind AS - 23 on "Borrowing Cost". Had provision for such amount would have been made finance cost would have been higher by amount as mentioned above, total comprehensive income would have been lower to that extent and having consequential impact on other equity and financial liabilities.*

(ii) *As mentioned in Note no. 48 of the Ind AS Financial Statement, banks revoked the Corporate Debt Restructuring (CDR) package in July 2015. The Company continued to accounts for interest on such borrowings at interest rate prescribed in CDR package instead of original loan documents. Pending finalization and confirmations, differential interest cannot be ascertained / quantified and have not been recognized in the books of account.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in Paragraphs above "Basis for Qualified Opinion"*, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

Emphasis of Matter

We draw attention to the Note no. 51 of the Ind AS Financial Statement, reconciliation and balance confirmations of trade receivables, trade payables, loan and advances and project creditors are not available. The accounting impact of variations, if any, will be accounted as and when the same is settled. Our Opinion is not modified in respect of the above said matter.

Other Matter

The Company had prepared the audited financial statements for the corresponding year ended 31st March, 2017 and transition date opening balance sheet as at 1st April, 2016 in accordance with the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Act, on which M. A. Parikh & Co., Chartered Accountants (Firm registration no. 107556W) vide their audit report dated 17th May, 2017 and 25th May 2016 respectively had issued an modified audit report. The financial statements for the year ended 31st March, 2017 and transition date opening balance sheet as at 1st April 2016, are based on previously audited financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of above said matter.

Report on other Legal and Regulatory Requirements

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

2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. *Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above*, in our opinion, the aforesaid Ind AS financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

e. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";

g. The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

h. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company, as detailed in Note no. 34 to the Ind AS financial statements has disclosed the impact of pending litigations on its financial position.

   ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.

   iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th May 2018

Continuation sheet...

CHATURVEDI & SHAH
Chartered Accountants

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Northern FTWZ Limited on the Ind AS financial statements for the year ended 31st March 2018)

(i) In respect of fixed assets:-

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) As explained to us, the Company has physically verified fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.

(c) In our opinion and according to information and explanation given to us and on the basis of our examination of available records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company does not have any Inventories; hence the provisions of Clause (ii) of paragraph 3 of the said order are not applicable to the Company.

(iii) In respect of unsecured loans granted by the Company to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. According to the information and explanations given to us:

(a) In our opinion and according to the information and explanations provided to us, the terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no overdue amounts as at the year-end in respect of both principal and interest.

(iv) In our opinion and according to the information and explanations provided to us, provisions of section 185 and 186 of the Companies Act 2013, in respect of loans, investments, guarantees and security, as applicable, have been complied with.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

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Chartered Accountants

(vi) Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company and information and explanations given to us, the Company has generally been regular except slight delays in few cases, in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues to the appropriate authorities as applicable during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable except Tax deducted at Source amounting to Rs. 25.69 Lakh and interest on tax deducted at source amounting to Rs. 43.14 Lakh.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

Defaults in respect of bank and financial institutions are as under:- **(Rs. In Lakh)**

Particulars	Amount of continuing default as on 31st March, 2018		Period of Default
	Principal	Interest	
Edelweiss Asset Reconstruction Company Limited – through various trust	-	5,29.67	Financial Year 2017-2018
Punjab National Bank	4,02.69	-	Financial Year 2012-2013
	9,37.04	1364.42	Financial Year 2013-2014
	11,16.80	11,95.21	Financial Year 2014-2015
	55,86.63	13,48.49	Financial Year 2015-2016
	-	15,15.62	Financial Year 2016-2017
	-	18,58.75	Financial Year 2017-2018
State Bank of India	2,03.12	-	Financial Year 2012-2013
	4,73.18	7,08.93	Financial Year 2013-2014
	5,63.95	5,83.71	Financial Year 2014-2015
	28,20.75	6,80.94	Financial Year 2015-2016
	-	7,65.33	Financial Year 2016-2017
	-	9,38.71	Financial Year 2017-2018
Punjab National Bank – Cash Credit	2,63.34	51.03	Financial Year 2014-2015
	-	58.31	Financial Year 2015-2016
	-	60.17	Financial Year 2016-2017
	-	64.64	Financial Year 2017-2018
Total	**123,67.50**	**117,23.93**	

(ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

CHATURVEDI & SHAH
Chartered Accountants

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th May 2018

CHATURVEDI & SHAH
Chartered Accountants

"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Northern FTWZ Limited on the Ind AS financial statements for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of Arshiya Northern FTWZ Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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.

CHATURVEDI & SHAH MUMBAI

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

ARSHIYA NORTHERN FTWZ LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Rupees in lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	5	75,025.42	72,539.91	74,381.14
(b) Intangible Assets	6	577.62	-	203.93
(c) Financial Assets				
(i) Investments	7	-	1,149.09	1,149.09
(ii) Loans	8	-	28.55	1.79
(iii) Other Financial Assets	9	241.80	368.60	373.74
(d) Other Non-Current Assets	10	39.84	9.27	7.91
		75,884.68	**74,095.42**	**76,117.60**
Current assets				
(a) Financial Assets				
(i) Trade Receivables	11	40.29	1,107.68	1,728.83
(ii) Cash and Cash Equivalents	12	18.53	23.19	165.65
(iii) Other Financial Assets	13	152.56	144.29	170.24
(b) Other Current Assets	14	357.31	771.53	404.24
		568.69	**2,046.69**	**2,468.96**
TOTAL ASSETS		**76,453.37**	**76,142.11**	**78,586.56**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	15	1,086.87	1,086.87	955.06
(b) Other Equity	16	27,074.48	36,272.95	31,661.39
		28,161.35	**37,359.82**	**32,616.45**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	10,447.22	11,577.41	2,589.27
(b) Provisions	18	14.90	11.63	6.98
		10,462.12	**11,589.04**	**2,596.25**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	7,848.79	489.06	4,276.93
(ii) Trade Payables	20	106.15	121.52	121.80
(iii) Other Financial Liabilities	21	29,782.72	26,472.72	38,877.18
(b) Other Current Liabilities	22	83.54	102.41	97.43
(c) Provisions	23	8.70	7.54	0.52
		37,829.90	**27,193.25**	**43,373.86**
TOTAL EQUITY & LIABILITIES		**76,453.37**	**76,142.11**	**78,586.56**

Notes to the financial statements 1-56

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership Number. 109859

CHATURVEDI & SHAH MUMBAI

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

Place : Mumbai
Date: May 24, 2018

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	24	308.40	341.34
Other income	25	100.25	41.06
Total Income (I)		**408.65**	**382.40**
EXPENSES			
Cost of operations	26	9.70	7.76
Employee benefits expenses	27	666.93	538.74
Finance costs	28	4,635.07	2,963.97
Depreciation and amortization expenses	29	1,579.07	2,045.17
Other expenses	30	1,255.28	1,021.77
Total Expenses (II)		**8,146.05**	**6,577.41**
Loss before exceptional items and tax (I-II)		(7,737.40)	(6,195.01)
Exceptional Items	31	1,451.42	1,724.13
Loss before tax		**(9,188.82)**	**(7,919.14)**
Tax expense:	38		
Current tax		-	-
Deferred tax		-	-
Loss for the year		**(9,188.82)**	**(7,919.14)**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit and loss:			
Remeasurement of gains (losses) on defined benefit plans		(9.65)	(8.12)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(9,198.48)	(7,927.26)
Earnings per Equity shares (Face value Rupees 10 each)			
Basic/ Diluted earnings per share (In Rupees)	32	(84.54)	(82.89)

Notes to the financial statements 1-56

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

ARSHIYA NORTHERN FTWZ LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A Equity Share Capital (Refer Note 15)

(Rupees in lakhs)

Particulars	Amount
Equity Shares of Rupees 10 each issued, subscribed and paid up	
As at April 1, 2016	
Equity Shares	955.06
Issue of equity share during the year	131.81
As at March 31, 2017	**1,086.87**
Equity Shares	1,086.87
Issue of equity share during the year	-
As at March 31, 2018	**1,086.87**

B Other Equity (Refer Note 16)

(Rupees in lakhs)

Particulars	Reserve & Surplus		Other Reserve		Total
	Securities Premium Account	Retained Earnings	Equity component of Guarantee given by Parent Company	Equity component of loan from Parent Company	
As at April 1, 2016	30,470.52	657.30	479.62	53.95	31,661.39
Loss for the year		(7,919.14)			(7,919.14)
Other comprehensive income		(8.12)			(8.12)
Total comprehensive income for the year		**(7,927.26)**			**(7,927.26)**
Fair Valuation of Financial Guarantee	-	-	163.39	-	163.39
On Issue of equity shares	13,048.70	-	-	-	13,048.70
Transaction costs on issue of equity shares	(673.27)				(673.27)
As at March 31, 2017	**42,845.95**	**(7,269.96)**	**643.01**	**53.95**	**36,272.95**
Loss for the year	-	(9,188.82)	-	-	(9,188.82)
Other comprehensive income	-	(9.65)	-	-	(9.65)
Total comprehensive income for the year		**(9,198.47)**			**(9,198.47)**
As at March 31, 2018	**42,845.95**	**(16,468.43)**	**643.01**	**53.95**	**27,074.48**

Notes to the financial statements 1-56

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

Arshiya Northern FTWZ Limited
Cash Flow Statement for the year ended March 31, 2018

(Rupees in lakhs)

Particulars	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before tax		**(9,188.82)**	**(7,919.14)**
Adjustments for :			
Interest Income from Fixed Deposit		-	(2.21)
Sundry Balances / Excess provision Written Back (Net)		(219.52)	(14.57)
Reconciliation of Loan Accounts (net)		-	1,302.28
Settlement of Claims		408.34	421.85
Loss on sale of investment		1,101.21	-
Property, Plant and Equipment Written off		85.56	-
Depreciation and amortization expenses		1,579.07	2,045.17
Unwinding of interest for loan to related parties		(7.26)	(0.21)
Finance Expense		4,635.07	2,963.97
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		**(1,606.35)**	**(1,202.86)**
Adjustments for			
Trade & other payables		(823.27)	36.36
Trade & other receivables		1,509.15	227.44
CASH USED IN OPERATIONS		**(920.47)**	**(939.06)**
Direct Tax (Paid)/ Refunds		(30.57)	(1.36)
NET CASH FLOW USED IN OPERATING ACTIVITIES	**(A)**	**(951.04)**	**(940.42)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(4,108.76)	-
Purchase of Intangible Asset		(619.00)	
Sale of Investment		47.88	-
Interest Income		-	2.21
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	**(B)**	**(4,679.88)**	**2.21**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings - Non current		1,263.19	6,087.60
Repayment of borrowings - Non current		(2,685.28)	(1,489.15)
Borrowing - current (Net)		7,359.74	(3,787.88)
Interest paid on borrowings		(311.39)	(14.80)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(C)**	**5,626.26**	**795.77**
Net Increase/(Decrease) in cash and cash equivalents	**(A+B+C)**	(4.66)	(142.46)
Cash and cash equivalents at the beginning of the year		23.19	165.65
Cash and Cash Equivalents at the end of the year		**18.53**	**23.19**
Cash and cash equivalents at the end of the year		18.53	23.19
Cash and Cash Equivalents at the end of the year		**18.53**	**23.19**

Note:- Changes in liabilities arising from financing activities :

Particulars	March 31, 2017	Cash flow	INDAS Impact	Non cash movement	March 31, 2018
Long term borrowing (Refer Note no. 17 & 21)	23,828.61	(1,422.09)	471.78	(126.91)	22,751.41
Short term borrowing (Refer Note no. 19)	489.06	7,359.73	-	-	7,848.79

Notes to the financial statements 1-56

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

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

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

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

The financial statements of the Company for the year ended 31st March, 2018 were approved and adopted by board of directors in their meeting held on 24th May 2018.

2 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).

For all periods up to year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended March 31, 2018 are the first financial statement, the Company has prepared in accordance with Ind AS.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT:

3.1 Property, Plant and Equipment:

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

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

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

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

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

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

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

3.2 Intangible Assets :

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

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

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

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

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

3.3 Leases:

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

The Company as a lessee

(a) **Finance lease**

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

(b) **Operating lease**

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

The Company as a lessor

(a) **Finance lease**

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

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

(b) **Operating lease**

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

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

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ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

3.4 Inventories:

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

3.5 Cash and cash equivalents:

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

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

3.6 Impairment of assets:

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

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

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

I) Financial assets -Initial recognition and measurement:

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

Financial assets - Subsequent measurement:

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

a) Financial assets at fair value

b) Financial assets at amortised cost

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

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

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

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

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

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

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

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

Financial assets - Equity Investment in subsidiaries

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

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Financial assets - Derecognition

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

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

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

II) **Financial liabilities - Initial recognition and measurement:**

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

Financial liabilities - Subsequent measurement:

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

Financial Liabilities - Financial Guarantee contracts:

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

Financial Liabilities - Derecognition:

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

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Compound Instruments

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

3.8 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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

3.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The following are the specific revenue recognition criteria:

(i) Free Trade and Warehousing Zone operations

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

Export benefits under Foreign Trade Policy are recognised when utilized.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

(ii) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend Income

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

3.10 Foreign currency reinstatement and translation:

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

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

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

3.11 Employee Benefits:

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

(a) Defined Contribution Plan

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

(b) Defined Benefit Plan

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

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

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

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3.12 Taxes on Income:

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

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

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

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

3.13 Borrowing Costs:

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

3.14 Earnings per share:

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

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

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ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3.15 Current and non-current classification:

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

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

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

a) Expected to be settled in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.16 Fair value measurement:

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

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

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

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

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

3.17 Off-setting financial Instrument:

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

3.18 Segment Reporting - Identification of Segments

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

3.19 Contributed Equity

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

3.20 Cash flow statement

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

3.21 Trade Receivables

Trade receivables are recognised intially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impariment.

3.22 Dividend Distribution

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Property, plant and equipment and Intangible Assets:

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

4.2 Income Tax:

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

4.3 Contingencies:

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

4.4 Impairment of financial assets:

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

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4.5 Impairment of non-financial assets:

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

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

4.6 Defined benefits plans:

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

4.7 Provisions:

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

4.8 Fair value measurement of financial instruments :

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Computer	Electric Installations	Total
Gross Carrying Value (at deemed cost)									
As at April 1, 2016	42,428.65	27,143.98	3,129.56	461.47	3.96	385.09	59.78	768.65	74,381.14
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2017	**42,428.65**	**27,143.98**	**3,129.56**	**461.47**	**3.96**	**385.09**	**59.78**	**768.65**	**74,381.14**
Additions	4,108.75	-	-	-	-	-	-	-	4,108.75
Disposals	-	-	(40.51)	(68.55)	-	(0.10)	(6.16)	-	(115.32)
As at March 31, 2018	**46,537.40**	**27,143.98**	**3,089.05**	**392.92**	**3.96**	**384.99**	**53.62**	**768.65**	**78,374.57**
Accumulated Depreciation/ Impairment									
Depreciation for the year	-	1,048.42	266.26	70.49	1.07	310.48	25.52	118.99	1,841.23
Deductions	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	**1,048.42**	**266.26**	**70.49**	**1.07**	**310.48**	**25.52**	**118.99**	**1,841.23**
Depreciation for the year	-	1,048.42	265.41	67.88	1.07	10.53	25.38	118.99	1,537.68
Deductions	-	-	(6.02)	(18.55)	-	(0.08)	(5.11)	-	(29.76)
As at March 31, 2018	-	**2,096.84**	**525.65**	**119.82**	**2.14**	**320.93**	**45.79**	**237.98**	**3,349.15**
Net Carrying value as at March 31, 2018	**46,537.40**	**25,047.14**	**2,563.40**	**273.10**	**1.82**	**64.06**	**7.83**	**530.67**	**75,025.42**
Net Carrying value as at March 31, 2017	**42,428.65**	**26,095.56**	**2,863.30**	**390.98**	**2.89**	**74.61**	**34.26**	**649.66**	**72,539.91**
Net Carrying value as at April 1, 2016	**42,428.65**	**27,143.98**	**3,129.56**	**461.47**	**3.96**	**385.09**	**59.78**	**768.65**	**74,381.14**

Note 1) In accordance with the Indian Accounting Standard (IND AS -36) on " Impairment of Assets", the mangement during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said IND AS. On the basis of this review carried out by the management, there was no impairment loss of property, plant and equipment during the year ended March 31, 2018.

Note 2) The carrying value (Gross Block less accumulated depreciation and amortisation) as on April 1, 2016 of the property, plant and equipment is considered as a deemed cost on the date of transition.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

6 INTANGIBLE ASSETS

(Rupees in lakhs)

Particulars	Computer Software
Gross Carrying Value (at deemed cost)	
As at April 1, 2016	203.93
Additions	-
Disposals	-
As at March 31, 2017	**203.93**
Additions	619.00
Disposals	(203.93)
As at March 31, 2018	**619.00**
Accumulated Depreciation/ Impairment	
Amortisation for the year	203.93
Deductions	-
As at March 31, 2017	**203.93**
Amortisation for the year	41.38
Deductions	(203.93)
As at March 31, 2018	**41.38**
Net Carrying value as at March 31, 2018	**577.62**
Net Carrying value as at March 31, 2017	-
Net Carrying value as at April 1, 2016	**203.93**

Note 1) The carrying value (Gross Block less accumulated amortisation) as on April 1, 2016 of the intangible assets is considered as deemed cost on the date of transition.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

FINANCIAL ASSETS

7 NON CURRENT- INVESTMENTS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investments carried at Cost			
Unquoted			
Investments in Equity shares (refer note 50) Nil(March 31, 2017 - 4,78,787, April 1, 2016 -4,78,787) Equity Shares of Rupees 10 each, fully paid up of Arshiya Supply Chain Management Private Limited (Fellow Subsidiary)(Refer Note 41)	-	1,149.09	1,149.09
Total	**-**	**1,149.09**	**1,149.09**

8 NON CURRENT - LOANS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Loans to Fellow Subsidiary Company* (Refer Note 41)	-	28.55	1.79
Total	**-**	**28.55**	**1.79**

*Loans to Related Parties are as follows:-

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Industrial & Distribution Hub Limited	-	28.55	1.79

The Company has granted loan to fellow subsidiary for the purpose of utilising this amount in the Business.

9 OTHER NON CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Financial assets carried at amortised cost			
Bank Deposits with more than 12 months maturity	-	-	41.73
Financial Guarantee	241.80	368.60	332.01
Total	**241.80**	**368.60**	**373.74**

10 OTHER NON CURRENT ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Others			
- TDS Receivable	39.84	9.27	7.91
Total	**39.84**	**9.27**	**7.91**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11 CURRENT ASSETS - TRADE RECEIVABLES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured, considered good	-	-	-
Unsecured, considered good*	40.29	1,107.68	1,728.83
Doubtful	-	-	-
Total	**40.29**	**1,107.68**	**1,728.83**

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

*Includes Rupees 38.80 lakhs in March 31,2018 (NIL in March 31, 2017) due from Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited) .

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

12 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
On current accounts:			
Balances with banks	18.53	23.19	165.65
Total	**18.53**	**23.19**	**165.65**

13 OTHER CURRENT FINANCIAL ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless otherwise stated			
Security Deposits	17.49	17.49	22.63
Other Receivable	8.27	-	-
Financial assets carried at amortised cost			
Financial Guarantee	126.80	126.80	147.61
Total	**152.56**	**144.29**	**170.24**

14 OTHER CURRENT ASSETS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances to Supplier	-	409.00	-
Advances to Employees	-	3.99	1.00
Prepaid expenses	2.25	2.14	41.05
Indirect Tax Refund Receivable (Refer Note No. 49)	355.06	355.06	355.06
Others	-	1.34	7.13
Total	**357.31**	**771.53**	**404.24**

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

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ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

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Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised Share Capital			
2,40,00,000 (As at March 31, 2017: 2,40,00,000 and as at April 1, 2016: 2,50,00,000) Equity shares of Rupees 10 each	2,400.00	2,400.00	2,500.00
10,00,000 (As at March 31, 2017: 10,00,000 and as at April 1, 2016: NIL) Preference Shares of Rupees 10 each	100.00	100.00	-
Total	**2,500.00**	**2,500.00**	**2,500.00**
Issued, Subscribed & Fully Paid up			
1,08,68,677 (As at March 31, 2017: 1,08,68,677 and as at April 1, 2016: 95,50,626) Equity Shares of Rupees 10 each	1,086.87	1,086.87	955.06
Total	**1,086.87**	**1,086.87**	**955.06**

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

Particulars	In numbers	Amount (Rupees in lakhs)
Equity Share Capital		
Equity shares of Rupees 10 each issued, subscribed and fully paid		
At April 1, 2016	95,50,626	955.06
Issued during the year*	13,18,051	131.81
At March 31, 2017	1,08,68,677	1,086.87
Issued during the year	-	-
At March 31, 2018	**1,08,68,677**	**1,086.87**

* Note:- Out of total number of shares issued 13,18,051, equity shares of 4,48,051 were issued on conversion of loan from holding company and equity shares of 8,70,000 were issued on conversion of Optionally Convertible Redeemable Preference Shares (OCRPS).

Reconciliation of Zero% Optionally Convetible Redeemable Preference Shares (OCRPS) outstanding as at the beginning and end of the year

Particulars	In numbers	Amount (Rupees in lakhs)
Preference Share Capital		
Zero Percent Optionally Convertible Redeemable Preference Shares of Rupees 10 each		
At April 1, 2016	-	-
Issued during the year	8,70,000	87.00
Conversion into Equity Shares during the year	(8,70,000)	(87.00)
At March 31, 2017	-	-
Issued during the year	-	-
At March 31, 2018	-	-

Terms/rights attached to equity shares

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

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

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ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Terms/rights attached to preference shares
The Company has one class of Preference Shares being Optionally Convertible Redeemable Preference Shares (OCRPS) having a face value of Rupees 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 Rupees 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.

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% holding	Number	% holding	Number	% holding
Equity shares of Rupees 10 each fully paid Arshiya Limited (Holding Company)*	1,08,68,677	100	1,08,68,677	100	95,50,626	100

*** Notes**

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.

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.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in lakhs)

16 [redacted]

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities Premium Account	42,845.95	42,845.95	30,470.52
Retained Earnings	(16,468.43)	(7,269.96)	657.30
Equity Component of Guarantee given by Parent Company	643.01	643.01	479.62
Equity Component of loan from Parent Company	53.95	53.95	53.95
Total	**27,074.48**	**36,272.95**	**31,661.39**

(a) Securities Premium Account

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	42,845.95	30,470.52
Add: On issue of Equity shares	-	13,048.70
Less: Transaction costs on issue of equity shares	-	(673.27)
Closing Balance	**42,845.95**	**42,845.95**

(b) Retained Earnings

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(7,269.96)	657.30
Add/(Less):		
Net Profit/(Loss) for the year	(9,188.82)	(7,919.14)
Other comprehensive income	(9.65)	(8.12)
Closing balance	**(16,468.43)**	**(7,269.96)**

(c) Equity Component of Guarantee given by Parent Company

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Equity Component of Guarantee given by Parent Company (Refer note no. 56 C (3))		
Opening balance	643.01	479.62
Add/(Less):		
Transaction during the year	-	163.39
Closing balance	**643.01**	**643.01**

ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(d) Nature & purpose of Reserves

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

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

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

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

ARSHIYA NORTHERN FTWZ LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

17 **NON CURRENT BORROWINGS**

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
(a) Term Loans			
From Others (Refer note 17.1 below)	10,447.22	10,529.08	1,451.73
Unsecured			
(b) Loans from Holding Company (Refer note 41)	-	-	133.24
(c) Loans from Fellow Subsidiary Company (Refer note 41)	-	1,048.33	1,004.30
Total	**10,447.22**	**11,577.41**	**2,589.27**

17.1 **Rupee term loan from other parties :-**

(a) Rupee term loans (including current maturity) of Rupees 10,447.22 lakhs (March 31, 2017 : Rupees 10,279.51 lakhs , April 1, 2016 : Rupees 9,602.86 lakhs) are secured by

(1) Details of Security

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

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

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

iv. Second charge on current assets.

v. Personal guarantee from Promoters of the Holding Company.

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

vii. Corporate Guarantee of the Holding Company.

(2) Terms of Interest rate:

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

(3) Terms of repayment :-

(Rupees in lakhs)

Financial Year	Term Loans from others
2019-2020	2,113.15
2020-2021	323.92
2021-2022	3,385.55
2022-2023	5,323.64
Total	11,146.26

(4) The amortised cost disclosed above is net off of incidental cost of borrowings aggregating to Rupees 699.02 lakhs for March 31, 2018 and Rupees 866.73 lakhs for March 31, 2017 and NIL for April 1, 2016.

18 **NON CURRENT LIABILITIES - PROVISIONS**

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Gratuity (Refer Note 36)	9.87	7.44	4.29
Leave encashment (Refer Note 36)	5.03	4.19	2.69
Total	**14.90**	**11.63**	**6.98**

19 **CURRENT BORROWINGS**

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
(a) Cash Credit Loan from bank (refer note 19.1 below)	263.34	263.34	307.05
Unsecured			
(b) Loans from Holding Company (refer note 19.2 below & Note 41)	7,585.45	149.23	3,893.39
(c) Loans from Fellow Subsidiary (refer note 19.2 below & Note 41)	-	76.49	76.49
Total	**7,848.79**	**489.06**	**4,276.93**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

19.1 **(a) Cash Credit loan of Rupees 263.34 lakhs (March 31, 2017 : Rupees 263.34 lakhs , April 1, 2016 : Rupees 307.05 lakhs) are secured by**

(1) Details of Security

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

(2) Terms of Interest rate:
Rate of Interest on Cash Credit Loan : 14 % p.a.

(3) Amount and period of default in repayment of borrowings
Continuing default in repayment of Cash credit loan as at March 31, 2018 is Rupees 263.33 lakhs since FY 2014-2015.

19.2 **b) Unsecured Loan from Holding Company**
Interest free loan upto 1 year and repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

20 CURRENT LIABILITIES- TRADE PAYABLES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade Payables to Micro, Small and Medium Enterprises (Refer Note 39)	4.20	-	-
Trade Payables to Others (Refer Note 51)	101.95	121.52	121.80
Total	**106.15**	**121.52**	**121.80**

21 OTHER CURRENT FINANCIAL LIABILITIES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Liabilities at amortised cost			
Current maturities of long term borrowings			
Term Loans from banks* (Refer Note 21.1 below)	12,104.18	12,105.78	15,530.17
Term Loans from others (Refer Note 21.2 below & 17.1)	200.00	145.43	8,151.13
Interest accrued and due on borrowings ** (Refer Note 47)	11,706.75	8,339.00	11,252.83
Interest accrued but not due on borrowings	355.75	1.05	-
Security Deposit	6.59	8.83	6.83
Others			
Project Creditors (Refer Note 34 and 51)	5,338.11	4,213.46	3,837.15
Employee's Dues***	53.56	96.26	70.73
Payable for Expenses	17.78	1,562.91	28.34
Total	**29,782.72**	**26,472.72**	**38,877.18**

* Include Loan aggregating to Rupees 12,104.18 lakhs (March 31, 2017: Rupees 12,105.78 lakhs, April 1,2016: Rupees 15,530.17 lakhs) recalled by banks.

**Include Interest accrued and due on Term Loans aggregating to Rupees 10,960.10 lakhs (March 31, 2017: Rupees 8,162.63 lakhs, April 1, 2016: Rupees 7,446.51 lakhs) recalled by banks.

** Include interest accrued and due on cash credit facility aggregating to Rupees 234.16 lakhs (March 31, 2017 Rupees 169.51 lakhs, April 1, 2016 Rupees 109.29 lakhs) recalled by bank.

*** Include Full and Final settlement of Rupees 17.43 lakhs (March 31, 2017 Rupees 57.67 lakhs, March 31, 2016 Rupees 47.47 lakhs)

21.1 Rupee term loan from Banks :-

(a) Rupee term loans (including current maturity) of Rupees 12,104.18 lakhs (March 31, 2017 : Rupees 12,105.78 lakhs , April 1, 2016 : Rupees 15,530.17 lakhs) are secured by

(1) Details of Security

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

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

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

iv. Second charge on current assets.

v. Personal guarantee from Promoters of the Holding Company.

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

vii.Corporate Guarantee of the Holding Company.

(2) Terms of Interest rate:

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

(3) Terms of repayment :-

(Rupees in lakhs)

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

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

(Rupees in lakhs)

Particulars	As at March 31, 2018	
	Banks	Period of Default
Current maturity of Rupee Term loans	604.22	2012-13
	1,410.23	2013-14
	1,680.76	2014-15
	8,408.97	2015-16
Total	12,104.18	

21.2 **(b) Rupee term loans from NBFC (including current maturity) of Rupees 200.00 lakhs (March 31, 2017 : Rupees 395.00 lakhs , April 1, 2016 : NIL) are secured by**

i. Personal Guarantee of a promoter of the Holding Company.

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

(2) Terms of interest rate:

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

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

(Rupees in lakhs)

Particulars	March 31, 2018		
	Banks	Others	Period of Default
Interest accrued & due on borrowing	2,073.35	-	2013-14
	1,778.91	-	2014-15
	2,029.42	-	2015-16
	2,280.95	-	2016-17
	2,797.47	529.67	2017-18
Total	10,960.10	529.67	

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

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

(Rupees in lakhs)

Particulars	March 31, 2018	
	Banks	Period of Default
Interest accrued & due on Cash Credit	-	2013-14
	51.04	2014-15
	58.31	2015-16
	60.17	2016-17
	64.64	2017-18
Total	234.16	

22 OTHER CURRENT LIABILITIES

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory Liabilities*	40.40	80.50	54.12
Interest on delayed payment on statutory dues	43.14	21.91	43.31
Total	83.54	102.41	97.43

*** Statutory liablities include TDS,Service tax,PF,ESIC payable,Employee professional tax**

23 CURRENT LIABILITIES - PROVISIONS

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Gratuity (Refer Note 36)	6.13	5.26	-
Leave encashment (Refer Note 36)	2.57	2.28	0.52
Total	8.70	7.54	0.52

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24 REVENUE FROM OPERATIONS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Storage Income	304.64	336.36
Material Handling and other services	3.76	4.98
	308.40	**341.34**

25 OTHER INCOME

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on Financial assets carried at amortised cost		
Unwinding of interest on loan to related party	7.26	0.21
Other interest income		
Interest on Bank fixed deposits	-	2.21
Interest income on income tax refund	-	0.37
Other income		
Foreign Exchange Fluctuation Gain	1.08	0.45
Sundry Balance/ Excess provision Written Back	75.83	14.57
Lease Income	8.44	-
Miscellaneous Income	7.64	23.25
	100.25	**41.06**

26 COST OF OPERATIONS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
MHE Labour - Skilled	5.87	5.71
Equipment Hire charges	3.83	2.05
	9.70	**7.76**

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27 EMPLOYEE BENEFITS EXPENSE

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	643.72	516.34
Contribution to provident and other funds	6.03	5.43
Staff welfare expenses	17.18	16.97
	666.93	**538.74**

28 FINANCE COST

(Rupees in lakhs)

FINANCE COST	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on Financial liabilities measured at amortised cost		
Interest expense on borrowings	4,173.06	2,670.09
Unwinding of interest on loan from related party	304.06	143.26
Interest expense others		
Interest on Delayed Payment of Statutory Dues	28.87	1.58
Others		
Guarantee Commission Expense	126.80	147.61
Bank charges	2.28	1.43
	4,635.07	**2,963.97**

29 DEPRECIATION AND AMORTISATION EXPENSE

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on tangible assets	1,537.69	1,841.24
Amortisation on intangible assets	41.38	203.93
	1,579.07	**2,045.17**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

30 OTHER EXPENSES

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Repairs and maintenance		
- Building	678.71	348.10
- Others	0.71	0.86
Advertisement	37.90	21.42
Payments to Auditors (Refer note below)	6.00	5.00
Electricity charges	31.28	33.96
Insurance	15.57	12.51
Legal and professional fees	54.26	152.50
Rates and taxes	5.37	2.05
Rent	14.21	54.95
Printing and Stationary	5.92	5.85
Security charges	63.19	65.90
Telephone and internet expenses	9.63	9.86
Travelling & conveyance expenses	280.57	257.87
Vehicle Expenses	18.30	18.65
Miscellaneous expenses	33.66	32.14
Foreign exchange fluctuation loss	-	0.15
Total	1,255.28	1,021.77

(a) Details of Payments to auditors

(Rupees in lakhs)

	2017-18	2016-17
As Statutory Auditor		
Audit Fee	6.00	5.00

31 EXCEPTIONAL ITEMS

(Rupees in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Reconciliation of loan accounts (net)	-	1,302.28
Property, plant and Equipment Written off	85.56	-
Loss on sale of Investment (Refer Note no. 50)	1,101.21	-
Sundry Balance Written Back	(143.69)	-
Settlement of Claim	408.34	421.85
	1,451.42	1,724.13

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

32 **Earnings per share (Basic and Diluted)**

Particulars	As at March 31, 2018	As at March 31, 2017
Profit available to equity shareholders		
Loss after tax (A) (Rupees in Lakhs)	(9,188.82)	(7,919.14)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic and Diluted) (B)	1,08,68,677	95,54,237
Basic & Diluted earnings per share(A/B) (Rupees)	(84.54)	(82.89)
Nominal Value of an equity share (Rupees)	10	10

33 **CONTINGENT LIABILITIES**
(To the extent not provided for)

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Claims Against the Company not acknowledged as Debt	-	448.30	448.30
(b) Bond cum legal undertaking	3,830.21	3,830.21	3,830.21
No Cash outflow is expected in near future	**3,830.21**	**4,278.51**	**4,278.51**

34 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.

35 **Operating lease commitments - Company as lessee**

The company has taken office on lease under non-cancellable operating lease expiring at the end of 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.
The company has paid Rupees 14.21 lakhs (March 31, 2017: Rupees 54.95 lakhs)(March 31, 2016: Rupees NIL) during the year towards minimum lease payment.

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows		
Future Lease Payment:		
a) Within one Year	-	42.91
b) Later than one year but not later than five years	-	100.13
c) Later than five years	-	-
Total	-	**143.04**
Lease rents recognised as expense in the year	14.21	54.95

Note: During the year, Lease agreement of office premises transferred to Arshiya Logistics Services Limited from the Company (fellow subsidiary). So, Commitment for future lease payment is transferred to Fellow subsidiary.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

36 EMPLOYEE BENEFIT

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

(a) Defined contribution plans

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employer's Contribution to Provident Fund	2.89	2.64
Employer's Contribution to Pension Scheme	6.56	5.98
Employer's Contribution to ESIC	0.15	0.11

(b) Brief descriptions of the plans

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

(c) Leave Obligations

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provisions for Leave encashment			
Current	2.57	2.28	0.52
Non Current	5.03	4.19	2.69
Total Employee Benefit Obligation	**7.60**	**6.47**	**3.21**

(d) Defined benefit plan – Gratuity:

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

Particulars	March 31, 2018	March 31, 2017
I. Actuarial assumptions		
Mortality Table	Indian Assured lives Mortality (2006-08) Ult	Indian Assured lives Mortality (2006-08) Ult
Discount rate	7.40%	6.90%
Expected return on plan assets	7.40%	6.90%
Salary Escalation Rate	7.00%	7.00%
Withdrawal Rate	15.00%	15.00%
Retirement Age	58 Years	58 Years
II. Change in Present value of defined benefit obligations		
Liability as at the beginning of the year	13.46	4.99
Interest cost	0.72	0.36
Current service cost	2.49	2.03
Benefits paid	(9.51)	(2.05)
Actuarial (gain)/loss on obligations	9.60	8.13
Liability as at the end of the year	16.76	13.46
III. Change in Fair value of plan assets		
Fair value of plan assets as at the beginning of the year	0.76	0.71
Expected return on plan assets	0.05	0.05
Actual Enterprise's Contributions	9.51	2.05
Benefits paid	(9.51)	(2.05)
Actuarial gain/(loss) on plan assets	(0.05)	0.00
Fair value of plan assets as at the end of the year	0.76	0.76
IV. Actual return on plan assets		
Expected return on plan assets	0.05	0.05
Actuarial gain/(loss) on plan assets	(0.05)	0.00
Actual return on plan assets	-0.00	0.05

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V. Liability recognised in the Balance Sheet		
Liability as at the end of the year	16.76	13.46
Fair value of plan assets as at the end of the year	0.76	0.76
Liability recognised in the Balance Sheet	16.00	12.70
VI. Percentage of each category of plan assets to total fair value of plan assets		
Insurer managed funds	100%	100%
VII. Amount recognised in the Statement of Profit and Loss		
Current service cost	2.49	2.03
Interest cost	0.72	0.35
Expected return on plan assets	(0.05)	(0.05)
Net actuarial (gain)/loss to be on obligation	-	-
Expense recognised in Statement of Profit and Loss	3.16	2.33
VIII. Amount recognised in the Other Comprehensive Income (OCI)		
Amount recognised in OCI, beginning of the year	8.13	-
Components of actuarial gain/losses on obligations		
Due to Change in financial assumptions	(0.34)	0.32
Due to Change in demographic assumption	-	-
Due to Change in experience assumption	9.94	7.81
Expected return on plan assets	(0.05)	0.00
Total measurement recognised in OCI	9.65	8.13
Amount recognised in OCI, end of year	17.78	8.13
IX. Balance Sheet reconciliation		
Opening net liability	12.70	4.30
Expenses recognised in Profit & Loss	3.16	2.33
Actual Employer Contribution	(9.51)	(2.05)
Total Remeasurement recognised in OCI	9.65	8.12
Closing net liability	16.00	12.70

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

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36.2 **Sensitivity analysis:**

Particulars	Changes in assumptions	Effect on Gratuity obligation
For the year ended 31st March, 2017		
Salary growth rate	+0.50%	13.72
	-0.50%	13.21
Discount rate	+0.50%	13.21
	-0.50%	13.73
For the year ended 31st March, 2018		
Salary growth rate	+0.50%	17.11
	-0.50%	16.44
Discount rate	+0.50%	16.44
	-0.50%	17.11

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

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

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants. As such, an increase the plan's liability.

(C) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, as increase in the salary of the plan participants will increase the plan's liability.

36.3 The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 years (31st March, 2017 - 6.6 years).

37 **Disclosure pursuant to Indian Accounting Standard 108 - Operating Segment**

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

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

There are 4 customers (March 31, 2017 - 3 customers) aggregating to Rupees 303.61 lakhs (March 31, 2017 Rupees 327.54 lakhs) constituting 98% (March 31, 2017- 96%) of Revenue.

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38 Taxation

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

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

38.03 **Unused tax losses for which no deferred tax assets has been recognised**

(Rupees in lakhs)

Assessment Year	Business Loss	Available for utilisation till Assessment Year	Unabsorbed Depreciation
2011-2012	2.24	2019-2020	-
2012-2013	-	2020-2021	2,068.28
2013-2014	-	2021-2022	2,379.39
2014-2015	-	2022-2023	3,650.45
2015-2016	315.21	2023-2024	3,113.82
2016-2017	1,088.82	2024-2025	2,718.75
2017-2018	9,797.57	2025-2026	2,401.62
2019-2020	1,182.26	2026-2027	2,135.33
Total	**12,386.10**		**18,467.64**

Deferred tax assets as at 31st March, 2018 Rupees 8016.33 Lakh (31st March, 2017 - Rupees 6,423.95 Lakh, 1st April, 2016 Rupees 4,957.82 Lakh) has not been recognised, as there is no convicting evidence that sufficient taxable profits will be available against which the unadjusted tax losses will be utilised by the Company.

Details of Deferred tax assets are mentioned below:-

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Property plant equipment	2,859.46	2,551.88	2,853.71
Financial Instruments	282.80	432.34	292.58
Unabsorbed depreciation	(4,801.59)	(4,205.57)	(4,161.10)
Expense allowable on payments under section 43B and 40(a)(ia)	(3,136.25)	(2,285.33)	(3,485.51)
Unabsorbed loss	(3,220.75)	(2,917.27)	(457.50)
Total Deferred Tax Assets	**(8,016.33)**	**(6,423.95)**	**(4,957.82)**

39 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

(Rupees in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount due to suppliers under MSMED Act, 2006*	4.20	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
Interest paid to suppliers under MSMED Act, (other than Section 16)	-	-	-
Interest paid to suppliers under MSMED Act, (Section 16)	-	-	-
Interest due and payable to suppliers under MSMED Act, for payment already made	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

40 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On 28th March, 2018, the Ministry of Corporate Affairs (MCA) has notified IND AS 115 - Revenue from contract with customers and certain amendment to existing IND AS. These amendments shall be applicable to the Company from 1st April, 2018.

(a) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede current revenue recognition guidance including IND AS 18 Revenue, IND AS 11 construction contracts and the related interpretations. IND AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(b) Amendment to Existing issued IND AS

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

i. IND AS 21 - The effects of Changes in Foreign Exchange Rates,

ii. IND AS 40 - Investment property

iii. IND AS 12 - Income Taxes

iv. IND AS 28 - Investment in associates and joint ventures and

v. IND AS 112 - Disclosure of Interests in Other Entities.

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

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41 RELATED PARTY TRANSACTIONS

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

Sr. No.	Name of Related Party	Nature of Relationship	% of equity interest	Country of Incorporation
1	Arshiya Limited	Holding Company	100	India
2	Arshiya Supply Chain Management Private Limited (till March 21, 2018) Arshiya Rail Infrastructure Limited Arshiya Industrial & Distribution Hub Limited Arshiya Logistics Services Limited (formerly known as Laxmipati Balaji Exim Trading Limited)	Fellow Subsidiaries		India
3	Mr. Ajay S. Mittal - Director Mr. Navnit Choudhary - Director Mr. Ashish Kumar Bairagra - Director Mr. Rishabh Pankaj Shah - Director	Key Managerial Personnel (KMP)		
4	Mrs. Archana A Mittal	Relative of Key Managerial Personnel		

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

(Rupees in lakhs)

Name	Nature of Transaction	March 31, 2018	March 31, 2017
Arshiya Supply Chain Management Private Limited	Storage Income	60.00	240.00
	Handling Income	0.32	2.55
Arshiya Logistics Services Limited	Storage Income	145.69	-
	Handling Income	1.19	-
Arshiya Limited	Lease rent income	8.44	-
Arshiya Industrial & Distribution Hub Limited	Loans given	54.99	65.52
	Loan repayment / adjusted ***	(90.80)	(32.22)
	Unwinded Interest Income on Loan to fellow subsidiary	7.26	0.21
	Sale of equity shares of ASCM***	47.87	-
Arshiya Rail Infrastructure Limited	Loans taken	(943.84)	(375.61)
	Loan repayment / adjusted ***	2,354.81	452.10
	Unwinded Interest expense on Loan from fellow subsidiary	(101.22)	(120.52)
Arshiya Limited	Loans taken***	(7,188.87)	(189.59)
	Loan repayments	337.26	166.06
	Allocation of cost and common expenses by Holding Company*	(566.71)	(563.59)
	Conversion of loan into equity shares with security premium**	-	4,480.51
	Conversion of OCRPS into Equity	-	8,700.00
	Unwinded Interest expense on Loan from holding company	(17.91)	(15.99)
	Financial Guarantees	(126.80)	(147.61)

* During the year, the Holding Company has allocated certain common cost and expenses incurred by it, to the company aggregating to Rupees 566.71 lakhs (31st March, 2017 - Rupees 563.59 lakhs) based on Holding Company's estimates of such cost and expenses attributable to the company. Hence, Employee benefit expenses (Refer Note No. 27) and certain expenses stated under other expenses (Refer Note No. 30) are presented as inclusive of such allocation of certain common costs and expenses.

** Company issued 4,88,051 equity shares of Rupees 10 each at Rupees 1000 (including premium of Rupees 990) for conversion of loan given by Holding Company.

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

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

(iii) **Closing Balances**

(Rupees in lakhs)

Name	March 31, 2018	March 31, 2017	April 1, 2016
Trade Receivables			
Arshiya Supply Chain Management Private Limited***	-	1,097.38	1,723.84
Arshiya Logistics Services Limited	30.81	-	-
Arshiya Limited	8.44	-	-
Loans to related parties			
Arshiya Industrial Distribution & Hub Limited	-	28.55	1.79
Loans from related parties			
Arshiya Limited	7,585.45	149.23	4,026.62
Arshiya Rail Infrastructure Limited	-	1,124.82	1,080.79
Financial Guarantee			
Arshiya Limited	368.60	495.40	479.62
Corporate Guarantee taken			
Arshiya Limited	28,450.00	30,537.00	32,611.00
Personal Guarantee taken			
Ajay S Mittal	31,816.00	31,816.00	31,816.00
Archana A Mittal	31,421.00	31,421.00	31,421.00

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

42 FAIR VALUE MEASUREMENTS

i. Financial Instruments by Category

(Rupees in lakhs)

Particulars	Carrying Amount			Fair Value		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Trade Receivables	40.29	1,107.68	1,728.83	40.29	1,107.68	1,728.83
Loans	-	28.55	1.79	-	28.55	1.79
Cash and Cash Equivalents	18.53	23.19	165.65	18.53	23.19	165.65
Security Deposits	17.49	17.49	22.63	17.49	17.49	22.63
Financial Guarantee	376.88	495.40	521.35	376.88	495.40	521.35
Total	453.19	1,672.31	2,440.25	453.19	1,672.31	2,440.25
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	30,600.20	24,317.67	30,547.50	30,600.20	24,317.67	30,547.50
Trade Payables	106.15	121.52	121.80	106.15	121.52	121.80
Other financial liabilities	17,478.54	14,221.52	15,195.88	17,478.54	14,221.52	15,195.88
Total	48,184.89	38,660.71	45,865.18	48,184.89	38,660.70	45,865.18

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

The Company maintains procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

(a) The Company assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) The fair values for loans to subsidiaries, security deposits and other financial liabilities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(c) The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

(ii) **Fair value hierarchy**

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

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

(b) **Level 2** - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

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43 FINANCIAL RISK MANAGEMENT

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

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

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

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

(A) Credit risk

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

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

(B) Liquidity risk

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

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

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Contractual maturities of financial liabilities

(Rupees in lakhs)

Particulars	Less than 1 year	Between 1 year and 5 years	More than 5 year
March 31, 2018			
Borrowings	20,851.99	10,447.22	-
Trade payables	106.15	-	-
Other financial liabilities	17,478.54	-	-
Total Financial liabilities	**38,436.68**	**10,447.22**	-
March 31, 2017			
Borrowings	13,607.00	11,577.41	-
Trade payables	121.52	-	-
Other financial liabilities	14,221.51	-	-
Total Financial liabilities	**27,950.03**	**11,577.41**	-
April 1, 2016			
Borrowings	27,958.23	2,589.27	-
Trade payables	121.80	-	-
Other financial liabilities	15,195.88	-	-
Total Financial liabilities	**43,275.91**	**2,589.27**	-

(C) Market risk

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

1 **Foreign currency risk**

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

1.1 **Foreign currency risk exposure**

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

(Rupees in lakhs)

Particulars	Currency	Financial Year Ended	Foreign currency amount	Equivalent amount (in INR)
Trade receivables	USD	March 31, 2018	0.10	6.32
		March 31, 2017	0.10	6.39
		April 1, 2016	0.06	3.80
	EURO	March 31, 2018	0.04	3.20
		March 31, 2017	0.05	3.48
		April 1, 2016	0.01	1.05

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1.2 **Sensitivity**

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

(Rupees in lakhs)

Particulars	Increase/(decrease) in profit before tax	
	March 31, 2018	March 31, 2017
FX rate - increase by 1% on closing rate of reporting date	0.10	0.10
FX rate - (decrease) by 1% on closing rate of reporting date	(0.10)	(0.10)

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the March 31, 2018 the Company's borrowings at the variable rate were mainly denominated in Rupees.

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

Interest rate risk exposure

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

(Rupees in lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings	12,367.52	12,369.11	15,837.22

Interest sensitivity

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

Particulars	Impact on profit before tax	
	March 31, 2018	March 31, 2017
Interest sensitivity		
50 bps increase the profit before tax by*	(61.84)	(61.85)
50 bps decrease the profit before tax by*	61.84	61.85
* Holding all other variable constant		

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44 CAPITAL MANAGEMENT

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

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

(Rupees in lakhs)

	March 31, 2018	March 31, 2017	April 1, 2016
Borrowings	30,600.19	24,317.68	30,547.50
Other Financial Liabilities (int accrued)	12,062.50	8,340.05	11,252.83
Total Debt	**42,662.69**	**32,657.73**	**41,800.33**
Equity	1,086.87	1,086.87	955.06
Other equity	27,074.48	36,272.95	31,661.39
Total Equity	**28,161.35**	**37,359.82**	**32,616.45**
Total debt to equity ratio (Gearing ratio)	**1.51**	**0.87**	**1.28**

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

Debt Covenants
Under the terms of Restructuring Agreement, the company is required to comply with following financial covenants:-
Without prior approval of lender, the company shall not:
6.2 (ii) - Loans, debenture & charge - Issue or subscribe to any debentures, shares, raise any loans, deposit from public, issue equity or preference capital, change its capital structure or create any charge on its assets including its cash flow or give any guarantees.

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

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

The Company has not proposed any dividend in last three year in view of losses incurred.

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

The company has incurred net loss of Rupees 9,198.50 Lakhs during the year ended March 31, 2018 and as of that date, the company's current liabilities exceeded by its current assets by Rupees 37,261.23 lakhs. The Company have accumulated losses of Rupees 16,468.46 lakhs as at March 31, 2018. The company is yet to achieve its full operational potential. Arshiya Limited, the parent company, has given a support letter to extent, for the foreseeable future any financial support which may be received by the company. Considering to steps taken by the Management, as mentioned below, the financial statements of the company have been prepared on a going concern basis.

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

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

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

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

46 The Company have made substantial repayment as agreed in amortisation schedule of Restructuring Agreement (RA) during the year ended 31st March, 2018. As per debt covenant, the Company are required to adhere to repayment schedule and any short payment gives Edelweiss Asset Reconstruction Company (EARC) the right to convert whole of the outstanding amount of restructured rupee loan and/or part of the default amount into fully paid up equity shares of the Company. No such notice of conversion in writing has been given by EARC and the Company continues to disclose the amount as non-current as per repayment schedule, in the Balance Sheet.

The Company is liable to pay penal interest of Rupees 6.58 Lakh on the unpaid/ delays amounts for the year ended 31st March, 2018 which has not been provided. Had the Company provided the above penal interest, the finance cost would have been higher to that extent for the year ended and total comprehensive income would have been lower to that extent having consequential impact on other equity and financials liabilities.

47 **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 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 March 31, 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 March 31, 2017. Under the Agreement, the loans assigned to EARC aggregating to Rupees 19,900.00 lakhs.

(i) Stand restructured, merged and converted into Restructured Loans aggregating to Rupees 11200.00 lakhs.

(ii) the balance debt of Rupees 87,00.00 Lakhs 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 Rupees 10 each at a price of Rupees 1,000 each (which includes premium of Rupees 990).

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

The current outstanding of above restructured loan as on March 31, 2018 is Rupees 10,647.22 lakhs (31st March,2017 : Rupees 10,674.51 lakhs)

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

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 these Banks. Earlier, CDR-EG issued a letter dated July 31, 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 banks regarding interest rate on borrowing, the company continued to accounts for interest on such borrowings at interest rate prescribed in CDR package instead of original loan documents. Further, banks are also entitled to penal interest on overdue amount of interest and principles. Pending finalisation and confirmations, such differential interest cannot be ascertained / quantified and have not been recognised in the books of account.

49 **Indirect Tax Refund Receivable**

Refunds receivable in respect of VAT, Service Tax, Local Entry Tax and Service Tax for which appeals are pending with respective Appellate Authorities. The Management is of the view that the refunds claimed as above aggregating to Rupees 355.05 lakhs are considered good for recovery on account of refunds being received by other SEZ developers on similar grounds.

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

51 Certain balances in respect of Trade Receivables, Loans and Advances, Trade Payables and other liabilities 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.

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

Punjab National Bank (Lead Bank) (PNB), on behalf of Certain Consortium Banks, had initiated debt recovery action against the company. Subsequently EARC has filed an application opposing the notice of possession issued by PNB, since EARC is now holding more than 50% of the entire loan.

53 **Original application filed before appropriate Forum**

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

PNB & SBI has filed a suit with Debt Recovery Tribunal, New Delhi, towards recovery against Arshiya Northern FTWZ Limited, Arshiya Limited as a Corporate Guarantor and two promoter directors of the holding company as Guarantors, for Rupees 23,561.78 lakhs. The same is pending before the DRT-II New Delhi.

(b) Axis Bank

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

54 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.

55 Corporate Guarantee is given jointly and severally by Holding Company (Arshiya Limited) and the company for Arshiya Supply Chain Management Private Limited (ASCM) to NBFC to secure the term loan of Rupees 18,500 lakhs (March 31, 2017: Rupees 18,500 lakhs) and the same has been recognised in the books of Parent company as per IND AS 109.The amount outstanding of loan as on March 21, 2018 is Rupees 2965.11 lakhs (March 31, 2017: Rupees 18,104.30 lakhs).

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56 FIRST TIME ADOPTION OF IND AS

These are the company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

I) Ind AS optional exemptions

i. Deemed cost of Property Plant and Equipment & Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment covered under IND AS 16 and intangible assets covered by Ind AS 38 - Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value at deemed cost.

ii. Designation of previously recognised financial instruments

IND AS 101 allows to designate investments in equity instruments at cost.

II) Mandatory exceptions applied

The following mandatory exception have been applied in accordance with IND AS 101 in preparing the financial statements.

i. Estimates

The company's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. IND AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP except where IND AS required a different basis for estimates as compared to the Indian GAAP.

ii. Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 "Financial Instruments" on the basis of facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

i. Balance sheet as at date of transition (April 1, 2016)

(Rupees in lakhs)

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	75,523.20	(1,142.06)	74,381.14
(b) Intangible Assets	203.93	-	203.93
(c) Financial Assets			
(i) Investments	1,149.09	-	1,149.09
(ii) Loans	20.01	(18.22)	1.79
(iii) Other Financial Assets	-	373.74	373.74
(d) Other Non-Current Assets	41.73	(33.82)	7.91
	76,937.96	**(820.36)**	**76,117.60**
Current assets			
(a) Financial Assets			-
(i) Trade Receivables	1,728.83	-	1,728.83
(ii) Cash and Cash Equivalents	165.65	-	165.65
(iii) Other Financial Assets	-	170.24	170.24
(b) Other Current Assets	377.29	26.95	404.24
	2,271.77	**197.19**	**2,468.96**
TOTAL	**79,209.73**	**(623.17)**	**78,586.56**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	955.06	-	955.06
(b) Other Equity	31,823.92	(162.53)	31,661.39
	32,778.98	**(162.53)**	**32,616.45**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	7,019.77	(4,430.50)	2,589.27
(b) Provisions	13.80	(6.82)	6.98
	7,033.57	**(4,437.32)**	**2,596.25**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	-	4,276.93	4,276.93
(ii) Trade Payables	121.80	-	121.80
(iii) Other Financial Liabilities	-	38,877.18	38,877.18
(b) Other Current Liabilities	39,274.86	(39,177.43)	97.43
(c) Provisions	0.52	-	0.52
	39,397.18	**3,976.68**	**43,373.86**
TOTAL	**79,209.73**	**(623.19)**	**78,586.56**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

ii. Balance sheet as at March 31, 2017

(Rupees in lakhs)

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	74,252.20	(1,712.29)	72,539.91
(b) Financial Assets			
(i) Investments	1,149.09	-	1,149.09
(ii) Loans	62.57	(34.02)	28.55
(iii) Other Financial Assets	-	368.60	368.60
(c) Other Non-Current Assets	-	9.27	9.27
	75,463.86	**(1,368.44)**	**74,095.42**
Current assets			
(a) Financial Assets			
(i) Trade Receivables	1,107.68	-	1,107.68
(ii) Cash and Cash Equivalents	23.19	-	23.19
(iii) Other Financial Assets	-	144.29	144.29
(b) Other Current Assets	771.54	(0.01)	771.53
	1,902.41	**144.28**	**2,046.69**
TOTAL	**77,366.27**	**(1,224.16)**	**76,142.11**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	1,086.87	-	1,086.87
(b) Other Equity	37,806.25	(1,533.30)	36,272.95
	38,893.12	**(1,533.30)**	**37,359.82**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12,993.97	(1,416.56)	11,577.41
(b) Other long term liabilities	8.83	(8.83)	-
(b) Provisions	11.63	(0.00)	11.63
	13,014.43	**(1,425.39)**	**11,589.04**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	-	489.06	489.06
(ii) Trade Payables	121.52	-	121.52
(iii) Other Financial Liabilities	-	26,472.72	26,472.72
(b) Other Current Liabilities	25,329.66	(25,227.25)	102.41
(c) Provisions	7.54	-	7.54
	25,458.72	**1,734.53**	**27,193.25**
TOTAL	**77,366.27**	**(1,224.16)**	**76,142.11**

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

iii. Statement of Profit and Loss for the year ended March 31, 2017

(Rupees in lakhs)

Particulars	IGAAP	INDAS Adjustments	IND AS Balance
REVENUE			
Revenue from operations	341.35	(0.01)	341.34
Other income	2.84	38.22	41.06
Total Revenue (I)	**344.19**	**38.21**	**382.40**
EXPENSES			
Cost of operations	7.97	(0.20)	7.76
Employee benefits expense	546.87	(8.12)	538.74
Finance costs	2,673.10	290.87	2,963.97
Depreciation and amortization expense	1,474.92	570.25	2,045.17
Other expenses	970.20	51.57	1,021.77
Total Expenses (II)	**5,673.06**	**904.37**	**6,577.41**
Profit/(loss) before exceptional items and tax (I-II)	**(5,328.87)**	**(866.16)**	**(6,195.01)**
Exceptional Items	1,737.51	(13.38)	1,724.13
Profit/(loss) before tax	(7,066.37)	(852.77)	(7,919.14)
Tax expense:			
Current tax			-
Deferred tax			-
Profit/(loss) for the year	**(7,066.37)**	**(852.77)**	**(7,919.14)**

OTHER COMPREHENSIVE INCOME			
A. Items not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans	-	(8.12)	(8.12)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(7,066.37)**	**(860.89)**	**(7,927.26)**

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

iv. Reconciliation of total equity as at March 31, 2017 and April 1, 2016 (Rupees in lakhs)

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP		38,893.12	32,778.98
Adjustments:			
Fair Valuation of loan from Related Parties	1	324.12	460.62
Fair Valuation of loan to Related Parties	2	(0.52)	(0.73)
Effect of fair valuation of Financial Guarantee	3	495.40	479.62
Fair Valuation of financial instruments	4	(640.00)	40.00
Prior Period items adjusted	6	(1,712.30)	(1,142.04)
Total adjustments		**(1,533.30)**	**(162.53)**
Total equity as per Ind AS		**37,359.82**	**32,616.45**

v. Reconciliation of total comprehensive income for the year ended March 31, 2017 (Rupees in lakhs)

Particulars	Note	Year ended March 31, 2017
Profit after tax as per previous GAAP		(7,066.37)
Adjustments:		
Fair Valuation of loan from Related Parties	1	(136.50)
Fair Valuation of loan to Related Parties	2	0.21
Fair Valuation of Financial guarantees	3	(147.61)
Fair Valuation of financial instruments	4	(6.75)
Actuarial loss on defined benefit plan reclassified to other comprehensive income (OCI)	5	8.12
Prior Period items adjusted	6	(570.24)
Total adjustments		**(852.77)**
Profit after tax as per Ind AS		(7,919.14)
Other comprehensive income	7	(8.12)
Total comprehensive income as per Ind AS		(7,927.26)

C. Notes to first-time adoption:

Note (1): Loan from Parent company

Under the previous GAAP, interest free loan taken from parent company are recorded at their transaction value. Under Ind AS, financial liability are required to be recognised at fair value. Accordingly, the company has fair valued of loan under Ind AS. Difference between the fair value and transaction value of the loan has been recognised in retained earning at the first time adoption. subsequently amortised as an interest expense on loan from parent company to the Statement of Profit and Loss. Consequently, the total equity has increased in March 31, 2017 Rupees 324.12 lakhs, April 1, 2016 Rupees 460.62 lakhs.The loss for the year ended March 31, 2017 has increased by Rupees 136.50 lakhs .

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note (2): Loan to Fellow subsidiaries

Under the previous GAAP, interest free loan given to fellow subsidiaries are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these loan under Ind AS. Difference between the fair value and transaction value of the loan has been recognised in retained earning at the first time adoption. Subsequently amortised as an interest income from loan to fellow subsidiaries to the Statement of Profit and Loss. Consequently to this change, the total equity has reduced in March 31, 2017 Rupees 0.52 lakhs, April 1, 2016 Rupees 0.63 lakhs).The loss for the year ended March 31, 2017 has reduced by Rupees 0.21 lakhs.

Note (3): Financial Guarantee

Under Ind AS, the financial guarantee issued by parent company to the lender of the Company for its borrowings are recognised initially as an asset at fair value which is subsequently amortised as finance expense to the Statement of Profit and Loss. Consequently, the total Equity has increased in March 31, 2017 by Rupees 495.40 lakhs, April 1, 2016 by Rupees 479.62 lakhs . The loss for the year ended March 31, 2017 increased Rupees 147.61 lakhs.

Note (4): Fair Valuation of financial instruments

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Consequently, the total equity has increased in March 31, 2017 Rupees 859.99 lakhs, April 1, 2016 Rupees 40.00 lakhs .

Note (5): Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note (6): Prior Period Adjustments due to error in useful life

During the year life of internal roads was changed with effect from 1st April, 2014 from 60 years to 10 years and accordingly depreciation amount and book value of internal roads have been changed.

Note (7): Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of post employment benefit obligation.

Note (8): Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA NORTHERN FTWZ LIMITED MUMBAI

Note (9): Cash Flow

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the previous GAAP.

Notes to the financial statements 1-56

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership Number. 109859

Place : Mumbai
Date: May 24, 2018

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

Ajay S Mittal
Director
DIN : 00226355

Navnit Choudhary
Director & Chief Financial Officer
DIN : 00613576

Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4001

INDEPENDENT AUDITOR'S REPORT
To The Members of Arshiya Lifestyle Limited
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Arshiya Lifestyle Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 27th May, 2017 and 10th August, 2016, respectively, expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Manoj H. Dama
Partner
(Membership No. 107723)

Place: Mumbai
Date: 24th May, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 22 6185 4000
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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSHIYA LIFESTYLE LIMITED

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Arshiya Lifestyle Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Manoj H. Dama
Partner
(Membership No. 107723)

Place: Mumbai
Date: 24th May, 2018

ARSHIYA LIFESTYLE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	4	5.59	-	-
(b) Financial Assets				
(i) Investments	5	-	-	5.00
(ii) Other Financial Assets	6(a)	-	-	-
(c) Income Tax Assets	7	11.56	0.40	-
(d) Other Non-Current Assets	10	1,668.11	-	-
Total Non-Current Assets		**1,685.26**	**0.40**	**5.00**
Current assets				
(a) Financial Assets				
(i) Trade Receivables	8	743.82	13.86	16.75
(ii) Cash and Cash Equivalents	9	658.55	1.23	0.78
(iii) Other Financial Assets	6(b)	14.50	-	-
(b) Other Current Assets	10	262.74	6.11	857.45
Total Current Assets		**1,679.61**	**21.20**	**874.98**
TOTAL ASSETS		**3,364.87**	**21.60**	**879.98**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	11	148.50	148.50	148.50
(b) Other Equity	12	1,649.71	(132.98)	727.73
Total Equity		**1,798.21**	**15.52**	**876.23**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	13(a)	1.00	2.00	-
Total Non-Current Liabilities		**1.00**	**2.00**	**-**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	13(b)	691.70	-	-
(ii) Trade Payables	15	267.57	4.07	3.75
(iii) Other Financial Liabilities	14	564.52	-	-
(b) Other Current Liabilities	16	41.87	-	-
Total Current Liabilities		**1,565.66**	**4.07**	**3.75**
TOTAL EQUITY AND LIABILITIES		**3,364.87**	**21.60**	**879.98**

See accompanying notes 1 - 35 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors

Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 24, 2018

Vinod Parekh
Director
DIN : 06529752

Arshiya Lifestyle Limited Mumbai

ARSHIYA LIFESTYLE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I) INCOME			
(a) Revenue from operations	17	1,890.38	-
(b) Other income	18	49.24	0.60
(II) Total Income (a) + (b)		**1,939.62**	**0.60**
(III) EXPENSES			
(a) Warehousing and Handling costs	19	1,897.96	-
(b) Finance costs	20	25.40	-
(c) Depreciation expense	21	0.00	-
(d) Other expenses	22	38.64	861.31
(IV) Total Expenses (a) to (d)		**1,962.00**	**861.31**
(V) Loss before tax (II-IV)		**(22.38)**	**(860.71)**
(VI) Tax expense		-	-
Loss for the year		**(22.38)**	**(860.71)**
(VII) OTHER COMPREHENSIVE INCOME		-	-
(VIII) TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(22.38)**	**(860.71)**
(IX) Earnings per equity share (Face value per Equity share Rs.10)	23		
Basic and Diluted		(1.51)	(57.96)

See accompanying notes 1 - 35 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors

Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 24, 2018

Vinod Parekh
Director
DIN : 06529752

Arshiya Lifestyle Limited
Mumbai

ARSHIYA LIFESTYLE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before Tax	**(22.38)**	**(860.71)**
Adjustments for:		
Depreciation expense (*Rs.291)	0.00	-
Balances written off	5.31	860.91
Finance costs	25.40	-
Rent Expenses	162.61	
Foreign exchange differences (Net)	(6.59)	-
Interest on Fixed Deposits	(17.11)	-
Interest on Financial Instruments	(24.94)	-
Dividend income	(0.60)	(0.60)
Operating profit/ (loss) before working capital changes	**121.70**	**(0.40)**
Movement in working capital:		
(Increase)/decrease in trade receivables	(723.37)	2.89
Increase /(decrease) in trade payables	134.29	0.33
(Increase) in other financial assets	(173.35)	(9.57)
Increase/(decrease) in other current liabilities	606.40	-
Cash used in operations	**(34.34)**	**(6.75)**
Income taxes paid	(11.16)	(0.40)
Net cash used in operating activities (A)	**(45.49)**	**(7.15)**
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(5.59)	-
Proceeds from sale of investments	-	5.00
Dividends received	0.60	0.60
Interest received	17.11	
Net cash gerarated from (used in) / investing activities (B)	**12.12**	**5.60**
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	690.70	2.00
Net cash gerarated from financing activities (C)	**690.70**	**2.00**
Net increase in cash and cash equivalents	657.32	0.45
Cash and Cash Equivalents at the beginning of the financial year	1.23	0.78
Cash and Cash Equivalents as per See Note No.9	**658.55**	**1.23**

See accompanying notes 1 - 35 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors

Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 24, 2018

Vinod Parekh
Director
DIN : 06529752

Arshiya Lifestyle Limited
Mumbai

ARSHIYA LIFESTYLE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A Equity Share Capital

(Amount in INR Lakhs)

Particulars	Balance at the Beginning of the year	Balance at the end of the year
As at April 01, 2016		
Amount	148.50	148.50
As at March 31, 2017		
Amount	148.50	148.50
As at March 31, 2018		
Amount	148.50	148.50

B Other Equity

(Amount in INR Lakhs)

Particulars	Reserves and Surplus			
	Securities Premium Reserve	Retained Earnings	Deemed Capital Contribution	Total
As at April 1, 2016	**962.50**	**(234.77)**	-	**727.73**
Loss for the year	-	(860.71)	-	**(860.71)**
Other comprehensive income	-	-	-	-
As at March 31, 2017	**962.50**	**(1,095.48)**	-	**(132.98)**
Loss for the year	-	(22.38)	-	**(22.38)**
Rent received in advance	-	-	1,306.58	**1,306.58**
Financial guarantee Commission	-	-	498.49	**498.49**
Other comprehensive income for the year	-	-	**1,805.07**	**1,782.69**
As at March 31, 2018	**962.50**	**(1,117.86)**	**1,805.07**	**1,649.71**

C Total Equity

(Amount in INR Lakhs)

Particulars	Total
As at April 1, 2016	876.23
As at March 31, 2017	15.52
As at March 31, 2018	1,798.21

See accompanying notes 1 - 35 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors

Navnit Choudhary
Director
DIN : 00613576
Place: Mumbai
Date: May 24, 2018

Vinod Parekh
Director
DIN : 06529752

Arshiya Lifestyle Limited Mumbai

1 Corporate Information

These statements comprises of financial statements of Arshiya Lifestyle Limited (CIN : U74110MH2010PLC201330) for the year ended March 31, 2018. The company is a public company domiciled in India and is incorporated on March 26, 2010 under the provisions of the Companies Act applicable in India. The registered office of the company is located at 301, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

Arshiya Lifestyle Limited (ALL) is a subsidiary of Arshiya Limited (AL), a company listed on Bombay Stock Exchange and National Stock Exchange. During the year, Arshiya Lifestyle Limited has attained the status of a Co-developer under the Special Economic Zones Act, 2005.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 24, 2018.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These are the Company's first Ind AS financial statements. Refer to Note 34 for information on how the Company adopted Ind AS.

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

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to profit or loss for the year/period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to profit or loss when the Property, plant and equipment is de-recognized.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the profit or loss.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

Arshiya Lifestyle Limited Mumbai

Depreciation methods, estimated useful lives and residual value
Depreciation is calculated on straight line basis using the useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013.

The estimated useful lives are as follows:	
Asset Category	**No. of Years**
Office Equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

Impairment losses are recognized in the profit or loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(d) Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee
A lease is classified at the inception date as a finance lease or an operating lease. Leases of property, plant and equipment where the Company, as lessee, bears substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(d) 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company collects taxes such as good and service tax /value added tax, service tax, etc on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

The following are the specific revenue recognition criteria:

(i) Free Trade and Warehousing Zone operations
Revenue from allotment of warehousing space and open yard area for use is accounted on accrual basis as per agreed terms.

(ii) Interest income
Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(iii) Dividend income
Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(e) Taxes
(i) Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Arshiya Lifestyle Limited Mumbai

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum alternate Tax (MAT)

MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Profit or Loss.

Classification and Subsequent Measurement: Financial Assets

The Company has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

(i) Amortised Cost

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met

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

(ii) Fair Value through other comprehensive Income

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met

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

(iii) Fair Value through Profit or Loss (FVTPL)

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'

(i) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Profit or Loss.

Arshiya Lifestyle Limited Mumbai

(ii) Other Financial Liabilities:
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(g) Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

(i) Employee benefits
(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations
The Company operates the following post-employment schemes:
(a) defined benefit plans viz. gratuity,
(b) defined contribution plans viz. provident fund.

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Gratuity obligations
The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans
The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(vi) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

(h) Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Profit or Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

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

(j) Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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(k) Current/non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(l) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

(m) Cash Flow Statement

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

(n) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III, unless otherwise stated.

3 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of non-financial assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement.

(i) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortised cost
(b) Financial assets that are debt instruments and are measured as at FVTOCI
(c) Trade receivables or any contractual right to receive cash or another financial asset
(d) Loan commitments which are not measured as at FVTPL
(e) Financial guarantee contracts which are not measured as at FVTPL

(ii) Impairment of non - financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(iii) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

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(iv) Valuation of deferred tax assets
The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (i) above.

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

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

(vii) Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Recent Accounting pronouncements
Standards issued but not yet effective
On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

(i) Issue of Ind AS 115 - Revenue from Contracts with Customers:
Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(ii) Amendment to Existing Issued Ind AS
The MCA has also carried out amendments following accounting standards. These are:
(a) Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

(b) Ind AS 40 - Investment Property

(c) Ind AS 12 - Income Taxes

(d) Ind AS 28 - Investments in Associates and Joint Ventures and

The Company continues to evaluate the available transition methods, the changes to accounting system and processes and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the Financial Statements will only be possible once the assessment has been completed.

Arshiya Lifestyle Limited
Mumbai

ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR Lakhs)

Particulars	**Office Equipment**
AT COST	
Balance as at April 1, 2016	-
Balance as at March 31, 2017	-
Additions during the year	5.59
Balance as at March 31, 2018	**5.59**
ACCUMULATED DEPRECIATION	
Balance as at April 1, 2016	-
Balance as at March 31, 2017	-
Depreciation for the year (*Rs.291)	0.00*
Balance as at March 31, 2018	**0.00**
Net Carrying value as at April 1, 2016	-
Net Carrying value as at March 31, 2017	-
Net Carrying value as at March 31, 2018	**5.59**

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ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. INVESTMENTS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current (Unquoted)			
Investments in Equity Instruments			
NKGSB Co-operative Bank Ltd (as at March 31, 2017 - Nil, and as at April 1, 2016 - 50 equity shares of Rs. 10,000/- each)	-	-	5.00
Total	**-**	**-**	**5.00**

6. OTHER FINANCIAL ASSETS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Non Current			
Security deposits placed with sub-lessor(Refer Note No.25(iv) and 33)	1,718.37	-	-
Less: Amount retained by sub-lessor from upfront lease payment payable to the parent	(1,718.37)	-	-
	-	-	-
(b) Current			
Financial assets carried at amortised cost			
Interest Accrued	14.50	-	-
Security deposits placed with sub-lessor(Refer Note No.25(iv) and 33)	6,289.29	-	-
Less:Amount retained by sub-lessor from upfront lease payment payable to the parent	(6,289.29)	-	-
	-	-	-
Total	**14.50**	**-**	**-**

7. INCOME TAX ASSETS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current			
Income Tax Assets	11.56	0.40	-
Total	**11.56**	**0.40**	**-**

8. TRADE RECEIVABLES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Secured, considered good	29.97	-	-
Unsecured, considered good	713.85	13.86	16.75
Total	**743.82**	**13.86**	**16.75**

9. CASH AND CASH EQUIVALENTS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	0.42	1.02	0.02
Balances with banks on current accounts (Refer note below)	658.13	0.21	0.76
Total	**658.55**	**1.23**	**0.78**

Note:
Cash and cash equivalents as of March 31, 2018 comprise of restricted bank balances held in escrow account with bank. This account can only be operated with the specific permission / instructions in terms of the Escrow Agreement entered into by the Company with Arshiya Rail Siding & Infrastructure Limited (ARSIL).

10. OTHER ASSETS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current			
- Prepaid expenses	131.20	-	-
- Rent received in advance	1,055.40	-	-
- Financial Guarantee (Refer note below)	481.51	-	-
Total	**1,668.11**	**-**	**-**
Current			
Advances other than Capital advances			
- Advance to suppliers	-	-	851.34
Others			
- Prepaid expenses	28.46	-	-
- Rent received in advance	217.76	-	-
- Balances with Government Authorities	-	6.11	6.11
- Financial Guarantee (Refer note below)	16.52	-	-
Total	**262.74**	**6.11**	**857.45**

Note:
Corporate guarantee given by the parent, Arshiya Limited, to Arshiya Rail Siding & Infrastructure Limited (sub-lessor) in respect of warehouses taken on lease by the Company from sub-lessor.

Arshiya Lifestyle Limited Mumbai

ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11. EQUITY SHARE CAPITAL

i. Authorised Share Capital

(Amount in INR Lakhs)

Particulars	Equity Share of Rs.10 each	
	Number	Amount
As At March 31, 2018	30,00,000	300.00
As At March 31, 2017	30,00,000	300.00
As At April 1, 2016	30,00,000	300.00

ii. Issued subscribed and paidup equity shares

(Amount in INR Lakhs)

	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paidup		
As At April 1, 2016	14,85,000	148.50
As At March 31, 2017	14,85,000	148.50
As At March 31, 2018	14,85,000	148.50

iii. Rights, Preferences and restrictions attached to equity shares

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

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

iv. Shares held by parent company

Out of equity shares issued by the company, shares held by its parent company are as below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Limited (parent company w.e.f. 8 Feb 2017)			
Equity shares	14,85,000	14,85,000	-
Percentage	100%	100%	-

v. Details of shareholders parent more than 5% shares in the company

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% parent	Number	% parent	Number	% parent
Equity shares of INR 10 each fully paid						
Arshiya Limited	14,85,000	100%	14,85,000	100%	-	-
Mrs.Archana Mittal	-	-	-	-	10,17,497	68.52%
Mr.Navnit Choudhary	-	-	-	-	2,20,000	14.81%
Mr.Navin Saraf	-	-	-	-	2,20,000	14.81%

Arshiya Lifestyle Limited Mumbai

12. OTHER EQUITY

Reserves and Surplus

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Securities Premium Reserve	962.50	962.50	962.50
(b) Retained Earnings	(1,117.86)	(1,095.48)	(234.77)
(c) Deemed Capital Contribution	1,805.07	-	-
	1,649.71	**(132.98)**	**727.73**

(a) Securities Premium Reserve

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	962.50	962.50
Closing balance	**962.50**	**962.50**

Securities Premium Reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.

(b) Retained Earnings

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(1,095.48)	(234.77)
Loss for the year	(22.38)	(860.71)
Closing balance	**(1,117.86)**	**(1,095.48)**

(c) Deemed Capital Contribution

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	-	-
During the year	1,805.07	-
Closing balance	**1,805.07**	**-**

Deemed Capital contribution comprises notional interest on security deposits received by Arshiya Rail Siding & Infrastructure Limited (the Sub-lessor) out of amount payable to the parent to the Company and Financial guarantee issued by parent to the Sub-lessor.

13. BORROWINGS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Non Current Borrowings			
Loans from Others (Refer Note below (i))	1.00	2.00	-
Total	**1.00**	**2.00**	**-**
(b) Current Borrowings			
Loans from Related Parties (Refer Note below(ii))	691.70	-	-
Total	**691.70**	**-**	**-**

Note:
(i) Loan pertains to outside party, which is interest free
(ii) Of the above, Rs.691.70 Lakhs (Previous year Rs.Nil) pertains to inter corporate loan (Arshiya Limited - Parent Company) which is interest free.

14. OTHER FINANCIAL LIABILITIES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Security Deposits from customers	564.52	-	-
Total	**564.52**	**-**	**-**

15. TRADE PAYABLES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Micro and Small enterprises (Refer note below)	-	-	-
Others	267.57	4.07	3.75
Total	**267.57**	**4.07**	**3.75**

Note:
The Company has not received any communication from the suppliers regarding their status under the Micro and Small Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

16. OTHER CURRENT LIABILITIES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance received from Customers	2.22	-	-
Statutory Liabilities (Tax deducted at source)	39.65	-	-
Total	**41.87**	**-**	**-**

Arshiya Lifestyle Limited Mumbai

ARSHIYA LIFESTYLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

17. REVENUE FROM OPERATIONS

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of services		
Warehousing and handling services	1,890.38	-
Total	**1,890.38**	**-**

18. OTHER INCOME

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on		
- Deposit with bank	17.11	-
- Financial assets carried at amortised cost (Refer Note No.33)	24.94	-
Dividend income	0.60	0.60
Net gain on foreign currency transactions and translation	6.59	-
Total	**49.24**	**0.60**

19. WAREHOUSING AND HANDLING COSTS

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Business conducting fees (Refer Note No.32)	972.91	-
Lease Rent	902.70	-
Handling equipment hire charges	4.92	-
Labour Charges	17.43	-
Total	**1,897.96**	**-**

20. FINANCE COSTS

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on unwinding deposit (Refer Note No.33)	24.94	-
Guarantee Commission expense	0.46	-
Total	**25.40**	**-**

21. DEPRECIATION EXPENSE

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation expense (*Rs.291)	0.00	-
Total	**0.00**	**-**

22. OTHER EXPENSES

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Repairs and maintenance	2.61	-
Payments to auditors (Refer note below)	9.75	0.14
Service Tax Input Credit Written off	5.31	-
Advance to suppliers written off	-	860.91
Legal and professional fees	3.06	0.04
Rates and taxes	5.29	0.18
Travelling and conveyance expenses	12.10	-
Miscellaneous expenses	0.52	0.04
Total	**38.64**	**861.31**

Note : Payments to auditors

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Audit Fee	7.50	0.14
Other services	2.25	-
Total	**9.75**	**0.14**

Arshiya Lifestyle Limited Mumbai

23. EARNINGS PER EQUITY SHARE

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Basic and diluted earnings per equity share	(1.51)	(57.96)
Loss for the year used in calculating basic / diluted earnings per share	(22.38)	(860.71)
(b) Weighted average number of equity shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic / diluted earnings per share	14,85,000	14,85,000

24. COMMITMENTS AND CONTINGENCIES

(Amount in INR Lakhs)

A.Leases

Operating lease commitments - Company as lessee

The Company has entered into operating lease arrangements for certain warehouse facilities. The lease is non-cancellable and is for a period of 6 years and may be renewed for a further period of 6 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5 % every year from lease commencement date.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Future Non-Cancellable minimum lease commitments			
Within one year	4,642.37	-	-
Later than one year but not later than five years	21,009.65	-	-
Later than five years	4,896.67	-	-
	30,548.68	**-**	**-**

(Amount in INR Lakhs)

B. Contingent Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Bond-cum Legal Undertaking (Refer note below)	1,000.00	-	-

Note:
Bond-cum Legal Undertaking has been given to SEEPZ Authority for safeguarding duty liability on goods stored in warehouses within FTWZ on behalf of Unit holders.

Arshiya Lifestyle Limited Mumbai

25. RELATED PARTY TRANSACTIONS

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

Name of Related Party	Nature of Relationship
Parent Company	
Arshiya Limited	Parent Company (w.e.f. 08-02-2017)
List of related parties and relationship, with whom transaction have taken place	
Laxmipati Balaji Exim Trading Limited (Now known as Arshiya Logistics Services Limited)	Fellow Subsidiary

(ii) Transactions with related parties

The following transactions occurred with related parties for sales and purchase of services, and reimbursements.

(Amount in INR Lakhs)

Name	Nature of Transactions	As at March 31, 2018	As at March 31, 2017
Arshiya Limited	Business conducting fees	972.91	-
Arshiya Limited	Income received by Arshiya Limited on our behalf	257.65	-
Arshiya Limited	Corporate guarantee received	31,288.61	-
Laxmipati Balaji Exim Trading Limited	Warehousing and handling services	723.76	-

(iii) Outstanding balances arising from sales/purchases of services

(Amount in INR Lakhs)

Name	Nature of Relationship	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade Receivables				
Laxmipati Balaji Exim Trading Limited	Fellow Subsidiary	245.53	-	-
Trade Payables				
Arshiya Limited	Parent Company	104.81	-	-

(iv) Loans from related parties

(Amount in INR Lakhs)

Name	Nature of Relationship	Particulars	As at March 31, 2018	As at March 31, 2017
Loans from related parties				
Arshiya Limited	Parent Company	Beginning of the year	-	-
		Loans received	1,416.68	-
		Amount retained by sub-lessor from upfront lease payment payable to the parent (Refer Note No. 33)	9,289.29	-
		Less:Loan repayments made	(724.98)	-
		Less: Security deposits placed with sub-lessor (Refer Note No. 33)	(9,289.29)	-
		End of the year	691.70	-
Corporate guarantee				
Arshiya Limited	Parent Company	Beginning of the year	-	-
		Received	31,288.61	-
		Utilised	(739.93)	-
		End of the year	30,548.68	-

Arshiya Lifestyle Limited Mumbai

26. SEGMENT REPORTING

The Company is primarily engaged in providing end to end supply chain management solutions to its customers in FTWZ. In the opinion of the Company, the entire business is governed by same set of risks and returns and hence, the Company has only one reportable segment, namely, "Operation of warehouses in Free Trade Warehousing Zone". The Company provides services within India and hence, doesn't have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in single geographical segment.

27. FAIR VALUE MEASUREMENTS

Fair value of Financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required

i. Financial Instruments by Category **(Amount in INR Lakhs)**

Particulars	Carrying Amount			Fair Value		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Investments in Equity Instruments	-	-	5.00	-	-	5.00
Trade Receivables	743.82	13.86	16.75	743.82	13.86	16.75
Cash and Cash Equivalents	658.55	1.23	0.78	658.55	1.23	0.78
Other Financial Assets	14.50	-	-	14.50	-	-
Total	**1,416.87**	**15.09**	**22.53**	**1,416.87**	**15.09**	**22.53**
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	692.70	2.00	-	692.70	2.00	-
Trade Payables	267.56	4.08	3.75	267.56	4.08	3.75
Other financial liabilities	564.52	-	-	564.52	-	-
Total	**1,524.78**	**6.08**	**3.75**	**1,524.78**	**6.08**	**3.75**

The management have assessed that the fair value of cash and cash equivalent, trade receivables, other financial assets, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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Mumbai

28. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk
Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, loans given and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

(b) Trade Receivables
The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.However,there is no loss allowance recognised as per the model.

(Amount in INR Lakhs)

Financial assets for which loss allowances is measured using the expected credit loss	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Trade receivables			
Secured, considered good	29.97	-	-
Unsecured, considered good	713.85	13.86	16.75
Doubtful	-	-	-
Total	**743.82**	**13.86**	**16.75**

(c) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

(d) Foreign exchange risk
The Company's foreign exchange risk arises from its foreign currency revenues (primarily in US Dollar and Euro). As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments. Such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transaction and recognised assets and liabilities.

(i) Significant foreign currency risk exposure relating to trade receivables and balance with bank

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables			
USD	409.62	-	-
EUR	4.14	-	-
Balance with banks			
USD	8.42	-	-

(ii) Sensitivity
In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Arshiya Lifestyle Limited Mumbai

(Amount in INR Lakhs)

29. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company working monitors capital on the basis of the amount of working capital
The Company's objective for capital management is to maintain an optimum overall, working capital.

30. TAX RECONCILIATION

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Reconciliation of tax expense		
Profit/(loss) before tax	(22.38)	(860.71)
Enacted income tax rate (%) applicable to the Company #	27.820%	27.820%
Income tax credit calculated at enacted income tax rate	(6.23)	(239.45)
Effect of income that is exempt from tax	0.17	-
Effect of expenses that are not deductible	-	(239.51)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(6.51)	0.06
Income tax expense recognised in profit or loss	-	-

The tax rate used for reconciliation above is the corporate tax rate of 27.820% at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

31. DEFERRED TAX

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax losses	78.59	55.62	55.82
Unabsorbed depreciation	0.42	-	-
Total	**79.01**	**55.62**	**55.82**
Tax effect of the aforesaid unrecognised deferred tax assets	21.98	15.47	15.53

Note:
Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

The Unrecognised Tax Losses carried Forward will expire as follows:-

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Assessment Years:			
2018-2019	-	-	0.07
2019-2020	0.28	0.28	0.41
2020-2021	37.38	37.38	37.38
2021-2022	2.57	2.57	2.57
2022-2023	14.28	14.28	14.28
2023-2024	-	-	-
2024-2025	1.10	1.10	1.10
2025-2026	-	-	-
2026-2027	22.97	-	-
Total	**78.59**	**55.62**	**55.82**

Arshiya Lifestyle Limited Mumbai

32. During the year, the Parent Company (AL) has entered into Business Conducting and Services Agreement with the Company in relation to operation of Six Warehouses taken on sub-lease from Arshiya Rail Siding and Infrastructure Limited (ARSIL) and operation of Container Yard and Open Yard owned by the Parent Company. The aforesaid Business Conducting and Services Agreement is to be read in the overall context of Lease Deed dated 3rd February, 2018, Sub-Lease Deed dated 3rd February, 2018 and other agreements and documents entered into in connection with lease of Six Warehouses by the Parent Company, being owner, to ARSIL and Sub-Lease of the said Six Warehouses by ARSIL to the Company and transfer of all rights and obligations under the Existing Unit Holder Agreements entered into by the Parent Company to and in favour of the Company. The Parent Company for the administration and operational expediency entrusted the Company to carry out operating and managing the open yard, the container yard and warehouses whereby the Company agreed to undertake and conduct the business of operating and managing the open yard and the container yard and warehouses and provide other services by utilising the infrastructure facilities provided by the Parent Company. The Company shall also receive all the incomes generated from the warehouses and storage yard, bearing the cost and expenses to operate and maintain the warehouses and storage yard. Pursuant to the aforesaid Business Conducting and Services Agreement, the Company will pay 99% of Excess Revenue / Total Income over all the expenses / charges / provisions to the Parent Company as Business Conducting Fees. Accordingly, the Company has recognised as Business Conducting fees (expenses) Rs. 972.91 Lakh during the year ended 31st March, 2018.

33. Arshiya Rail Siding & Infrastructure Limited ('the Sub-lessor' or 'ARSIL') has retained Rs. 9,289.29 lakhs from the consideration by way of lump sum rent ('Upfront Lease Payment') payable by ARSIL to the Company's Parent, Arshiya Limited ('AL') in terms of Mater Lease Agreement dated February 03, 2018 (MLA) and considered the same as deposit paid by the Company to ARSIL for guaranteeing the payment of the Sub-Lease Rent and all other amounts as payable by the Company and/or AL and/or Arshiya Supply Change Management Private Limited ('ASCM') and/or Laxmipati Balaji Exim Trading Limited ('LB') [ASCM (upto March 22, 2018) and LB are fellow subsidiaries of the Company] under the Sub-Lease Deed and/or all the other Transaction Documents and for the due observance of certain undertakings provided by AL to ARSIL in relation to payments to be made by AL to its creditors and to certain Government Authorities.

Pursuant to the terms of the aforesaid agreements, the Management has offset the security deposits with ARSIL and payable to ALL. The related finance income and finance expenses arising on discounting of security deposits with ARSIL and payable to AL are disclosed under Notes 18 and 20, respectively.

34. FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet. The amounts presented in the financial statements of previous year prepared as per previous GAAP have been regrouped/ re-arranged to comply with the presentation/ disclosures requirements of the Indian Accounting standards

Reconciliations between previous GAAP and Ind AS
Since, there has been no difference between previous GAAP and Ind AS, the reconciliation of equity and profit as per the previous GAAP and Ind AS have not been presented.

35. Previous year's figures have been regrouped/reclassified and restated wherever necessary to comply with requirement of Ind AS and Schedule III.

For and on behalf of the Board of Directors

Navnit Choudhary	Vinod Parekh
Director	Director
DIN : 00613576	DIN : 06529752
Place: Mumbai	
Date: May 24, 2018	

Arshiya Lifestyle Limited
Mumbai

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT
To The Members of Laxmipati Balaji EXIM Trading Limited
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Laxmipati Balaji EXIM Trading Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 31st May, 2017 and 10th August, 2016, respectively, expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Manoj H. Dama
Partner
(Membership No. 107723)

Place: Mumbai
Date: 24th May, 2018

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 22 6185 4000
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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAXMIPATI BALAJI EXIM TRADING LIMITED
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Laxmipati Balaji EXIM Trading Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Manoj H. Dama
Partner
(Membership No. 107723)

Place: Mumbai
Date: 24th May, 2018

LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
(a) Property, plant and equipment	4	1.36	-	-
(b) Income Tax Assets	5	80.59	-	-
Total Non-current Assets		**81.95**	**-**	**-**
Current assets				
(a) Financial assets				
(i) Trade receivables	6	1,121.86	6.66	-
(ii) Cash and cash equivalents	7	92.54	0.13	0.44
(b) Other current assets	8	3.07	-	-
Total Current Assets		**1,217.47**	**6.79**	**0.44**
TOTAL ASSETS		**1,299.42**	**6.79**	**0.44**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	9	160.00	5.00	5.00
(b) Other equity	10	(122.21)	(23.67)	(27.13)
Total Equity		**37.79**	**(18.67)**	**(22.13)**
Liabilities				
Non current liabilities				
(a) Financial liabilities				
-Borrowings	11	-	13.51	12.39
(b) Provisions	12	19.87	-	-
Total Non-current Liabilities		**19.87**	**13.51**	**12.39**
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	13	832.97	6.48	6.02
(ii) Other financial liabilities	14	280.15	0.50	0.50
(b) Other current liabilities	15	125.22	4.09	3.66
(c) Provisions	12	3.42	-	-
(d) Current tax liabilities	16	-	0.88	-
Total Current Liabilities		**1,241.76**	**11.95**	**10.18**
TOTAL EQUITY AND LIABILITIES		**1,299.42**	**6.79**	**0.44**

See accompanying notes 1 - 35 to the financial statements

In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on Behalf of the Board of Directors

Navnit Choudhary
Director
DIN: 00613576
Mumbai
Date: May 24,2018

Vinod Parekh
Director
DIN: 06529752

Laxmipati Balaji Exim Trading Limited ★ Mumbai

LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I) INCOME			
(a) Revenue from operations	17	4,845.64	6.66
(b) Other income	18	44.16	-
(II) Total Income (a) + (b)		**4,889.80**	**6.66**
(III) EXPENSES			
(a) Warehousing, Transportation and Handling Costs	19	4,654.42	-
(b) Employee benefits expense	20	158.44	-
(c) Finance costs	21	3.51	0.43
(d) Depreciation expense	22	0.02	-
(e) Other expenses	23	189.27	1.89
(IV) Total Expenses (a) to (e)		**5,005.66**	**2.32**
(V) Profit/(Loss) before tax (II-IV)		**(115.86)**	**4.34**
(VI) Tax expense:			
Current tax		-	0.88
Profit/(Loss) for the year		**(115.86)**	**3.46**
(VII) OTHER COMPREHENSIVE INCOME			
Items that will not to be reclassified to profit or loss:			
Remeasurement of defined benefit plans		17.32	-
Total Other Comprehensive Income for the year		**17.32**	**-**
(VIII) TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(98.54)**	**3.46**
(IX) Earnings per share (Face value of Rs. 10 each)			
Basic and Diluted	24	(18.40)	6.91

See accompanying notes 1 - 35 to the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on Behalf of the Board of Directors

Navnit Choudhary
Director
DIN: 00613576
Date: May 24, 2018

Vinod Parekh
Director
DIN: 06529752

ARSHIYA LOGISTICS SERVICES LIMITED MUMBAI

LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(A) Equity Share Capital

(Amount in INR Lakhs)

Particulars	Balance at the Beginning of the year	Changes in Equity share capital during the year	Balance at the end of the year
April 1, 2016 Amount	5.00	-	**5.00**
March 31, 2017 Amount	5.00	-	**5.00**
March 31, 2018 Amount	5.00	155.00	**160.00**

(B) Other Equity

(Amount in INR Lakhs)

Particulars	Retained Earnings	Total
Balance as at April 1, 2016	(27.13)	(27.13)
Total comprehensive income for the year	3.46	3.46
Balance as at March 31, 2017	**(23.67)**	**(23.67)**
Loss for the year	(115.86)	(115.86)
Other comprehensive income -Remeasurement of the defined benefit obligation	17.32	17.32
Total comprehensive income for the year	**(98.54)**	**(98.54)**
Balance as at March 31, 2018	**(122.21)**	**(122.21)**

Total Equity as at April 1, 2016 (A)+(B)	**(22.13)**
Total Equity as at March 31, 2017 (A)+(B)	**(18.67)**
Total Equity as at March 31, 2018 (A)+(B)	**37.79**

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on Behalf of the Board of Directors

Navnit Choudhary
Director
DIN: 00613576
Date: May 24, 2018

Vinod Parekh
Director
DIN: 06529752

ARSHIYA LOGISTICS SERVICES LIMITED ★ MUMBAI

LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax:	(115.86)	4.34
Adjustments for:		
Depreciation expense	0.02	-
Allowance for expected credit Losses	50.17	-
Net unrealised foreign exchange gain	(19.84)	-
Interest income	(0.97)	-
Finance costs	3.51	0.43
Operating profit/ (loss) before working capital changes	(82.97)	4.76
Movement in working capital:		
Increase in trade receivables	(1,145.53)	(6.66)
Increase in other assets	(3.07)	-
Increase in trade payables	822.97	0.46
Increase in Other financial liabilities	279.65	-
Increase in other liabilities	121.14	-
Increase in provisions	40.61	-
Cash flow after working capital changes	32.81	(1.43)
Income taxes paid	(81.47)	-
Net cash used in operating activities (A)	(48.66)	(1.43)
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1.38)	-
Interest received	0.97	-
Net cash used in investing activities (B)	(0.41)	-
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity shares	155.00	-
Repayment of/Proceeds from borrowings	(13.51)	1.13
Net cash from financing activities (C)	141.49	1.13
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	92.41	(0.31)
Cash and cash equivalents at the beginning of the year	0.13	0.44
Cash and cash equivalents at the end of the year	92.54	0.13
Balances with banks in current accounts	90.78	0.11
Cash on hand	1.76	0.02
Cash and cash equivalents as per note 7	92.54	0.13

In terms of our report attached.
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Manoj H. Dama
Partner
Place: Mumbai
Date: May 24, 2018

For and on Behalf of the Board of Directors

Navnit Choudhary
Director
DIN: 00613576
Date: May 24, 2018

Vinod Parekh
Director
DIN: 06529752

ARSHIYA LOGISTICS SERVICES LIMITED MUMBAI

LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

The Company is a public company domiciled in India and is incorporated on June 21, 2008 under the provisions of the Companies Act applicable in India. The registered office of the Company is located at 301, Ceejay House, Level-3, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai Mumbai City MH 400018.These statements comprise financial statements of Laxmipati Balaji Exim Trading Limited (CIN : U93000MH2008PLC183791) for the year ended March 31, 2018. The Name of Company has changed from Laxmipati Balaji Exim Trading Limited to Arshiya Logistics Services Limited with effect from May 23, 2018.

Laxmipati Balaji Exim Trading Limited (now known as Arshiya Logistics Services Limited) is a subsidiary of Arshiya Limited (AL), a company listed on Bombay Stock Exchange and National Stock Exchange. Laxmipati Balaji Exim Trading Limited (now known as Arshiya Logistics Services Limited) is an integrated logistics and supply chain management solution and value optimisation services provider.
The Company is registered as a service unit in Free Trade Warehousing Zone (FTWZ) of Arshiya Limited, at Panvel, Maharashtra and in FTWZ of Arshiya Northern FTWZ Limited, at Khurja, Uttar Pradesh.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 24, 2018.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These are the Company's first Ind AS financial statements. Refer to Note 34 for information on how the Company adopted Ind AS.

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

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to profit or loss for the year/period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to profit or loss when the Property, plant and equipment is de-recognized.

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is neither related to the construction activity nor is incidental thereto is charged to the profit or loss.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

ARSHIYA LOGISTICS SERVICES LIMITED MUMBAI

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on straight line basis using the useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013.

The estimated useful lives are as follows:	
Asset Category	**No. of Years**
Office Equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Impairment of non financial assets

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

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

Impairment losses are recognized in the profit or loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(d) 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company collects taxes such as good and service tax /value added tax, service tax, etc. on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

The following are the specific revenue recognition criteria:

(i) Free Trade and Warehousing Zone operations

Revenue from allotment of warehousing space and open yard area for use along with the revenue from value optimisation services and other activities is accounted on accrual basis as per agreed terms.

(ii) Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(iii) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(e) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

ARSHIYA LOGISTICS SERVICES LIMITED
MUMBAI

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum alternate Tax (MAT)
MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(f) Financial Instruments
Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial Recognition
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Profit or Loss.

Classification and Subsequent Measurement: Financial Assets
The Company has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

(i) Amortised Cost
A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair Value through other comprehensive income (FVTOCI)
A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair Value through Profit or Loss (FVTPL)
A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'

(i) Financial Liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Profit or Loss.

(ii) Other Financial Liabilities:
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

ARSHIYA LOGISTICS SERVICES LIMITED MUMBAI

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Derecognition of financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(g) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

(h) Convertible financial instrument

Convertible instruments are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(i) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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(iii) Post-employment obligations
The Company operates the following post-employment schemes:
(a) defined benefit plans viz. gratuity,
(b) defined contribution plans viz. provident fund.

Gratuity obligations
The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans
The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(iv) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

(j) Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Profit or Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(k) Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

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

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(m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(n) Current/non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(o) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

(p) Cash Flow Statement

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

(q) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III, unless otherwise stated.

3 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of non-financial assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement.

(i) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortised cost
(b) Financial assets that are debt instruments and are measured as at FVTOCI
(c) Trade receivables or any contractual right to receive cash or another financial asset
(d) Loan commitments which are not measured as at FVTPL
(e) Financial guarantee contracts which are not measured as at FVTPL

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(ii) Impairment of non - financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(iii) Useful lives of property, plant and equipment
The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iv) Valuation of deferred tax assets
The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (i) above.

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

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

(vii) Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Recent Accounting pronouncements
Standards issued but not yet effective
On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

(i) Issue of Ind AS 115 - Revenue from Contracts with Customers:
Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(ii) Amendment to Existing Issued Ind AS
The MCA has also carried out amendments following accounting standards. These are:
(a) Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

(b) Ind AS 40 - Investment Property

(c) Ind AS 12 - Income Taxes

(d) Ind AS 28 - Investments in Associates and Joint Ventures and

(e) Ind AS 112 - Disclosure of Interests in Other Entities

The Company continues to evaluate the available transition methods, the changes to accounting system and processes and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the Financial Statements will only be possible once the assessment has been completed.

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LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR Lakhs)

Particulars	Office Equipment
At cost	
Balance as at April 1, 2016	-
Balance as at March 31, 2017	-
Additions for the year	1.38
Balance as at March 31, 2018	**1.38**
ACCUMULATED DEPRECIATION	
Balance as at April 1, 2016	-
Balance as at March 31, 2017	-
Depreciation for the year	0.02
Balance as at March 31, 2018	**0.02**
Net Carrying value as at April 1, 2016	-
Net Carrying value as at March 31, 2017	-
Net Carrying value as at March 31, 2018	**1.36**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5. INCOME TAX ASSETS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current			
Income Tax Assets	80.59	-	-
Total	**80.59**	**-**	**-**

6. TRADE RECEIVABLES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Unsecured, considered good	1,121.86	6.66	-
Considered doubtful	50.17	-	-
	1,172.03	**6.66**	**-**
Less: Allowance for doubtful debts (expected credit loss allowance)	(50.17)	-	-
Total	**1,121.86**	**6.66**	**-**

7. CASH AND CASH EQUIVALENTS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks in current accounts	90.78	0.11	0.01
Cash on hand	1.76	0.02	0.42
Total	**92.54**	**0.13**	**0.43**

Cash and cash equivalents as of March 31, 2018 comprise of restricted bank balances held in escrow account with banks. These accounts can only be operated with the specific permission / instructions in terms of the Escrow Agreement entered into by the Company with third parties i.e. Arshiya Rail Sliding Infrastructure Limited & Banks.

8. OTHER ASSETS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Advances for supply of goods and services	0.15	-	-
Prepaid expenses	2.92	-	-
Total	**3.07**	**-**	**-**

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LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

9. EQUITY SHARE CAPITAL

(Amount in INR Lakhs)

(i) Authorised Share Capital

Particulars	Equity Share of Rs. 10 each	
	Number	Amount
As at March 31, 2018	2,50,00,000	2,500
As at March 31, 2017	2,50,00,000	2,500
As at April 1, 2016	2,50,00,000	2,500

(ii) Issued, subscribed and fully paid up equity shares

Particulars	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid up		
As at April 1, 2016	50,000	5.00
Issued during the year	-	-
As at March 31, 2017	50,000	5.00
Issued during the period During the year ended March 31, 2018, Company has made Right Issue of 15,50,000 equity share at par converting from existing loans.	15,50,000	155.00
As at March 31, 2018	16,00,000	160.00

(iii) Shares held by parent Company

Out of equity shares issued by the Company, shares held by its parent company are as below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Limited, (Parent company w.e.f.13-06-2017)	16,00,000	-	-

(iv) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% holding	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid						
Arshiya Limited	16,00,000	100%	-	-	-	-
Mrs. Archana Mittal	-	-	49,400	99%	49,400	99%

(v) Rights, preferences and restrictions

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

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

ARSHIYA LOGISTICS SERVICES LIMITED ★ MUMBAI

LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

10. OTHER EQUITY

Reserves and Surplus

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Retained Earnings	(122.21)	(23.67)	(27.13)
Total	**(122.21)**	**(23.67)**	**(27.13)**

Retained Earnings

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(23.67)	(27.13)
Net Profit/(Loss) for the year	(115.86)	3.46
Other Comprehensive Income remeasurement of defined benefit plans	17.32	-
Closing balance	**(122.21)**	**(23.67)**

11. BORROWINGS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current Borrowings at amortised cost			
Unsecured			
(a) Loan from related parties (refer note 27)	-	13.51	12.39
Total	**-**	**13.51**	**12.39**

12. PROVISIONS

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non Current			
Provision for employee benefits			
Gratuity (refer note 25)	13.72	-	-
Compensated absences	6.15	-	-
	19.87	**-**	**-**
Current			
Provision for employee benefits			
Gratuity (refer note 25)	2.24	-	-
Compensated absences	1.18	-	-
Total	**3.42**	**-**	**-**

13. TRADE PAYABLES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Trade Payables to Micro and Small enterprises	2.43	-	-
Trade Payables to Related Parties (refer note 27)	565.21	-	-
Trade Payables to Others	265.33	6.48	6.02
Total	**832.97**	**6.48**	**6.02**

A) DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT,2006

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Principal amount due to suppliers under MSMED Act, 2006	2.42	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.01	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.01	-	-

Other disclosures

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

14. OTHER FINANCIAL LIABILITIES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Financial Liabilities			
Deposits from customers	280.15	0.50	0.50
Total	**280.15**	**0.50**	**0.50**

15. OTHER CURRENT LIABILITIES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance received from Customers	34.82	-	-
Others			
Statutory Dues (Refer Note below)	90.17	4.08	3.66
Others	0.23	-	-
Total	**125.22**	**4.08**	**3.66**

Note:
Statutory dues includes TDS, Provident Fund, Profession Tax, Goods and Service Tax and Interest payable for delayed payments of statutory dues.

16. CURRENT TAX LIABILITY

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Tax	-	0.88	-
Total	**-**	**0.88**	**-**

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LAXMIPATI BALAJI EXIM TRADING LIMITED (NOW KNOWN AS ARSHIYA LOGISTICS SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

17. REVENUE FROM OPERATIONS

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations		
Warehousing, transportation, handling, value optimisation and others services	4,845.64	6.66
Total	4,845.64	6.66

18. OTHER INCOME

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on deposits with banks	0.97	-
Foreign Exchange Gain	43.19	-
Total	44.16	-

19. WAREHOUSING, TRANSPORTATION AND HANDLING COSTS

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Warehouse storage charges	3,175.14	-
Transportation charges	725.76	-
Material Handling and other Charges	753.52	-
Total	4,654.42	-

20. EMPLOYEE BENEFITS EXPENSE

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	124.12	-
Contribution to provident fund and employees' state insurance	6.79	-
Staff welfare expenses	9.04	-
Gratuity expense (refer note 25)	16.88	-
Leave encashment (refer note 25)	1.61	-
Total	158.44	-

21. FINANCE COSTS

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on delayed payment of Statutory Dues	3.50	0.43
Interest on delayed payment of dues to Micro and Small enterprises	0.01	-
Total	3.51	0.43

22. DEPRECIATION EXPENSE

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation expenses	0.02	-
Total	0.02	-

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23. OTHER EXPENSES

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rent	80.30	-
Repairs and maintenance	6.24	-
Rates and taxes	2.06	0.77
Legal and professional fees	11.32	0.02
Telephone and internet expenses	10.31	-
Printing and Stationery Expenses	0.71	0.40
Bank charges	7.96	0.00
Travelling and conveyance expenses	0.81	-
Audit Fees (Refer note (a) below)	11.25	0.14
Advertisement	1.22	-
Sales Promotion expenses	3.04	-
Postage and Courier charges	0.70	-
Allowance for expected credit losses	50.17	-
Miscellaneous expenses	3.18	0.56
Total	**189.27**	**1.89**

(a) Audit Fees

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Audit Fee including limited review	11.25	0.14
Total	**11.25**	**0.14**

24. EARNINGS PER SHARE

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Basic and diluted earning per equity share	(18.40)	6.91
Profit/(Loss) for the year attributable to the equity holders of the Company used in calculating basic / diluted earnings per share	(115.86)	3.46
(b) Weighted average number of equity shares used as the denominator	6,29,589	50,000
Total	**6,29,589**	**50,000**

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25. EMPLOYEE BENEFITS OBLIGATION

(I) Defined contribution plans
The Company has provident fund, Employee State Insurance and Employee's pension scheme. Contributions are made to provident fund for employees at the rate prescribed of the eligible salary as per the regulation. The contributions are made to Regional Provident fund Authority. The obligation of the Company is limited to the amount contributed and it has no further contractual or any contractive obligation. The expense recognised during the year towards defined contribution plan is INR 16.88 Lakhs (March 31, 2017: INR Nil)

(II) Defined benefit plans
Gratuity
The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service.

(a) Reconciliation of opening and closing balances of Defined Benefit Obligation: (Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Defined Benefit Obligation, balance transferred *	17.92	-
Current service cost	15.95	-
Interest cost	0.93	-
Remeasurements - Actuarial (gain)/ loss	(17.32)	-
Benefits paid	(1.52)	-
Defined Benefit obligation at year end	**15.96**	-

*All the employees of one of the fellow subsidiaries are transferred to the Company w.e.f 01-07-2017. Along with employees, the Company has taken over all the employee benefit liabilities outstanding as on the date transfer.

(b) Expenses recognised in the statement of profit and loss : (Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current service cost	15.95	-
Interest cost	0.93	-
Net Cost	**16.88**	-
In Other Comprehensive Income		
Remeasurements - Actuarial gain/ (loss) for the year on defined benefits obligations	(17.32)	-
Income for the period recognised in OCI	**(17.32)**	-

(c) Actuarial assumptions: (Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	7.40%	-
Salary escalation rate	7.00%	-
Withdrawal Rate	15.00%	-
Mortality Rate	IALM (2006-2008)	-

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligations.

Salary escalation assumption has been set based on their estimates of overall long term salary growth rates after taking into consideration expected earings inflation as well as performance and seniority related increases.

Assumptions regarding withdrawal rates are set based on their estimates of expected long term future employee turnover within the organisations.

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(c) Sensitivity Analysis of the defined benefit obligation :

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(I) Impact of the change in discount rate		
Present value of obligation at the end of the period	15.95	-
(i) Impact due to increase of 0.50%	0.40	-
(ii) Impact due to decrease of 0.50%	(0.42)	-
(II) Impact of the change in salary increase		
Present value of obligation at the end of the period	15.95	-
(i) Impact due to increase of 0.50%	(0.42)	-
(ii) Impact due to decrease of 0.50%	0.40	-

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

(A) Interest risk - A decrease in the discount rate will increase the plan liability.

(B) Longevity risk – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(C) Salary risk – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

26. CONTINGENT LIABILITIES

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Bond-cum Legal Undertaking (refer note below)	15,000.00	300.00

Note

Bond-cum Legal Undertaking has been given to SEEPZ Authority for safeguarding duty liability on goods stored in FTWZ on behalf of customers.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

27. RELATED PARTIES TRANSACTIONS

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

Name of Related Party	Nature of Relationship
Parent Company	
Arshiya Limited	Parent Company (w.e.f. 13-06-2017)
List of related parties and relationship, with whom transaction have taken place	
Arshiya Lifestyle Limited	Fellow Subsidiaries
Arshiya Northern FTWZ Limited	Fellow Subsidiaries
Arshiya Rail Infrastructure Limited	Fellow Subsidiaries
Arshiya Supply Chain Management Private Limited (upto March 21, 2018)	Fellow Subsidiaries
Mega Management Services Private Limited	Company having common Key Managerial Personnels (KMP's) (upto June 28, 2017)
Welldone Software Consultancy Private Limited	Company having common Key Managerial Personnels (KMP's) (upto June 28, 2017)

(ii) Transactions with related parties
The following transactions occurred with related parties for sales and purchase of services, and reimbursements.

(Amount in INR Lakhs)

Name	Nature of Relationship	Nature of Transaction	As at March 31, 2018	As at March 31, 2017
Arshiya Limited	Parent Company	Warehousing and Handling Costs	2,694.77	-
Arshiya Supply Chain Management Private Limited	Fellow Subsidiaries	Revenue from operations	1.62	-
Arshiya Lifestyle Limited	Fellow Subsidiaries	Warehousing and Handling Costs	723.76	-
Arshiya Northern FTWZ Limited	Fellow Subsidiaries	Warehousing and Handling Costs	146.88	-

(iii) Outstanding balances arising from sales/purchases of services

(Amount in INR Lakhs)

Name	Nature of Relationship	As at March 31, 2018	As at March 31, 2017
Trade Receivables			
Arshiya Supply Chain Management Private Limited	Fellow Subsidiaries	-	-
Trade Payables			
Arshiya Limited #	Parent Company	288.87	-
Arshiya Lifestyle Limited	Fellow Subsidiaries	245.53	-
Arshiya Northern FTWZ Limited	Fellow Subsidiaries	30.81	-

(iv) Loans to/from related parties

(Amount in INR Lakhs)

Name	Nature of Relationship	Particulars	As at March 31, 2018	As at March 31, 2017
Loans to related parties				
Arshiya Supply Chain Management Private Limited	Fellow Subsidiaries	Beginning of the year	-	-
		Loans given #	5,710.21	-
		Loan repayments received/ adjusted #	(5,710.21)	-
		End of the year	-	-
Loans from related parties ##				
Arshiya Limited	Parent Company	Beginning of the year	-	-
		Loans received #	4,735.75	-
		Loan repayments made/ adjusted #	(4,735.75)	-
		End of the year	-	-
Arshiya Rail Infrastructure Limited	Fellow Subsidiaries	Beginning of the year	-	-
		Other Advances received *	0.23	-
		End of the year	**0.23**	-
Mega Management Services Private Limited	Company having common Key Managerial Personnels	Beginning of the year	13.32	12.38
		Loans received	-	1.34
		Loan repayments made	(13.32)	(0.40)
		End of the year	-	**13.32**
Welldone Software Consultancy Private Limited	Company having common Key Managerial Personnels	Beginning of the year	0.19	0.19
		Loan repayments made	(0.19)	-
		End of the year	-	**0.19**

As per the arrangements, inter-alia, entered into between the Company, Arshiya Limited (AL) and Arshiya Supply Chain Management Private Limited (ASCM), a fellow subsidiary, the balance receivable from ASCM has been adjusted against balance payable to AL and the net payable to AL has been disclosed.

*Payment made on behalf of Arshiya Rail Infrastructure Limited

These loans have been granted to the above entities for the purpose of their business.

(v) Issue of Rights shares to Arshiya Limited

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity Share of INR 10 each	155.00	-	-

During the year ended March 31, 2018 Company has made Right issue of 15,50,000 equity share.

28. SEGMENT REPORTING

The Company is primarily engaged in providing integrated logistics and supply chain management solution and value optimisation services to its customers in Free Trade Warehouse Zone (FTWZ). In the opinion of the Company, the entire business is governed by same set of risks and returns and hence, the Company has only one reportable business segment, namely, "Operation of Free Trade Warehousing Zone". The Company provides services within India and hence, doesn't have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in single geographical segment.

ARSHIYA LOGISTICS SERVICES LIMITED MUMBAI

29. FAIR VALUE MEASUREMENTS

Fair value of financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required.

(Amount in INR Lakhs)

(I) Financial Instruments by Category

Particulars	Carrying Amount			Fair Value		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Trade Receivables	1,121.86	6.66	-	1,121.86	6.66	-
Cash and Cash Equivalents	92.54	0.13	0.44	92.54	0.13	0.44
Total	**1,214.40**	**6.79**	**0.44**	**1,214.40**	**6.79**	**0.44**
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	-	13.51	12.39	-	13.51	12.39
Trade Payables	832.96	6.48	6.02	832.96	6.48	6.02
Other financial liabilities	280.15	0.50	0.50	280.15	0.50	0.50
Total	**1,113.11**	**20.49**	**18.91**	**1,113.11**	**20.49**	**18.91**

The management have assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

30. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customers contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Customer credit risk is managed by each team subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date for major clients. In addition, large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables as low.

(b) Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

(Amount in INR Lakhs)

Financial assets for which loss allowances is measured using the expected credit loss model	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Trade receivables			
Unsecured, considered good	1,121.86	6.66	-
Considered doubtful	50.17	-	-
	1,172.03	-	-
Less: Allowance for doubtful debts (expected credit loss allowance)	(50.17)	-	-
Total	**1,121.86**	**6.66**	**-**

(c) Liquidity risk

The Company closely monitors its risk of shortage of funds.The Company assessed the concentration of risk with respect to its debt as low. As at reporting date the Company does not have any loans and all other financial liabilities of the Company are short term. Further, the Company believes that carrying value of all of its financial liabilities approximates to its fair value.

(d) Foreign exchange risk

The Company's foreign exchange risk arises from its foreign currency revenues primarily in US Dollar and Euro. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies has changed in recent periods and may continue to fluctuate in the future.

(i) Significant foreign currency risk exposure relating to trade receivables and balance with bank

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables	1,145.11	6.66	-
USD	25.63	-	-
EUR	0.79	-	-
QAR			
Advance from customer	34.01		
USD			
Security deposits from customer	9.29	-	-
USD	2.72	-	-
EUR			
Balance with banks	0.14	-	-
USD			

(ii) Sensitivity

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

ARSHIYA LOGISTICS SERVICES LIMITED ★ MUMBAI

31. DEFERRED TAX

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax losses	74.80	3.08	6.99
Deductible temporary differences	23.20	-	-
Total	**98.00**	**3.08**	**6.99**
Tax effect of the aforesaid unrecognised deferred tax assets	27.26	0.86	1.94

Note:
Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

The Unrecognised Tax Losses carried Forward will expire as follows:-

(Amount in INR Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Assessment Years:			
2018-2019	-	-	0.20
2019-2020	-	-	0.24
2020-2021	-	-	0.55
2021-2022	-	-	2.54
2022-2023	0.61	0.61	0.99
2023-2024	0.63	0.63	0.63
2024-2025	1.84	1.84	1.84
2025-2026	71.72	-	-
Total	**74.80**	**3.08**	**6.99**

32. TAX RECONCILIATION

(Amount in INR Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Reconciliation of tax expense		
Profit/(loss) before tax	(115.86)	4.34
Enacted income tax rate (%) applicable to the Company #	27.820%	27.820%
Income tax (credit)/debit calculated at enacted income tax rate	(32.23)	1.21
Effect of expenses that are not deductible	7.46	0.12
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(26.41)	1.09
Income tax expense recognised in profit or loss	-	-

The tax rate used for reconciliation above is the corporate tax rate of 27.820% at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

33. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company monitors working capital on the basis of the amount of working capital
The Company's objective for capital management is to maintain optimum overall working capital.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

34. FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2018 and the comparative information presented in these financial statements for the year ended March 31, 2017 with the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition).The amounts presented in the financial statements of previous year prepared are as per previous GAAP have been regrouped/ re-arranged to comply with the presentation/ disclosures requirements of the Indian Accounting standards.

Reconciliations between previous GAAP and Ind AS

Since, there has been no difference between previous GAAP and Ind AS, the reconciliation of equity and profit as per the previous GAAP and Ind AS have not been presented.

35. Previous year's figures have been regrouped/reclassified and restated wherever necessary to comply with requirement of Ind AS and Schedule III.

For and on Behalf of the Board of Directors

Navnit Choudhary
Director
DIN: 00613576
Mumbai
Date: May 24,2018

Vinod Parekh
Director
DIN: 06529752

ARSHIYA LOGISTICS SERVICES LIMITED
MUMBAI

INDEPENDENT AUDITORS' REPORT

To the Members of
Arshiya Transport and Handling Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **Arshiya Transport and Handling Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of Ind AS financial statement 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 these Ind AS financial statements are free from material misstatement.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the Note no. 23 of the Ind AS Financial Statement, regarding preparation of financial statements on going concern basis, which indicates that the Company has incurred net losses and as of that date their accumulated losses is resulting in negative net worth of Company. Arshiya Limited, the Parent Company, has given a support letter to extend, for the foreseeable future and any financial support which may be required. Therefore, the financial statement is prepared on going concern basis. Our Opinion is not modified in respect of the above said matter.

Other Matter

The Company had prepared the audited financial statements for the corresponding year ended 31st March, 2017 and transition date opening balance sheet as at 1st April 2016 included in the statement in accordance with the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Act, on which M. A. Parikh & Co., Chartered Accountants (Firm registration no. 107556W) vide their audit report dated 17th May 2017 and 25th May 2016, respectively, had issued an unmodified audit report. The financial statements for the year ended 31st March, 2017 and transition date opening balance sheet as at 1st April 2016 are based on previously audited financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of above said matters.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Continuation sheet...

Report on other Legal and Regulatory Requirements

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

2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d. In our opinion, the aforesaid Ind AS financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;

   e. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   f. The matters described in the paragraphs above under the Emphasis of Matters regarding going concern, in our opinion, may have an adverse effect on the functioning of the Company;

   g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";

   h. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have pending litigation which would impact the financial position.

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ii. The Company does not have any long term contracts including derivative contracts and hence there are no material foreseeable losses.

iii. There is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th May 2018

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Transport and Handling Limited on the Ind AS financial statements for the year ended 31st March 2018)

(i) The Company does not have fixed assets therefore the Provisions of Clause 3 (i) of the Order are not applicable to the Company.

(ii) The nature of business of the Company does not require any inventory during the year therefore the Provisions of Clause 3(ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the Provisions of Clause 3(iii) of the Order are not applicable to the Company.

(iv) The Company has not made any loan, investment, guarantees and securities to any person specified under section 185 and section 186 of the Companies Act, 2013. Therefore the Provisions of Clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) The Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular except delays tax deducted at source and interest thereon, 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, goods and service tax, cess and any other statutory dues to the appropriate authorities, as applicable, during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable except Tax deducted at Source amounting to Rs. 5.96 Lakh and interest on TDS Rs. 11.35 Lakh, respectively.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.

CHATURVEDI & SHAH MUMBAI

Continuation sheet...

(viii) According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any dues in respect of loans or borrowings to any financial institution or bank and government as at balance sheet date. There are no dues to debenture holders as at the balance sheet date.

(ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and no term loans was raised during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Napawaliya

Vijay Napawaliya
Partner
Membership No. 109859

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 24th May 2018

"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Transport and Handling Limited on the Ind AS financial statements for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of Arshiya Transport and Handling Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Continuation sheet...

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859
Place: Mumbai
Date: 24th May 2018

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA TRANSPORT AND HANDLING LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Rupees in Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Current assets				
(a) Financial Assets				
(i) Trade Receivables	4	-	-	16.75
(ii) Cash and Cash Equivalents	5	0.42	0.77	0.70
Total Current Assets		**0.42**	**0.77**	**17.45**
TOTAL ASSETS		**0.42**	**0.77**	**17.45**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	6	5.00	5.00	5.00
(b) Other Equity	7	(964.74)	(861.42)	(754.41)
Total Equity		**(959.74)**	**(856.42)**	**(749.41)**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	8	936.79	836.42	746.81
Total Non-Current Liabilities		**936.79**	**836.42**	**746.81**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	9	5.10	0.98	-
(ii) Trade Payables	10	0.75	0.72	2.46
(iii) Other Financial Liabilities	11	0.21	1.51	1.51
(b) Other Current Liabilities	12	17.31	17.55	16.08
Total Current Liabilities		**23.36**	**20.76**	**20.05**
TOTAL EQUITY AND LIABILITIES		**0.42**	**0.77**	**17.45**

See accompanying notes 1 - 25 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Vinod Parekh
Director
DIN : 06529752

Place: Mumbai
Date: May 24, 2018

Arshiya Transport and Handling Limited Mumbai

ARSHIYA TRANSPORT AND HANDLING LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I) INCOME			
Revenue from operations		-	-
(II) Total Income		-	-
(III) EXPENSES			
(a) Finance costs	13	102.10	90.98
(b) Other expenses	14	1.23	0.85
(IV) Total Expenses (a) to (b)		**103.33**	**91.83**
(V) Loss before exceptional items and tax (II-IV)		**(103.33)**	**(91.83)**
Exceptional Items	15	-	15.18
Loss before tax		**(103.33)**	**(107.01)**
(VI) Tax expense	24		
Current tax		-	-
Deferred tax		-	-
Loss for the year		**(103.33)**	**(107.01)**
OTHER COMPREHENSIVE INCOME (OCI)		-	-
Item not to be reclassified to profit and loss :		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(103.33)**	**(107.01)**
(VII) Earnings per equity share (Face Value Rupees 10 each)			
Basic / Diluted	16	(206.65)	(214.02)

See accompanying notes 1 - 25 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Vinod Parekh
Director
DIN : 06529752

Place: Mumbai
Date: May 24, 2018

Arshiya Transport and Handling Limited Mumbai

ARSHIYA TRANSPORT AND HANDLING LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A Equity Share Capital

(Rupees in Lakhs)

Particulars	Balance at the Beginning of the year	Balance at the end of the year
As at April 01, 2016 Amount	5.00	5.00
As at March 31, 2017 Amount	5.00	5.00
As at March 31, 2018 Amount	5.00	5.00

B Other Equity

(Rupees in Lakhs)

Particulars	Retained Earnings	Equity component of loan from parent Company	Total
As at April 1, 2016	**(1,056.81)**	**302.40**	**(754.41)**
Loss for the year	(107.01)	-	**(107.01)**
Other comprehensive income	-	-	-
As at March 31, 2017	**(1,163.82)**	**302.40**	**(861.42)**
Loss for the year	(103.33)	-	**(103.33)**
Other comprehensive income for the year	-		-
As at March 31, 2018	**(1,267.14)**	**302.40**	**(964.74)**

C Total Equity

(Rupees in Lakhs)

Particulars	Total
As at April 1, 2016	(749.41)
As at March 31, 2017	(856.42)
As at March 31, 2018	(959.74)

See accompanying notes 1 - 25 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Place: Mumbai
Date: May 24, 2018

Vinod Parekh
Director
DIN : 06529752

Arshiya Transport and Handling Limited Mumbai

ARSHIYA TRANSPORT AND HANDLING LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in Lakhs)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before Tax		(103.33)	(107.01)
Adjustments for:			
Finance costs		102.10	90.98
Sundry balances written back		-	15.18
Operating profit/ (loss) before working capital changes		(1.23)	(0.85)
Movement in working capital:			
(Increase)/decrease in trade receivables		-	-
Increase /(decrease) in trade payables		0.03	(0.18)
(Increase) in other financial liabilities		(1.31)	-
Increase/(decrease) in other current liabilities		(1.97)	0.11
Cash generated from operations		(4.48)	(0.91)
Income taxes paid		-	-
Net cash flow from operating activities	**(A)**	(4.48)	(0.91)
B. CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from intercompany loans		4.12	0.98
Net cash gerarated from financing activities	**(B)**	4.12	0.98
Net increase in cash and cash equivalents	**(A+B)**	(0.35)	0.07
Cash and Cash Equivalents at the beginning of the financial year		0.77	0.70
Cash and cash equivalents at the end of the year		0.42	0.77
Balances with banks:			
- On current accounts		0.42	0.77
Cash and Cash equivalents at the end of the year		0.42	0.77

See accompanying notes 1 - 25 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Vinod Parekh
Director
DIN : 06529752

Place: Mumbai
Date: May 24, 2018

ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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. The registered office of the Company is located at 301, Ceejay House, Level-3, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai Mumbai City MH 400018.These statements comprise financial statements of Arshiya Transport and Handling Limited (CIN : U63030MH2010PLC200604) for the year ended March 31, 2018

The financial statements of the Company for the year ended 31st March, 2018 were approved and adopted by board of directors in their meeting held on 24th May 2018.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These are the Company's first Ind AS financial statements. Refer to Note 25 for information on how the Company adopted Ind AS.

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

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) 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.

(i) Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(c) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum alternate Tax (MAT)
MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(d) Financial instruments – initial recognition, subsequent measurement and impairment
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

(ii) Financial assets - Subsequent measurement:
For the purpose of subsequent measurement, financial assets are classified in two broad categories:-
a) Financial assets at fair value
b) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

(e) Financial liabilities - Initial recognition and measurement:
The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expenses over the relevant period. The effective interest rate is the rate that exactly discounts future case receipts or payments through the expected life of financial instruments, or where appropriate, a shorter period.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

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

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

Financial Liabilities - Derecognition

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

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

(f) Provisions, Contingent Liabilities, Contingent Assets and Commitments:
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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

(g) Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Profit or Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

(i) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(j) Current/non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting perioc

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(k) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

(l) Cash Flow Statement

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

(m) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III, unless otherwise stated.

3 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of valuation of deferred tax assets.

(i) Impairment of financial assets

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

(ii) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (i) above.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Transport and Handling Limited Mumbai

3A Recent Accounting pronouncements

Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

(i) Issue of Ind AS 115 - Revenue from Contracts with Customers:
Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(ii) Amendment to Existing issued Ind AS
The MCA has also carried out amendments following accounting standards. These are:
(a) Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

(b) Ind AS 40 - Investment Property

(c) Ind AS 12 - Income Taxes

(d) Ind AS 28 - Investments in Associates and Joint Ventures and

(e) Ind AS 112 - Disclosure of Interests in Other Entities

There is no significant impact of Ind AS 115 on the Financial Statements

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

Arshiya Transport and Handling Limited Mumbai

ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. TRADE RECEIVABLES

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Secured, considered good			
Unsecured, considered good	-	-	16.75
Total	**-**	**-**	**16.75**

5. CASH AND CASH EQUIVALENTS

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks on current accounts	0.42	0.77	0.70
Total	**0.42**	**0.77**	**0.70**

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited
Mumbai

6. EQUITY SHARE CAPITAL

i. Authorised Share Capital

(Rupees in Lakhs)

Particulars	Equity Share of Rs.10 each	
	Number	Amount
As At March 31, 2018	50,000	5.00
As At March 31, 2017	50,000	5.00
As At April 1, 2016	50,000	5.00

ii. Issued subscribed and paidup equity shares

(Rupees in Lakhs)

	Number	Amount
Equity shares of Rupees 10 each issued, subscribed and fully paidup		
As At March 31, 2018	50,000	5.00
As At March 31, 2017	50,000	5.00
As At April 1, 2016	50,000	5.00

iii. Rights, Preferences and restrictions attached to equity shares

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

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

iv. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Limited			
Equity shares	50,000	50,000	50,000
Percentage	100%	100%	100%

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% holding	Number	% holding	Number	% holding
Equity shares of Rupees 10 each fully paid Arshiya Limited	50,000	100%	50,000	100%	50,000	100%

*** Notes**

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

7. OTHER EQUITY

Reserves and Surplus (Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Retained Earnings	(1,267.14)	(1,163.82)	(1,056.81)
(b) Equity component of loan from parent Company	302.40	302.40	302.40
	(964.74)	**(861.42)**	**(754.41)**

(a) Retained Earnings (Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(1,163.82)	(1,056.81)
Loss for the year	(103.33)	(107.01)
Closing balance	**(1,267.14)**	**(1,163.82)**

8. NON CURRENT BORROWINGS

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans from Holding Company *	936.79	836.42	746.81
Total	**936.79**	**836.42**	**746.81**

*** Note:**
Inter company loan from holding company is interest free and repayable over a period of three years (Refer note 17).

9. CURRENT BORROWINGS

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans from Holding Company **	5.10	0.98	-
Total	**5.10**	**0.98**	**-**

**** Note:**
Inter company loan from holding company is interest free and repayable on demand.

10. TRADE PAYABLES

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Micro, Small and Medium Enterprises (Refer note below)	-	-	-
Others	0.75	0.72	2.46
Total	**0.75**	**0.72**	**2.46**

Note:
The Company has not received any communication from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

11. OTHER FINANCIAL LIABILITIES

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Employee dues	0.21	1.51	1.51
Total	**0.21**	**1.51**	**1.51**

12. OTHER CURRENT LIABILITIES

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax deducted at source	5.96	7.58	7.46
Interest on Statutory Liabilities	11.35	9.98	8.62
Total	**17.31**	**17.55**	**16.08**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

13. FINANCE COSTS

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest expenses on delayed payment of Statutory dues	1.37	1.36
Others	0.35	0.01
Interest expenses on loan from Parent Company	100.37	89.62
Total	**102.10**	**90.98**

14. OTHER EXPENSES

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Advertisement	0.41	-
Payments to Auditors (Refer note below)	0.75	0.81
Rates and taxes	0.07	0.04
Total	**1.23**	**0.85**

Note : Payments to Auditors

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Audit Fee	0.75	0.81
Total	**0.75**	**0.81**

15. EXCEPTIONAL ITEMS

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sundry Balances Written Back	-	15.18
	-	**15.18**

16. EARNINGS PER EQUITY SHARE

Particulars	As at March 31, 2018	As at March 31, 2017
Profit available to equity shareholders		
Loss after tax (A) (Rupees in Lakhs)	(103.33)	(107.01)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic) (B)	50,000	50,000
Basic & Diluted earnings per share(A/B) (Rupees.)	(206.65)	(214.02)
Nominal Value of an equity share (Rupees.)	10.00	10.00

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

17. RELATED PARTY TRANSACTIONS

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

Name of Related Party	Nature of Relationship
Holding Company	
Arshiya Limited	Holding Company

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

(Rupees in Lakhs)

Name	Nature of Transactions	As at March 31, 2018	As at March 31, 2017
Loans from related parties			
Arshiya Limited	Loans received	-	0.50
	Loan repayments made	-	0.27
	Reimbursement of Expenses	4.12	0.75
	Unwinding Interest expense on loan from Holding Company	(100.37)	(89.62)

(iii) Closing Balances

(Rupees in Lakhs)

Name	As at March 31, 2018	As at March 31, 2017
Loans from related parties		
Arshiya Limited	941.89	837.40

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

Arshiya Transport and Handling Limited Mumbai

18. SEGMENT REPORTING

There is no separate reportable segment (Business / geographical), as per requirement of IND AS 108 "Operating segment".

19. FAIR VALUE MEASUREMENTS

Fair value of Financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required

i. Financial Instruments by Category

(Rupees in Lakhs)

Particulars	Carrying Amount			Fair Value		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Trade Receivables	-	-	16.75	-	-	16.75
Cash and Cash Equivalents	0.42	0.77	0.70	0.42	0.77	0.70
Total	**0.42**	**0.77**	**17.45**	**0.42**	**0.77**	**17.45**
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	941.89	837.40	746.81	941.89	837.40	746.81
Trade Payables	0.75	0.72	2.46	0.75	0.72	2.46
Other financial liabilities	0.21	1.51	1.51	0.21	1.51	1.51
Total	**942.85**	**839.63**	**750.78**	**942.85**	**839.63**	**750.78**

The management have assessed that the fair value of cash and cash equivalent, trade receivables, other financial assets, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

20. FINANCIAL RISK MANAGEMENT

The Company's activities expose to credit risk and liquidity risk.

(a) Credit risk
Credit risk arises from cash and cash equivalent and other financial assets carried at amortised cost

(b) Liquidity risk
The Company is not exposed to any significant liquidity risk.

21. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company working monitors capital on the basis of the amount of working capital
The Company's objective for capital management is to maintain an optimum overall, working capital.

22. SCHEME OF ARRANGEMENT

Scheme of arrangement and amalgamation u/s 230 to 232 and other applicable provisions of the Companies Act, 2013 has been filed before the National Company Law Tribunal ("NCLT") between Arshiya Rail Infrastructure Limited (Transferee Parent Company), Arshiya Industrial & Distribution Hub Limited (First Transferor Parent Company) and Arshiya Transport & Handling Limited (Second Transferor Parent Company) and their respective shareholders. The scheme is conditional on various approval / sanctions and is effective thereafter; accordingly no effect of the said Scheme is given in the consolidated financial results. Directions of NCLT are awaited for holding the creditor's meeting in respective companies. No accounting impact and disclosures is considered and necessary at this stage pending requisite regulatory approvals.

23. GOING CONCERN

The Company has incurred net loss of Ruppes 103.33 lakhs during the year ended March 31,2018 and as of date the Company's current liabilities exceeds the current assets by Rupees 22.94 lakhs.Accumulated losses have also resulted into more than net worth of the Company.The Company is yet to achieve its full operational potential. The scheme of arrangment has been filed to restructure the business opeartions of the Company as disclosed in note no 22 hereinabove.Therefore the financial statements of the Company has been prepared on going cocern basis.

24. DEFERRED TAX

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

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

Unused tax losses for which not deferred tax assets has been recognised

(Rupees in Lakhs)

Assessment Year	Business Loss	Avaialble for utilisation till	Unabsorbed Depreciation
2011-2012	4.87	A.Y. 2019-2020	-
2012-2013	541.36	A.Y. 2020-2021	4.76
2013-2014	-	-	2.48
2015-2016	34.04	A.Y. 2023-2024	0.39
2016-2017	2.85	A.Y. 2024-2025	5.20
As at 01-04-2016	**583.12**		**12.83**
2017-2018	15.84	A.Y. 2025-2026	2.08
	598.96		**14.92**
2018-2019	101.73	A.Y.2026-2027	0.83
	700.68		**15.75**

Unused deferred tax assets as at 31st March, 2018 Rs. 157.10 Lakh (31st March, 2017 - Rs. 103.33 Lakh, 1st April, 2016 Rs 87.68 Lakh) has not been recognised, as there is no convicing evidence that sufficient taxable profits will be avialable against which the unadjusted tax losses will be utilised by the Company.

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited * Mumbai *

25. FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet. The amounts presented in the financial statements of previous year prepared as per previous GAAP have been regrouped/ re-arranged to comply with the presentation/ disclosures requirements of the Indian Accounting standards

(A) Reconciliations between previous GAAP and Ind AS
Since, there has been no difference between previous GAAP and Ind AS, the reconciliation of equity and profit as per the previous GAAP and Ind AS have not been presented.

(B) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i. Balance Sheet as at date of transition (April 1, 2016) **(Rupees in Lakhs)**

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Current assets			
(a) Financial Assets			
(i) Trade Receivables	16.75	-	16.75
(ii) Cash and Cash Equivalents	0.70	-	0.70
	17.45	**-**	**17.45**
TOTAL	**17.45**	**-**	**17.45**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	5.00	-	5.00
(b) Other Equity	(1,056.81)	302.40	(754.41)
	(1,051.81)	**302.40**	**(749.41)**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	1,049.21	(302.40)	746.81
	1,049.21	**(302.40)**	**746.81**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.46	-	2.46
(ii) Other Financial Liabilities	1.51	-	1.51
(b) Other Current Liabilities	16.08	-	16.08
	20.05	**-**	**20.05**
(e) Liabilities directly associated with assets classified as held			
	20.05	**-**	**20.05**
		-	-
TOTAL	**17.45**	**302.40**	**17.45**

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

ii. Balance Sheet as at March 31, 2017

(Rupees in Lakhs)

Particulars	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS			
Current assets			
(a) Financial Assets			
Cash and Cash Equivalents	0.77	-	0.77
	0.77	**-**	**0.77**
TOTAL	**0.77**	**-**	**0.77**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	5.00	-	5.00
(b) Other Equity	(1,163.82)	302.40	(861.42)
	(1,158.82)	**302.40**	**(856.42)**
Liabilities		-	-
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	1,138.82	(302.40)	836.42
	1,138.82	**(302.40)**	**836.42**
		-	-
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	0.98	-	0.98
(ii) Trade Payables	0.72	-	0.72
(iii) Other Financial Liabilities	1.51	-	1.51
(b) Current Tax Liabilities	17.55	-	17.55
	20.76	-	**20.76**
		-	-
TOTAL	**0.77**	**-**	**0.77**

iii. Statement of Profit & loss for the year ended March 31, 2017

(Rupees in Lakhs)

Particulars	IGAAP	Adjustments	IND AS Balance
REVENUE			
Revenue from operations (net)	-	-	-
Other income			
Total Revenue (I)	-	-	-
EXPENSES			
Finance costs	1.36	89.62	90.98
Other expenses	0.85	-	0.85
Total Expenses (II)	**2.21**	**89.62**	**91.83**
Profit/(loss) before exceptional items and tax (I-II)	(2.21)	(89.62)	(91.83)
Exceptional Items	15.18	-	15.18
Profit/(loss) before tax	(17.39)	(89.62)	(107.01)
Tax expense:			
Current tax	-	-	-
Adjustment of tax relating to earlier periods	-	-	-
Deferred tax	-	-	-
Profit/(loss) for the year	(17.39)	(89.62)	(107.01)
		-	-

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

ARSHIYA TRANSPORT AND HANDLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

iv. Reconciliation of total equity as at March 31, 2017 and April 1, 2016 **(Rupees in Lakhs)**

Particulars	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per previous GAAP	(1,158.82)	(1,051.81)
Adjustments:		
Fair valuation of loan from parent company	302.40	302.40
Total adjustments	**302.40**	**302.40**
Total equity as per Ind AS	**(856.42)**	**(749.41)**

v. Reconciliation of total comprehensive income for the year ended March 31, 2017

(Rupees in Lakhs)

Particulars	Year ended March 31, 2017
Profit after tax as per previous GAAP	(17.39)
Adjustments:	
Unwinding Interest expense on loan from Holding Company	(89.62)
Total adjustments	**(89.62)**
Profit after tax as per Ind AS	**(107.01)**
Other comprehensive income	-
Total comprehensive income as per Ind AS	**(107.01)**

Loan from Parent company
Under the previous GAAP, interest free loan taken from parent company are recorded at their transaction value. Under Ind AS, financial liabilities are required to be recognised at fair value. Accordingly, the company has fair valued the loan under Ind AS. Difference between the fair value and transaction value of the loan has been recognised in retained earning at the first time adoption. Consequently, the loss in retained earnings has reduced by Rupees 302.40 lakhs as on April 1,2016,Rs 302.40 lakhs for the year ended March 31,2017 and Rs 302.40 lakhs for year ended March 31,2018.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Transport and Handling Limited

Navnit Choudhary
Director
DIN : 00613576

Vinod Parekh
Director
DIN : 06529752

Place: Mumbai
Date: May 24, 2018

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Arshiya Transport and Handling Limited Mumbai

INDEPENDENT AUDITORS' REPORT

To the Members of
Arshiya Technologies (India) Private Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **Arshiya Technologies (India) Private Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS 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 of Ind AS financial statement 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 these Ind AS financial statements are free from material misstatement.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Company had prepared the audited financial statements for the corresponding year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April 2016 included in the statement in accordance with the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Act, on which M. A. Parikh & Co., Chartered Accountants (Firm registration no. 107556W) vide their audit report dated 17th May, 2017 and 25th May 2016, respectively, had issued an unmodified audit report. The financial statements for the year ended 31st March, 2017 and transition date opening balance sheet as at 1st April 2016 are based on previously audited financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006. There is no adjustment for the accounting principles adopted by the Company on transition to Ind AS. Our opinion is not modified in respect of above said matters.

Report on other Legal and Regulatory Requirements

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

2. Further to our comment in the Annexure A, as required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Continuation sheet...

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with Ind AS prescribed under Section 133 of the Act read with relevant rules there under;

e. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**;

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have pending litigations 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 is no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Napawaliya

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Technologies (India) Private Limited on the Ind AS financial statements for the year ended 31st March 2018)

(i) The Company does not have fixed assets therefore the Provisions of Clause 3 (i) of the Order are not applicable to the Company.

(ii) The nature of business of the Company does not require any inventory during the year therefore the Provisions of Clause 3 (ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence the Provisions of Clause 3(iii) of the Order are not applicable to the Company.

(iv) The Company has not made any loan, investment, guarantees and securities to any person specified under section 185 and section 186 of the Companies Act, 2013. Hence Provisions of Clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. During the year, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) The Company is not required to maintain cost records as specified under Section 148(1) of the Act, the Provisions of Clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the company and information and explanations given to us, the Company has generally been regular, 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, goods and service tax, cess and any other statutory dues to the appropriate authorities, as applicable, during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Continuation sheet...

(viii) According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any dues in respect of loans or borrowings to any financial institution or bank and government as at balance sheet date. There are no dues to debenture holders as at the balance sheet date.

(ix) According to the information and explanations given to us, the Company did not raise any moneys by way of initial public offer, further public offer (including debt instruments) and no term loans was raised during the year. Therefore, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided managerial remuneration during the year.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

"Annexure B" to the Independent Auditor's Report

Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of the Arshiya Technologies (India) Private Limited on the Ind AS financial statements for the year ended 31st March 2018.

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 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Continuation sheet...

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

Napawaliya

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership No. 109859

Place: Mumbai
Date: 24th May 2018

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Rupees in Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Current assets				
(a) Financial Assets				
Cash and Cash Equivalents	4	0.28	0.10	12.48
(b) Other Current Assets	5	0.04	-	-
Total Current Assets		**0.32**	**0.10**	**12.48**
TOTAL ASSETS		**0.32**	**0.10**	**12.48**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	6	10.12	10.12	10.12
(b) Other Equity	7	(13.00)	(11.35)	1.42
Total Equity		**(2.88)**	**(1.23)**	**11.54**
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	8	2.70	0.82	-
(iii) Other Financial Liabilities	9	0.50	0.52	0.94
(b) Other Current Liabilities	10	0.01	-	-
Total Current Liabilities		**3.21**	**1.33**	**0.94**
TOTAL EQUITY AND LIABILITIES		**0.32**	**0.10**	**12.48**

See accompanying notes 1 - 20 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Technologies (India) Private Limited

Navnit Choudhary
Director
DIN : 00613576

Pramod Raghavan
Director
DIN : 07634838

Place: Mumbai
Date: May 24, 2018

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in Lakhs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I) INCOME			
Revenue from operations		-	-
(II) Total Income		-	-
(III) EXPENSES			
Other expenses	11	1.65	0.95
(IV) Total Expenses		**1.65**	**0.95**
(V) Loss before exceptional items and tax (II-IV)		**(1.65)**	**(0.95)**
Exceptional Items	12	-	11.82
Loss before tax		**(1.65)**	**(12.77)**
(VI) Tax expense:	19		
Current tax		-	-
Deferred tax		-	-
Loss for the year		**(1.65)**	**(12.77)**
OTHER COMPREHENSIVE INCOME (OCI)			
Item not to be reclassified to profit and loss :		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1.65)**	**(12.77)**
(VII) Earnings per equity share (Face Value Rupees 10 each)			
Basic/ Diluted	13	(1.63)	(12.62)

See accompanying notes 1 - 20 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Technologies (India) Private Limited

Navnit Choudhary
Director
DIN : 00613576

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Director
DIN : 07634838

Place: Mumbai
Date: May 24, 2018

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A Equity Share Capital

(Rupees in Lakhs)

Particulars	Balance at the Beginning of the year	Balance at the end of the year
As at April 01, 2016 Amount	10.12	10.12
As at March 31, 2017 Amount	10.12	10.12
As at March 31, 2018 Amount	10.12	10.12

B Other Equity

(Rupees in Lakhs)

Particulars	Retained Earnings	Total
As at April 1, 2016	**1.42**	**1.42**
Loss for the year	(12.77)	**(12.77)**
Other comprehensive income	-	-
As at March 31, 2017	**(11.35)**	**(11.35)**
Loss for the year	(1.65)	**(1.65)**
Other comprehensive income for the year	-	-
As at March 31, 2018	**(13.00)**	**(13.00)**

C Total Equity

Particulars	Total
As at April 1, 2016	11.54
As at March 31, 2017	(1.23)
As at March 31, 2018	(2.88)

See accompanying notes 1 - 20 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
Arshiya Technologies (India) Private Limited

Navnit Choudhary
Director
DIN : 00613576

Pramod Raghavan
Director
DIN : 07634838

Place: Mumbai
Date: May 24, 2018

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED * MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before Tax	**(1.65)**	**(12.77)**
Operating profit/ (loss) before working capital changes	**(1.65)**	**(12.77)**
Movement in working capital:		
Increase /(decrease) in other financial liabilities	(0.02)	(0.43)
(Increase)/decrease in other financial assets	(0.04)	-
Increase/(decrease) in other current liabilities	0.01	-
Cash generated from operations	**(1.70)**	**(13.19)**
Income taxes paid	-	-
Net cash flow from operating activities (A)	**(1.70)**	**(13.19)**
B. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Intercompany loans	1.88	0.82
Net cash flow from financing activities (B)	**1.88**	**0.82**
Net increase in cash and cash equivalents **(A+B)**	0.18	(12.37)
Cash and Cash Equivalents at the beginning of the financial year	0.10	12.48
Cash and cash equivalents at the end of the year	**0.28**	**0.10**
Balances with banks		
- On current accounts	0.28	0.10
Cash and Cash equivalents at the end of the year	**0.28**	**0.10**

See accompanying notes 1 - 20 to the financial statements

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

Vijay Napawaliya
Partner
Membership Number 109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Technologies (India) Private Limited

Navnit Choudhary
Director
DIN : 00613576

Pramod Raghavan
Director
DIN : 07634838

Place: Mumbai
Date: May 24, 2018

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.The registered office of the Company is located at 301, Ceejay House, Level-3, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai City Maharashtra 400018.These statements comprise financial statements of Arshiya Technologies (India) Private Limited (CIN : U72300MH2007PTC175427) for the year ended March 31, 2018

The financial statements of the Company for the year ended 31st March, 2018 were approved and adopted by board of directors in their meeting held on 24th May 2018.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These are the Company's first Ind AS financial statements. Refer to Note 21 for information on how the Company adopted Ind AS.

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

2.2 Summary of significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Information are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(b) Revenue recognition

Revenue from consultancy services related to the Information technology is recognised when the services are rendered, upon completion of the actual service performed

(i) Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the payment of dividend.

(c) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income (OCI) or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

CHATURVEDI & SHAH CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED MUMBAI

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Minimum alternate Tax (MAT)

MAT payable for a year is charged to the profit or loss as current tax. The Company recognizes MAT credit available in the profit and loss as deferred tax with a corresponding asset only to the extent that there is probable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have the probable certainty that it will pay normal tax during the specified period.

(d) Financial instruments – initial recognition, subsequent measurement and impairment

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

(i) Financial assets -Initial recognition and measurement

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

(ii) Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-
a) Financial assets at fair value
b) Financial assets at amortised cost

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

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

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

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

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

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

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

(iv) Financial assets - Derecognition

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

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

(e) Financial liabilities - Initial recognition and measurement:

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

(f) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expenses over the relevant period. The effective interest rate is the rate that exactly discounts future case receipts or payments through the expected life of financial instruments, or where appropriate, a shorter period.

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED * MUMBAI *

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

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

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

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

(k) Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Profit or Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

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

(m) Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS

TECHNOLOGIES (INDIA) PRIVATE LIMITED * ARSHIYA * MUMBAI

(n) Current/non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting perioc

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(o) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks having original maturity of three months or less which are subject to insignificant risk of changes in value.

(p) Cash Flow Statement

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

(q) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III, unless otherwise stated.

3 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of valuation of deferred tax assets.

(i) Impairment of financial assets

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

(ii) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note (i) above.

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED * MUMBAI

(3A) Recent Accounting pronouncements
Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

(i) Issue of Ind AS 115 - Revenue from Contracts with Customers:
Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

(ii) Amendment to Existing issued Ind AS
The MCA has also carried out amendments following accounting standards. These are:
(a) Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

(b) Ind AS 40 - Investment Property

(c) Ind AS 12 - Income Taxes

(d) Ind AS 28 - Investments in Associates and Joint Ventures and

(e) Ind AS 112 - Disclosure of Interests in Other Entities

There is no significant impact of Ind AS 115 on the Financial Statements regarding above changes.

CHATURVEDI & SHAH ★ CHARTERED ACCOUNTANTS ★ MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED ★ MUMBAI

4. CASH AND CASH EQUIVALENTS

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	-	-	0.00
Balances with banks on current accounts	0.28	0.10	12.48
Total	**0.28**	**0.10**	**12.48**

5. OTHER CURRENT ASSETS

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Others			
- Input credit avalliable on Goods and Service Tax	0.04	-	-
Total	**0.04**	**-**	**-**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED MUMBAI

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

6. EQUITY SHARE CAPITAL

i. Authorised Share Capital

(Rupees in Lakhs)

Particulars	Equity Share of Rs.10 each	
	Number	Amount
As At March 31, 2018	2,50,000	25.00
As At March 31, 2017	2,50,000	25.00
As At April 1, 2016	2,50,000	25.00

ii. Issued subscribed and paidup equity shares

(Rupees in Lakhs)

	Number	Amount
Equity shares of Rupees 10 each issued, subscribed and fully paidup		
As At April 1, 2016	1,01,158	10.12
As At March 31, 2017	1,01,158	10.12
As At March 31, 2018	1,01,158	10.12

iii. Rights, Preferences and restrictions attached to equity shares

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

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

iv. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Arshiya Limited			
Equity shares	1,01,158	1,01,158	10,000
Percentage	100%	100%	9.89%
Cyberlog Technologies International Pte Limited			
Equity shares	-	-	91,158
Percentage	-	-	90.11%

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	% holding	Number	% holding	Number	% holding
Equity shares of Rupees 10 each fully paid						
Arshiya Limited (Holding Company) *	1,01,158	100%	1,01,158	100%	10,000	9.89%
Cyberlog Technologies International Pte Limited	-	-	-	-	91,158	90.11%

*** Notes**

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

CHATURVEDI & SHAH * CHARTERED ACCOUNTANTS * MUMBAI

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

7. OTHER EQUITY

Reserves and Surplus (Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Retained Earnings	(13.00)	(11.35)	1.42
	(13.00)	**(11.35)**	**1.42**

Retained Earnings (Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	(11.35)	1.42
Loss for the year	(1.65)	(12.77)
Closing balance	**(13.00)**	**(11.35)**

8. BORROWINGS

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current Borrowings			
Loan from Holding Company * (refer note 14)	2.70	0.82	-
Total	**2.70**	**0.82**	**-**

9. OTHER FINANCIAL LIABILITIES

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Payables for expenses	0.50	0.52	0.94
Total	**0.50**	**0.52**	**0.94**

10. OTHER CURRENT LIABILITIES

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest on Statutory Liabilities	0.01	-	-
Total	**0.01**	**-**	**-**

*** Note:**
Inter Corporate loan (Arshiya Limited) is interest free and payable on demand.

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11. OTHER EXPENSES

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Payments to Auditors (Refer note below)	0.50	0.52
Legal and professional fees	0.30	-
Rates and taxes	0.75	-
Miscellaneous expenses	0.11	0.43
Total	**1.65**	**0.95**

Note : Payments to Auditors

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Auditor		
Audit Fee	0.50	0.52
Total	**0.50**	**0.52**

12. EXCEPTIONAL ITEMS

(Rupees in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sundry Balances Written Back	-	11.82
	-	**11.82**

13. EARNINGS PER EQUITY SHARE

Particulars	As at March 31, 2018	As at March 31, 2017
Profit available to equity shareholders		
Loss after tax (A) (Rupees in Lakhs)	(1.65)	(12.77)
Number of equity shares		
Weighted average number of equity shares outstanding (Basic) (B)	1,01,158	1,01,158
Basic & Diluted earnings per share(A/B) (Rs.)	(1.63)	(12.62)
Nominal Value of an equity share (Rs.)	10.00	10.00

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14. RELATED PARTY TRANSACTIONS

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

Name of Related Party	Nature of Relationship
Holding Company Arshiya Limited	Holding Company

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

(Rupees in Lakhs)

Name	Nature of Transactions	As at March 31, 2018	As at March 31, 2017
Loans from related parties			
Arshiya Limited	Loans received	1.88	0.75
	Reimbursement of Expenses	-	0.07

(Rupees in Lakhs)

(iii) Closing Balances

Name	As at March 31, 2018	As at March 31, 2017
Loans from related parties		
Arshiya Limited	2.70	0.82

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15. SEGMENT REPORTING

There is no separate reportable segments (Business/ geographical), as per requirement of Ind As 108 "Operating Segment".

16. FAIR VALUE MEASUREMENTS

Fair value of Financial assets and financial liabilities that are not measured at Fair value, but their value disclosures are required

i. Financial Instruments by Category

(Rupees in Lakhs)

Particulars	Carrying Amount			Fair Value		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
FINANCIAL ASSETS						
Amortised cost						
Cash and Cash Equivalents	0.28	0.10	12.48	0.28	0.10	12.48
Total	**0.28**	**0.10**	**12.48**	**0.28**	**0.10**	**12.48**
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	2.70	0.82	-	2.70	0.82	-
Other financial liabilities	0.50	0.52	0.94	0.50	0.52	0.94
Total	**3.20**	**1.33**	**0.94**	**3.20**	**1.33**	**0.94**

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose to credit risk and liquidity risk .

(a) Credit risk
Credit risk arises from cash and cash equivalent and other financial assets are carried at amortised cost.

(b) Liquidity risk
The Company is not exposed to any significant liquidity risk.

18. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of working capital

The Company working monitors capital on the basis of the amount of working capital
The Company's objective for capital management is to maintain an optimum overall, working capital.

19. DEFERRED TAX

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

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

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

(Rupees in Lakhs)

Assessment Year	Business Loss	Avalaible for utilisation till	Short Term Capital Loss
2011-2012	1.18	A.Y. 2019-2020	0.61
2012-2013	1.22	A.Y. 2020-2021	-
2013-2014	0.54	A.Y. 2021-2022	-
2014-2015	0.47	A.Y. 2022-2023	-
2015-2016	0.79	A.Y. 2023-2024	-
2016-2017	0.87	A.Y. 2024-2025	-
As at 01-04-2016	**5.06**		**0.61**
2017-2018	12.63	A.Y. 2025-2026	-
	17.70		**0.61**
2018-2019	1.50	A.Y.2026-2027	-
	19.20		**0.61**

Unused deferred tax assets as at 31st March, 2018 amounting to Rs. 5.19 Lakh (31st March, 2017 - Rs. 4.80 Lakh, 1st April, 2016 Rs 1.70 Lakh) has not been recognised, as there is no convicing evidence that sufficient taxable profits will be avialable against which the unadjusted tax losses will be utilised by the Company.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

ARSHIYA TECHNOLOGIES (INDIA) PRIVATE LIMITED MUMBAI

20. FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet. The amounts presented in the financial statements of previous year prepared as per previous GAAP have been regrouped/ re-arranged to comply with the presentation/ disclosures requirements of the Indian Accounting standards

Reconciliations between previous GAAP and Ind AS

Since, there has been no difference between previous GAAP and Ind AS, the reconciliation of equity and profit as per the previous GAAP and Ind AS have not been presented.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg.No.101720W

Vijay Napawaliya
Partner
Membership Number.109859

Place: Mumbai
Date: May 24, 2018

For and on behalf of the Board of Directors
Arshiya Technologies (India) Private Limited

Navnit Choudhary
Director
DIN : 00613576

Pramod Raghavan
Director
DIN : 07634838

Place: Mumbai
Date: May 24, 2018