

# 2015



## Arshiya Limited

### ANNUAL REPORT 2014-2015



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# CORPORATE INFORMATION

## MANAGEMENT TEAM

- **Ajay S Mittal**  
Chairman and Managing Director
- **Archana A Mittal**  
Joint Managing Director
- **Ashish Balra**  
Non- Executive Independent Director
- **Rishabh Shah**  
Non- Executive Independent Director
- **Mukesh Kacker**  
Non- Executive Independent Director
- **G. Raghuram**  
Non- Executive Independent Director
- **Subhrarabinda Birabar**  
Chief Executive Officer, FTWZ Business  
(Appointed w.e.f. 02.02.2015)
- **Ranjit Ray**  
Chief Executive Officer, Rail Business
- **Shyam Rathi**  
Chief Financial Officer and Compliance Officer  
(Resigned w.e.f. 14.11.2014)
- **Vaibhav Bakhare**  
Company Secretary and Compliance Officer  
(Appointed w.e.f. 14.11.2014 and resigned w.e.f. 31.03.2015)

## AUDITORS

**M. A. Parikh & Co., Chartered Accountants**  
**Statutory Auditor**  
Yusuf Building, 2<sup>nd</sup> Floor,  
43 Mahatma Gandhi Road,  
Fort, Mumbai - 400001

**S. K. Sheth & Associates, Chartered Accountants**  
**Internal Auditor**  
701, Ganjawala Residency, Ganjawala Lane,  
Borivali (West), Mumbai - 400092

**Aabid & Co., Company Secretaries**  
**Secretarial Auditor**

Capital One Advisory LLP 12,  
4th Floor, Sai Sadan 68,  
Janma Bhoomi Marg Fort,  
Mumbai - 400001

**Prashant Karlekar & Associates, Cost Accountants**  
**Cost Auditor**  
Flat No.5 & 6, Suasha Soc,  
Prashant Nagar, Wadar Wadi,  
Naupada,  
Thane (West) 400602

## LIST OF BANKERS

AxIs Bank  
Bank of India  
Bank of Baroda  
Bank of Maharashtra  
Central Bank of India  
Corporation Bank  
Dena Bank  
Indian Overseas Bank  
ING Vysya Bank  
Karur Vysya Bank  
Laxmi Vilas Bank  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of Bikaner & Jaipur  
State Bank of Hyderabad  
State Bank of India  
State Bank of Mysore  
State Bank of Patiala  
Syndicate Bank  
Tamilnad Mercantile Bank  
UCO Bank

## REGISTRAR & SHARE TRANSFER AGENT

**Big Share Services Pvt. Ltd.**  
E - 2/3, Ansa Industrial Estate, Saki  
Vihar Road, Saki Naka, Andheri  
(East), Mumbai - 400072  
Tel : 91 22 40430200  
Fax: +91 22 28475207  
Email : info@bigshareonline.com

## Registered Address

Unit No. A1, 4th Floor, Cnergy, Appa  
Saheb Marathe Marg, Prabhadevi,  
Mumbai - 400025

T: +91 22 4230 5400/01

F: +91 22 42305555

Website: [www.arshiyalimited.com](http://www.arshiyalimited.com)

E- Mail: info@arshiyalimited.com

## Corporate Office

302 Ceejay House, Level 3, Shiv  
Sagar Estate-Block, Dr. Annie Besant  
Road, Worli, Mumbai-400018

T: +91 22 4230 5500

F: +91 22 42305555

Website: [www.arshiyalimited.com](http://www.arshiyalimited.com)

E- Mail: info@arshiyalimited.com



**ARSHIYA LIMITED**

CIN: L27320MH1981PLC024747

Registered Off: Unit No. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai - 400025  
 Tel: +91 22 42305400/01 Fax: +91 22 4230 5555 E-mail: info@arshiyalimited.com Website: www.arshiyalimited.com

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT** the 34<sup>th</sup> Annual General Meeting (AGM) of the members of Arshiya Limited is scheduled to be held on Friday, July 10, 2015 at 3:00 P. M. at Hall of Culture (Nehru Centre), Worli, Mumbai- 400 018 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015 and reports of the Board of Directors and of the Auditors thereon.
2. To appoint a Director in place of Mrs. Archana A Mittal (DIN: 00703208), who retires by rotation and being eligible offers herself for re-appointment.
3. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139(1), 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of M/s. M. A. Parikh & Co., Chartered Accountants (Firm Registration No. 107556W) as Statutory Auditors of the Company, approved in the 33<sup>rd</sup> Annual General Meeting until 35<sup>th</sup> Annual General Meeting, is hereby ratified in this Annual General Meeting till conclusion of next Annual General Meeting, with remuneration as may be decided by the Board of Directors."

**SPECIAL BUSINESS:**

4. **Ratification of Remuneration to Cost Auditor**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Prashant Karlekar & Associates, Cost Accountants, (Firm Registration Number 16075), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company, be paid a remuneration, for the Financial Year ending March 31, 2015, amounting to ₹ 40,000/- (Rupees Forty Thousand only) plus taxes as applicable and re-imbursment of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

5. **Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), rules and regulations made thereunder, the existing Articles of Association of the Company be and is hereby replaced with the new set of Articles of Association, a copy of which is placed before the meeting and duly initialed by the Chairman for the purposes of identification and the said new Articles of Association be and is hereby approved and adopted in place of, in substitution and to the entire exclusion of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things, matters and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**6. Payment of remuneration to Major Suhas Thakar (Retd.) as Executive Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

**"RESOLVED THAT** further to the Ordinary Resolution passed by the Shareholders of the Company at their 32<sup>nd</sup> Annual General Meeting held on 7<sup>th</sup> August, 2013 according their consent for appointment and remuneration of Major Suhas Thakar (Retd.) as per the provisions of Companies Act, 1956 as an Executive Director of the Company for a period of 3 (three) years from 01.06.2013 to 31.05.2016, and pursuant to the direction of Central Government vide its letter dated 11<sup>th</sup> February, 2015 the approval of the Company be and is hereby accorded to the payment of remuneration, as set out in the explanatory statement, as minimum remuneration to Major Suhas Thakar (Retd.) as Executive Director of the Company for his tenure, i.e. from 01.06.2013 till 31.05.2016 in accordance with the provisions of Sections 196, 197, 198, 203 and Section II of Part II of Schedule V of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and subject to Central Government approval and such modifications and conditions as may be prescribed .

**FURTHER RESOLVED THAT** for the purpose of giving effect to the above resolution the Board of Directors and/or the Remuneration Committee/the Company Secretary is/are authorized to do all such acts, deeds, matters and things as may be considered necessary or desirable in this regard."

**7. Waiver of recovery of excess managerial remuneration paid to Major Suhas Thakar, (Retd.) as Executive Director of the Company for the period from 01.06.2013 to 31.03.2014**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to such other approvals, if any as may be required, approval of the Members be and is hereby accorded to the Board of Directors of the Company to ratify and confirm the waiver of the recovery of excess remuneration paid, over and above the limits prescribed under the provisions of Sections 198, 309 read together with Schedule XIII of the Companies Act, 1956 and within the limits as approved by the Shareholders in their 32<sup>nd</sup> Annual General Meeting held on 7<sup>th</sup> August, 2013, amounting to ₹ 35,52,500/- paid to Major Suhas Thakar, (Retd.) (DIN: 06599977), Executive Director, during the financial year ended 31st March, 2014.

**RESOLVED FURTHER THAT** subject to approval of the Central Government, the excess managerial remuneration of ₹ 35,52,500/- paid to Major Suhas Thakar, (Retd.) (DIN: 06599977), Executive Director during the period 01.06.2013 to 31.03.2014 be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors/Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered to be necessary or desirable to give effect to this Resolution in this regard."

By Order of the Board of Directors of  
Arshiya Limited

Registered Office:  
Unit No. A1, 4th Floor, Cnergy,  
Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025

Ajay S Mittal  
Chairman and Managing Director  
DIN: 00226355

Date: 15<sup>th</sup> May, 2015  
Place: Mumbai

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. Explanatory Statement under Section 102 of the Companies Act, 2013, in respect of the Special Business at Item Nos. 4 and 7 of the accompanying Notice are annexed hereto.

4. A statement giving the details of the Director seeking re-appointment under Item no. 2 of the accompanying Notice, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed herewith.
5. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at Company's Registered Office on all working days (except 2<sup>nd</sup> and 4<sup>th</sup> Saturdays, Sundays and Public Holidays) between 11:00 a. m. to 1:00 p.m. upto the date of the Annual General Meeting.
7. The Register of Members and Share Transfer Books will remain closed from July 4, 2015 to July 9, 2015 (both days inclusive).
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
9. Pursuant to the provisions of Section 205C of the Companies Act, 1956 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), the Company has transferred on due dates, the unpaid and unclaimed dividend amount for the financial year ended March 31, 2007 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 10<sup>th</sup> September, 2014 (date of last Annual General Meeting) on the website of the Company ([www.arshiyalimited.com](http://www.arshiyalimited.com)) as also on the Ministry of Corporate Affairs Website.

The details of dividend declared are given below:

Date of Declaration	For FY	Dividend Per share (₹)	Due Date of the proposed transfer to the IEPF
24.09.2008	2007-08	0.80	5 <sup>th</sup> November, 2015
29.09.2009	2008-09	0.80	10 <sup>th</sup> November, 2016
24.09.2010	2009-10	1.00	28 <sup>th</sup> October, 2017
20.09.2011	2010-11	1.20	1 <sup>st</sup> November, 2018
18.09.2012	2011-12	1.40	28 <sup>th</sup> October, 2019

10. Members who have not encashed the Dividend Warrants for the above years are requested to write to the Company or to the Company's Registrar and Transfer Agents, Bigshare Services Private Ltd., immediately for revalidation of Dividend Warrants before such unclaimed dividend is transferred to the Investor Education and Protection Fund. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.
11. Electronic copy of the Annual Report for the year 2014-15 is being sent to all the members whose email IDs are registered with the Company/Depository Participant (s) and have given their consent to receive the same through electronic means. To members other than above, physical copies of the Annual Report are being sent by the permitted mode.
12. Electronic copy of the Notice of the 34<sup>th</sup> Annual General Meeting of the Company, inter-alia, indicating the process and manner for e-voting, along with the Attendance Slip and Proxy Form is being sent by electronic mode to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. Members other than above, physical copies of the Notice of the 34<sup>th</sup> Annual General Meeting, inter-alia, indicating the process and manner for e-voting, along with the Attendance Slip and Proxy Form is being sent by the permitted mode.
13. Members may also note that the Notice of the 34<sup>th</sup> Annual General Meeting and the Annual Report for the year 2014-2015 will be available on the website of the Company [www.arshiyalimited.com](http://www.arshiyalimited.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered office on all working days (except 2<sup>nd</sup> and 4<sup>th</sup> Saturdays, Sundays and Public Holidays) between 11:00 a. m. to 1:00 p.m.
14. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's Investor email id: [grv.redressal@arshiyalimited.com](mailto:grv.redressal@arshiyalimited.com)



15. Members/Proxies should bring duly filled in Attendance Slip in the Form annexed hereto and tender the same at the entrance of the meeting hall.
16. Members are requested to bring their copy of the Annual Report at the meeting.
17. Representative of corporate members should send/carry a duly certified copy of the Board Resolution/Power of Attorney authorizing the attendance and voting at the meeting.
18. Members are requested to send their queries, if any, at least seven days in advance to the extent possible, so that the information could be made available at the meeting.
19. Members are requested to notify change, if any, in its/his/her address to the Registrar & Share Transfer Agents of the Company quoting their folio number or to their respective Depository Participant, as the case may be, regarding shares held in physical or electronic form.
20. Members are requested to send all the correspondence concerning registration of transfers, transmissions, subdivision, consolidation of share certificates or any other share related matters to M/s. Bigshare Services Private Ltd., Registrar & Share Transfer Agents, E/2 Ansa Industrial Estate, Sakinaka Road, Andheri (East), Mumbai-400072.
21. Members desirous of making a nomination in respect of their shareholding in physical form under Section 72 of the Companies Act, 2013, are requested to send the same to the Company's Registrar & Share Transfer Agents in the prescribed form.
22. Non-resident Indian Members are requested to inform M/s Bigshare Services Private Ltd. the Company's Registrar & Share Transfer Agents immediately of the following:
  - a. The change in the residential status upon return to India for permanent settlement;
  - b. The particulars of the bank account maintained in India with complete name, branch, account type, account number IFSC code and address of the bank with pin code number.
23. The Company also request you to update your email address with your Depository Participant to enable us to send you the communications via email.
24. The businesses as set out in the Notice may be transacted through electronic voting system under Section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014. The Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at the Meeting. Please note that the voting through electronic means is optional.
  - (I) The voting through electronic means will commence on Tuesday, 7<sup>th</sup> July, 2015 at 10:00 a.m. and will end on Thursday, 9<sup>th</sup> July, 2015 at 5:00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date (record date) i.e. July 3, 2015 may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - (II) The Company has appointed Mr. Mohammad Aabid, Practising Company Secretary to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
  - (III) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - (IV) The facility for voting through Polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
  - (V) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
  - (VI) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.arshiyalimited.com](http://www.arshiyalimited.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the Thirty Fourth AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

(VII) The procedure and instructions for the voting through electronic means is, as follows:

(a) In case of Shareholders' receiving e-mail from NSDL

- (i) Open e-mail and open PDF file viz: "Arshiya Info e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
  - (vii) Select "EVEN" of Arshiya Limited
  - (viii) Now you are ready for e-Voting as Cast Vote page opens
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(s) who are authorized to vote, to the Scrutinizer through e-mail at [arshiyainfoevoting@arshiyaalimited.com](mailto:arshiyainfoevoting@arshiyaalimited.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - (xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (xiv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
  - (xv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (b) In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
- (i) Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
  - (ii) Please follow all steps from Sl. No. (i) to Sl. No. (xiii) above, to cast vote.

#### ANNEXURE TO THE NOTICE OF THE 34<sup>TH</sup> ANNUAL GENERAL MEETING

#### EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF COMPANIES ACT 2013,

##### For Item No. 4

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s. Prashant Karlekar & Associates, Practicing Cost Accountants (Firm Registration No. 16075), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2015 at a remuneration of ₹ 40,000/- per annum plus applicable taxes and reimbursement of out of pocket expenses, subject to ratification by shareholders.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(e)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify/approve the remuneration payable to the Cost Auditors during the year 2014-15, as set out in the resolution for the aforesaid services to be rendered by them.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the Resolution.

The Resolution is recommended for your approval.

**For Item No. 5**

The Articles of Association of the Company as currently in force was originally adopted when the Company was incorporated under the Companies Act, 1956. The references to specific Sections of the Companies Act, 1956 in the existing Articles of Association may no longer be in conformity with the Companies Act, 2013.

With the enactment of the Companies Act, 2013, it is proposed to adopt the new Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder.

The draft Articles shall be open for inspection by the Members at the registered office of the Company on all working days (except 2<sup>nd</sup> and 4<sup>th</sup> Saturdays, Sundays and Public Holidays) between 11:00 a. m. to 1:00 p.m. upto the date of ensuing Annual General Meeting.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommend the Special Resolution set out at Item no. 5 of the Notice for approval by the Members.

**For Item No. 6 and 7**

The Members at their 32<sup>nd</sup> Annual General Meeting held on 7<sup>th</sup> August, 2013 had by way of Ordinary Resolution approved the appointment and following remuneration of Major Suhas Thakar, (Retd.) (DIN: 06599977), as Executive Director, of the Company for a period of 3 (three) years from 01.06.2013 to 31.05.2016.

1	<b>Basic Pay</b>	₹ 5,48,000/- per month
2	<b>House Rent Allowance</b>	50% of basic pay or provision of furnished accommodation
3	<b>Provident Fund Contribution</b>	As per rules of company. Presently employer's contribution is 12% maximum or ₹8,500/-.
4	<b>Gratuity</b>	As per rules of the Company. At present provision for gratuity is at the rate of 15 days' pay for every completed year of service as per Payment of Gratuity Act, 1972.
5	<b>Telephone</b>	Reimbursement of telephone Mobile/ Internet/fax charges excepting personal long distance charges.
6	<b>Annual Leave</b>	One month leave with provision for encashment of un-utilized leave.
7	<b>Travelling &amp; Entertainment Expenses</b>	Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per the Rules of the Company.
8	<b>Leave Travel</b>	₹ 1,20,000/- p.a.
9	<b>Vehicle</b>	Provision of Company maintained car and chauffeur for official purpose.
10	<b>Domiciliary Medical Expenses</b>	Reimbursement upto a maximum of ₹15,000/- p.a.
11	<b>Personal Accident</b>	As per rules of the company.
12	<b>Other benefits :- Performance Linked Incentives</b>	Subject to a maximum of ₹35,00,000/-.
<b>Minimum Remuneration:</b>		
In the event of absence or inadequacy of profits in any financial year, during the currency of his appointment, Major Suhas Thakar, (Retd.) Executive Director of the Company shall be paid the same salary, perquisites and allowances as minimum remuneration.		
The aggregate of reimbursement/expenses towards Leave Travel, Medical Insurance, Domiciliary Medical, Personal Accident Insurance etc. shall not exceed 10% of the basic pay.		

Your Directors had also filed application for waiver of recovery of excess remuneration paid to Major Suhas Thakar, (Retd.) on 15<sup>th</sup> November 2014 for the aforesaid period but the Central Government directed vide its letter dated 11<sup>th</sup> February, 2015 to file approval of Members' by Special Resolution since the earlier approval from the Members of the Company was obtained by an Ordinary Resolution. Hence this Special Resolution is proposed by your Directors.

The Net Profit/(Loss) of the Company as calculated under Section 198 read with Section 349 of the Companies Act, 1956 for the financial year ended on 31/03/2014 was (₹2,83,22,80,708/-) (Rupees Two Hundred Eighty Three Crores Twenty Two Lacs

Eighty Thousand Seven Hundred and Nine Only ). The maximum remuneration that could be paid to all its managerial personnel was ₹48,00,000/- (Rupees Forty Eight Lacs Only) as calculated under Section 198 of the Companies Act, 1956.

(The Nomination and Remuneration Committee and the Board of Directors have at their meetings held on 9<sup>th</sup> July 2014 approved the waiver of recovery of the excess managerial remuneration paid during the financial period as set forth in the above resolutions, subject to approval of the shareholders' and the Central Government.

None of the Directors or key managerial personnel of the Company or their relatives except the aforesaid Executive Directors is/are, in any way concerned or interested in the proposed resolutions.

Note: Major Suhas Thakar (Retd.) ceased to be associated with the Company w.e. f. 31.03.2014.

The Information as required by second proviso (iv) of Paragraph B of Section-II of Part-II of Schedule-V of the Companies Act, 2013, is given in the Annexure-II to the Notice.)

#### ANNEXURE-I

#### DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT ENTERED WITH THE STOCK EXCHANGES

<b>Name of the Director</b>	Mrs. Archana A Mittal
<b>Date of Birth</b>	14.04.1967
<b>Date of Appointment on the Board</b>	25.10.2005
<b>Qualification</b>	Bachelor of Arts
<b>Expertise</b>	Mrs. Mittal brings extensive experience and leadership towards Implementation, budgeting & adherence for Arshiya's consolidated infrastructure projects including the creation of Free Trade & Warehousing Zones & Rail Infrastructure Terminals across India. In addition to the above, Mrs. Mittal is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development. Mrs. Archana Mittal is also very active with various social reform organizations across India.
<b>Directorship held in other Public companies</b>	1. Arshiya Lifestyle Limited 2. Arshiya Northern FTWZ Limited 3. Arshiya Industrial & Distribution Hub Limited 4. Mega Meditex Limited*
<b>Committee position held in other companies</b>	Nil
<b>Shareholding of Director</b>	6,96,09,288

\*Company under liquidation

#### ANNEXURE-II

#### STATEMENT PURSUANT TO THE PROVISIONS OF PART II SECTION II (B) (IV) OF SCHEDULE V OF THE COMPANIES ACT, 2013 IN RESPECT TO ITEM NOS. 6 OF THE NOTICE

##### I. GENERAL INFORMATION:

##### (1) Nature of Industry:

Arshiya Limited ("AL") ("the Company") was incorporated under the Companies Act, 1956 on 3<sup>rd</sup> July 1981 as a Private Limited Company in the name "IID Forgings Private Limited" and converted the same into a 'Public Limited Company' with effect from 24<sup>th</sup> September 1982. Subsequently, the Company changed its name to "Arshhiya Technologies International Limited" with effect from 4<sup>th</sup> May 2006, then to "Arshiya International Limited" with effect from 28<sup>th</sup> September 2007 and finally to "Arshiya Limited" with effect from 5<sup>th</sup> September, 2013.

AL is engaged in the Infrastructure business and has undertaken the execution and implementation of major expansion program.

**(2) Date or expected date of commencement of commercial production:**

03/07/1981

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable.

**(4) Financial performance based on given indicators: (₹ in Crores)**

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011
Total Income	51.10	316.54	724.32	630.00	475.42
Profit/(Loss) before Tax	(244.00)	(288.63)	(14.38)	69.19	37.01
Profit/(Loss) After Tax	(244.00)	(297.67)	(14.00)	47.51	24.93

**(5) Foreign investments or collaborations, if any:**

The Company has not entered into any foreign collaboration.

**II. INFORMATION ABOUT THE APPOINTEE(S): (FOR APPROVAL OF REMUNERATION)****A) Major Suhas Thakar (Retd.)****(1) Background details:**

Mr. Suhas Thakar is a qualified civil engineer with more than 40 years of experience. Commissioned into the Indian Army's Corps of Engineers, he was in the elite parachute brigade which was in the forefront in the 1971 Bangladesh War. Having been in various assignments including Kargil and Pokharan (India's nuclear test site) for 17 years, he was honoured by the Army Chief for outstanding services and devotion to duty. He moved to OIL India in Assam. He then joined CIDCO in Navi Mumbai where he was the Chief Engineer having developed large urban infrastructure which included townships, railway projects, roads and highways, IT Parks and SEZ's. Even in CIDCO he was commended by then CM Late Shri Vilasrao Deshmukh for outstanding services.

**(2) Past remuneration:**

Period of payment		Salary (in ₹)
From	To	
01/04/2013	31/03/2014	1,31,23,513
01/04/2012	31/03/2013	1,17,21,344
01/04/2011	31/03/2012	1,13,69,404
01/04/2010	31/03/2011	88,94,708

**(3) Recognition or Awards:**

Major Thakar (Retd.) was in the elite parachute brigade of Indian Army which was in the forefront in the 1971 Bangladesh War. Having been in various assignments including Kargil and Pokharan (India's nuclear test site) for 17 years, he was honoured by the Army Chief for outstanding services and devotion to duty. In his stint at CIDCO, Navi Mumbai where he was the Chief Engineer having developed large urban infrastructure which included townships, railway projects, roads and highways, IT Parks and SEZ's, he was commended by then CM Late Shri Vilasrao Deshmukh for outstanding services.

**(4) Job profile and his suitability:**

Major Thakar was the Chief Infrastructure & Regulatory Officer (CIRO) for the Arshiya Group and additionally wore multiple hats within the Organization. He joined Arshiya in December 2008 and was responsible for the planning, design and development and obtaining all regulatory approvals for the world class infrastructure which has been developed by the company.

**(5) Remuneration proposed:**

The remuneration paid/proposed to be paid during the tenure of his directorship is detailed hereinabove under explanatory statement.



**(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (In case of expatriates the relevant details would be w.r.t. the country of his origin):**

The proposed remuneration is comparable and competitive, considering the industry, size of the company, the managerial position and the credentials of the Appointee.

**(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any:**

Except the remuneration and perquisites as stated above, Major Suhas Thakar (Retd.) has no other direct or indirect pecuniary relationship with the Company.

### **III. OTHER INFORMATION:**

**(1) Reasons of loss or inadequate profits and Steps taken or proposed to be taken for improvement:**

The Company has built on its business vision, and created world-class infrastructure facilities. The change in regulatory procedures which impacted the Company operations and steps taken by Company is explained below:

• **Stoppage of Transhipment of cargo from Mumbai Port to FTWZ:**

- Mumbai port customs in September 2012 stopped the movement of cargo from Mumbai port to FTWZ in Panvel which is continuing to hamper the operations.
- Company is in discussion with the customs and ministry officials and awaits clarification for the same.

• **Delays in Duty Drawback:**

- Lack of procedural clarity for claiming the duty drawback for exports made through FTWZ, due to this exporter is being deprived of major benefits that an FTWZ offers.
- Company is trying to get clarification regarding the same from customs and ministry officials.

• **Non-availability of Customs EDI system in FTWZ:**

- EDI link system is used by customs for getting relevant notifications, instructions, exchanges rates, valuation references, historic data etc. to facilitate imports and exports.
- Non availability of EDI link system at FTWZ, has resulted in delays in the imports and exports procedures at FTWZ.
- Company has installed all the required data exchange facilities and IT connectivity for implementing the EDI and have requested the highest authorities for allowing EDI link at FTWZ.

• **Non-recognition of Arshiya FTWZ as a Port for Import of few items especially cars:**

- Imports of cars into India are permitted from specified Ports/ICDs which does not include Arshiya FTWZ. About 1000+ cars were initially handled by Arshiya FTWZ, based on temporary approvals from DGFT. This approval was subsequently withdrawn.
- This resulted in car companies withdrawing their decision to use Arshiya FTWZ.
- However, the matter is presently under consideration as the Company has presented the case to highest governing authorities including DGFT and Finance and Commerce Ministries that Arshiya FTWZ has all the required facility, customs systems and competent customs officials posted in FTWZ and hence should be treated at par with other ports eligible for importing cars.

The above factors affected the utilization of capacity arising out of huge capital expenditure and consequently impacted the operations of the Company. The Company could not reach the scale of operations as planned and, hence not succeeded in generating revenue to sustain smooth operations. Due to this the Company approached its term lenders under Corporate Debt Restructuring (CDR) mechanism for financial restructuring.

With the ongoing efforts of your company, the year ahead may see more clarity on the regulatory aspects, movement of cargo and removal of restrictions on FTWZ. FTWZ to become trading hub and a possible conduit for increasing global trade of the country.

There could be good enough reason to believe for a robust, comprehensive and business-friendly policy for the FTWZ sector in very near future.

**(2) Expected increase in productivity and profits in measurable terms:**

Though the economy is witnessing a continued slowdown, in anticipation of revival of the overall economy in future, the aforesaid steps taken/to be taken by the Company are expected to improve the Company's performance and profitability.

# DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 34<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2015.

## 1. RESULTS OF OUR OPERATIONS

### I.) Summarized Standalone Financial Results- Arshiya Limited

Particulars	Year Ended 31.03.2015 (₹ In Lacs)	Year ended 31.03.2014 (₹ In Lacs)
Income	5,110.75	31,854.88
Expenditure	25,282.88	48,974.28
Profit/(Loss) Before Depreciation and Tax	(25,996.14)	(17,319.42)
Depreciation	2,922.01	1,958.10
Profit/(Loss) Before Tax and Exceptional Items	(23,074.13)	(19,277.52)
Exceptional Items (Net)	1,008.79	10,687.35
Prior Period Items (Net)	317.40	(81.36)
Profit/(Loss) After Tax	(24,400.32)	(29,787.68)

### II.) Summarized Consolidated Financial Results - Arshiya Limited and its Subsidiaries

Particulars	Year Ended 31.03.2016 (₹ In Lacs)	Year ended 31.03.2014 (₹ In Lacs)
Income	33,206.14	53,647.61
Expenditure	69,622.13	91,664.34
Profit/(Loss) Before Depreciation and Tax	(36,415.99)	(38,016.73)
Depreciation	10,109.33	8,352.89
Profit/(Loss) Before Tax and Exceptional Items	(46,525.32)	(46,369.62)
Exceptional Items (Net)	1,085.81	21,265.95
Prior Period Adjustments (Net)	354.74	14913.74
Profit/(Loss) Before Tax	(47,965.87)	(82549.31)
Net Profit/(Loss) After Tax	(47,400.69)	(84,622.95)

The consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standards viz. AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms part of this Annual Report.

### III.) Dividend

In view of losses, the Directors regret their inability to recommend dividend for the financial year ended 31<sup>st</sup> March 2015.

### IV.) Particulars of loans, guarantees or investments by company

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

### v.) Fixed Deposits

The Company has not accepted any deposits, within the meaning of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of deposits) Rules, 2014.

### VI.) Particulars of Contracts or arrangements made with related party(ies)

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC-2 is not required. Further, there are no material related party transactions during the year under review with Promoters, Directors or Key Managerial Personnel. The Company has developed a Related Party Transactions framework through Standard Operating Procedure for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also before the Board for approval. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are

audited and a statement giving details of all Related Party Transactions are placed before the Audit Committee and Board for review and approval on a quarterly basis.

The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. The web link of the same has been provided in the Corporate Governance Report. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

**vii.) Material changes and commitment, if any, affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

**viii.) Share Capital**

The paid-up equity share capital of the Company as at March 31, 2015 stood at ₹25,48,58,944/- (Rupees Twenty Five Crores Forty Eight Lakhs Fifty Eight Thousand Nine Hundred Forty Four only). During the Year under review the Company has allotted 53,00,000 shares to the Promoters upon Conversion of Warrants into equity and also 5,50,00,000 equity Shares to the Promoters on Preferential basis pursuant to the CDR Scheme as approved by the CDR-EG.

## **2. BUSINESS AND FUTURE OUTLOOK:**

### **i.) Business**

Arshiya plans to capitalize on India's mammoth logistics opportunity by being India's only Unified Supply Chain Infrastructure and Solutions Group. With a rich legacy in the logistics and supply chain industry in India, Arshiya's unique business model makes it a pioneering company in the country.

#### **a.) Rail and Rail Infrastructure:**

Arshiya Rail Infrastructure Limited started its operations in February 2008. Our unique model has resulted in Arshiya Rail being the second largest Container Train Operator (CTO) and largest in Private sector in India. This company is operating total 20 container trains along with 4000 multipurpose domestic containers at present and mostly in domestic sector at more than 25 locations in pan India. The company stands atop with regard to freight transportation per annum among all PCTO. Arshiya Rail is giving customized and long term freight services to corporate clients. The company has also recently started EXIM freight services for various gateway ports like Vizag, Kolkata, Mumbai and Haldia.

#### **Private freight terminal at Khurja**

Arshiya Rail Siding at Khurja took one more step towards addressing the growing demand of the business and subsequently got notified as Brownfield Private Freight Terminal for handling all types of inward and outward traffic in full rakes, also being the First to be notified in NCR.

Apart from the existing container trains coming into Arshiya Rail Infrastructure, Khurja (ARIK) with commodities such as Ingots, Billets and Sponge Iron, the cement industry looks at this terminal as strategic for feeding the plants and end users considering the growing demand for infrastructure in and around Delhi NCR. With investments increasing in setting up of Cement (Grinding and Mixing) Plants in and around Khurja, ARIK sees its utilization in inwarding of raw material from various sectors and outwarding of finished product in times to come.

The terminal opens itself to other commodities also which will be critical to the growth of business in that region such as Iron & Steel, Salt, essential commodities, etc.

Also, Arshiya Industrial & Distribution Hub Limited, a fellow subsidiary has got the approval of the Government for setting up of Inland Container Depot (ICD) at Khurja, Uttar Pradesh. This development will give a boost to the rail operations of the Company.

#### **b.) Free Trade and Warehousing Zones (FTWZ):**

Over the last few decades India has been losing investments to neighbouring economies, which were being used by global corporations as bases for feeding India, due to lack of comparable infrastructure availability in India.

With FTWZs developed by Arshiya, our country will be able to leverage 'Soft Infrastructure' such as skilled manpower, cost competitiveness, regulatory framework, IT connectivity, as well as 'Hard Infrastructure' such as dedicated state-of-the-art mega logistics parks. FTWZs, rail connectivity, industrial & distribution hubs, transport and handling and world class supply chain management services. FTWZ will be a game changer for international as well as domestic companies which are importing, exporting or re-exporting products to and from India.

FTWZ provides assistance to various potential clients for import and export, who struggle hard to recover taxes and duties paid while import of the inputs and other merchandises. They face the burden of spending heavy amounts towards recovery expenses apart from the time consumption or have to forego the duties paid because of lack of provisions. Through FTWZ they reduce their cost burden because of available special provisions in Law.

The first FTWZ developed by Arshiya in Maharashtra near Mumbai/Panvel is a credential for FTWZ concept in India. With over 500 customer base domestic as well as international, India can be proud of providing a successful unified supply chain concept in the country.

Arshiya Northern FTWZ Limited (ANFL), a subsidiary has developed a FTWZ at Khurja, Uttar Pradesh, to cater to the needs of Northern India. The state of the art railway siding, rail connectivity and ICD at Khurja will further reduce the overall logistics cost between gateway ports and FTWZ/ICD.

Being a pioneer in FTWZ business in India, Arshiya FTWZ is facing a few regulatory challenges which have been taken up at the highest level with concerned Government authorities and the authorities are appreciative of the issues and your Management hopes to get all of the issues sorted out at the earliest.

#### c.) Industrial and Distribution Hub:

During the year under review Arshiya Industrial & Distribution Hub Limited, a subsidiary has got the approval of the Government for setting up of Inland Container Depot (ICD) at Khurja, Uttar Pradesh. This approval is a booster for the affairs of the Company and group as a whole because of its impact of Integrating Rail, FTWZ and ICD operations at Khurja.

#### d.) Supply Chain Management

Arshiya Supply Chain Management Private Limited is a FTWZ Service Unit at Arshiya FTWZ, Panvel. The main activities of the company is serving Indian and foreign clients and carry out optimisation services as per clients requirement.

### II.) Subsidiaries and Associates

Your Company has 12 subsidiary companies, including 1 Material Subsidiary and 3 step down Subsidiaries as on 31.03.2015.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. Further a statement containing salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended as *Annexure-I* to this Report. The Statement also provides the details of performance, financial positions of each of the subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website [www.arshyalimited.com](http://www.arshyalimited.com). These documents will also be available for inspection during business hours at the Registered Office in Mumbai, India.

### 3. CORPORATE GOVERNANCE

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organisation's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. The Company has been following the principles of good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. As per clause 49 of the Listing Agreement entered into with BSE and NSE, a separate section on Corporate Governance forms part of this Annual Report.

#### I.) Number of meetings of the board

The details of the number of meetings of the Board held during the financial year 2014-15 forms part of the Corporate Governance Report. The intervening gap between any two meetings was within the period prescribed by Clause 49 of the Listing Agreement and the Companies Act, 2013.

#### II.) Committees of the Board

Currently the Board have five Committees namely Committee of Directors, Audit Committee, Nomination and Remuneration Committee, Share Transfer, Investor Grievances & Stakeholders Relationship Committee and Risk Management Committee. A detailed note on Board and its committees is provided under the corporate governance section to this Annual Report.

#### III.) Board Diversity

The Company recognises and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage difference in thought, perspectives, knowledge, skill, regional and industry experience, cultural and geographical background. The Board has adopted the Policy on Board Diversity which sets out the approach to diversity of the Board of Directors and the same is available on our website [http://www.arshyalimited.com/investors/Corporate\\_Governance](http://www.arshyalimited.com/investors/Corporate_Governance).

#### IV.) Remuneration and Nomination Policy

The Board of Directors of the Company has an optimum combination of Promoter Director and Non-Executive Independent Directors, who have in depth knowledge of the business and industry. The composition of the Board is in conformity with the Listing Agreement with the Stock Exchanges and Companies Act, 2013.



The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Policy Personnel and Senior Management of the Company. This Policy also lays down criteria for selection and appointment of Board Members. The policy is attached as *Annexure – II* to this Report.

**v.) Declaration by Independent Directors**

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**vi.) Board evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 48 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The performance evaluation of the Chairman and the non- Independent Director(s) was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

None of the independent directors are due for re- appointment.

**vii.) Programmes for familiarisation of Independent Directors**

The details of programmes for familiarisation of Independent Directors with the Company, nature of the Industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company i.e. [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance)

**viii.) Retirement by rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Archana A Mittal – Joint Managing Director retire by rotation and being eligible, offer herself for re-appointment at the ensuing Annual General Meeting.

Brief details of the Director proposed to be appointed/Re – appointed as required under Clause 49 of the Listing Agreement is provided in the notice of the Annual General Meeting and forms an integral part of this Annual Report.

**ix.) Auditors' Certificate on Corporate Governance**

A Certificate from a Practising Company Secretary confirming compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement is attached as annexure to Corporate Governance Report to this Report.

**x.) Directors Responsibility Statement**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) In the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year ended on that date;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**4. AUDIT AND AUDITORS'**

**i.) Statutory Auditors**

M/s M.A Parikh & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and are eligible for reappointment.

Your directors recommend the appointment of M/s. M.A Parikh & Co., Chartered Accountants (Firm Registration No.: 107556W) as Statutory Auditors of the Company, subject to approval of the members at the ensuing Annual General Meeting. The Company has received letter from M/s. M.A Parikh & Co, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment. The necessary resolution seeking your approval for appointment of Statutory Auditor has been incorporated in the Notice convening the Annual General Meeting.

**II.) Cost Auditor**

As per the requirement of Central Government and pursuant to Section 148 of the Companies act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records. The Board of Directors, on the recommendation of Audit Committee, appointed M/s. Prashant Karlekar & Associates, Practicing Cost Accountants (Firm Registration No. 18075) as Cost Auditors to audit the cost accounts of the Company for the financial year 2014-15 at a remuneration of ₹ 40,000/- plus applicable taxes and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the ratification of remuneration paid to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

**III.) Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Aabid & Co, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as *Annexure-III* to this Report.

There is no Secretarial Audit qualification for the year under review.

**IV.) Significant and material orders passed by the regulators or courts**

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

**v.) Internal control systems and their adequacy**

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Internal and operational audit is entrusted to M/s S. K. Sheeth & Associates, a reputed firm of Chartered Accountants. The main thrust of Internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken by the management are presented to the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

**vi.) Extract of Annual Return**

The details forming part of the extract of Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is included in this Report as *Annexure- IV* and forms an integral part of this Report.

**5. CORPORATE SOCIAL RESPONSIBILITY**

Your Company sincerely believes that growth needs to be sustainable in a socially relevant manner. Today's business environment especially in India therefore demands that corporates play a pivotal role in shouldering social responsibility. Your Company is committed to its endeavour in social responsibilities for benefit of the community.

Under the Corporate Social Responsibility (CSR) initiative of the Company 'Aarhiya Cares', your Company has pledged to join hands with organizations who are working towards finding simple solutions to the infrastructure problems that India faces. Following CSR initiatives have been undertaken by your Company in the social front:

**Emergency Fire Fighting Service:** The Mumbai FTWZ at Sal Village, Panvel has a 24x7 emergency fire fighting vehicle (Foam Tender) inside the zone managed by trained personnel. This service is supported by dedicated infrastructure which includes:

- Fire extinguishers and Signage (Fire safety plans)
- Ceiling based water sprinklers for the stores and office space
- Beam Detectors for Smoke and Fire Detection
- Fire Hydrant System with hose reels and underground water storage tanks
- Emergency Fire exit doors and staircases
- Building Management System with Monitoring and
- Public address systems to provide emergency response

The above facilities are available 24x7 to the residents in the vicinity of Sal Village and Panvel area, free of charge through a toll free number

**Emergency Ambulance Service:**

The Mumbai FTWZ at Sal Village, Panvel has a 24x7 emergency ambulance service dedicated for residents in the vicinity of Sal Village and Panvel area. Stationed in the premise of the zone, it is equipped with expert staff trained in Trauma treatment. This service is available to the local population free of charge through a toll free number.

**Electricity Distribution Facility:**

At the Mumbai FTWZ at Sal Village, Panvel, your Company has created additional capacity in its electrical infrastructure to enable supply of electricity to the surrounding villages.

The Company has under taken above CSR activities on its own and has not developed and implemented any Corporate Social Responsibility Policy as required under Section 135 of the Companies Act, 2013, as the said provisions are not applicable.

**6. HUMAN RESOURCES**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business.

The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning and Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

Further statutory disclosures w.r.t. Human Resources are as under:

- i.) As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy on Sexual Harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the Intranet for the benefit of its employees. During the year under review, no complaints were reported to the Board.
- ii.) None of the Managerial personnel is being paid any remuneration and hence the information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not relevant.
- iii.) One person employed throughout the year, was in receipt of remuneration of ₹60,00,000/- lacs per annum or more amounting to ₹ 62,56,771/- and three employees for the part of the year were in receipt of remuneration of ₹ 5,00,000/- per month or more amounting to ₹ 1,34,93,520/-. As on 31st March, 2015, the Company had 138 employees.\*

\*The above annexure is not being sent along with this Report to the members of the company in line with provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company at the Registered office of the Company. The aforesaid annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before the ensuing Annual General Meeting and upto the date of Annual General Meeting during the Business Hours on working days.

None of the employees listed in the said Annexure is a relative of any director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

**Key Managerial Personnel**

Sl. No.	Name of the Person	Designation
1	Mr. Ajay S Mittal	Chairman and Managing Director
2	Mrs. Archana A Mittal	Joint Managing Director
3	Mr. Shyam Rathi	Chief Financial Officer and Compliance Officer (ceased to be Chief Financial Officer and Compliance Officer w.e.f. 14.11.2014)
4	Mr. Valbhav Bakhare	Company Secretary and Compliance Officer (appointed w.e.f. 14.11.2014 and ceased w.e.f. 31.03.2015)
5	Mr. Subhrarabinda Birabar	CEO (appointed w.e.f. 02.02.2015)

**7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

**8. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Listing Agreement to report genuine concerns or grievances. The Vigil Mechanism/Whistle Blower Policy may be accessed on the Company's website i.e. [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance)

**9. RISK MANAGEMENT**

Your Company is well aware of risks associated with its business operations and various projects under execution. Comprehensive risk management system is being put in place involving classification of risk, adoption of risk mitigation measures and a strong mechanism to deal with potential risks and situation leading to rise of risks in an effective manner.

Senior Professionals conversant with risk management systems have been entrusted with the said task with a brief to implement the risk management.

**10. HEALTH, SAFETY AND ENVIRONMENT:**

As a responsible corporate citizen, your Company lays considerable emphasis on health, safety aspects of its human capital, operations and overall working conditions. Thus being constantly aware of its obligation towards maintaining and improving the environment, all possible steps are being taken to meet the toughest environmental standards on pollution, effluents, etc. across various spheres of its business activities.

Arshiya's Rail Infrastructure division especially plays a pivotal role in the mitigation of pollution and reduction of fuel used for road travel through its unique Rail solutions that it provides to corporations at pan-India level.

Your Company has implemented several proactive measures towards ensuring its logistics infrastructures especially the FTWZ in Mumbai and Khurja, along with the Industrial and Distribution Hub which are environment friendly. Following measures are being implemented in Mumbai FTWZ, which will be followed across locations:

- Development of green area: Re-plantation of trees in the FTWZ.
- Conservation of top soil by removing and storing it before the digging/piling work. The top soil was re-used for developing the green areas
- Provision of storm water drainage system to allow ground water recharging
- Sewage Treatment Plant- Water treated in these plants is being re-utilized for watering of the landscaping.

**11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Company (Accounts) Rules, 2014 for the year ended March 31, 2015 is set out as under:

**Conservation of Energy:** The operations of the company involve low energy consumption. Adequate measures have been implemented to conserve energy such as –

- Roof of the warehouses at our FTWZs and Industrial & Distribution Hubs have been designed with MR24 standards with roof insulation which gives temperature variation of 8Degree with ambient temperature. A provision of installation of solar panels has been made on the roofs to generate renewable energy
- Orientation of the warehouse buildings has been done in such a way that there is less heat transmission resulting in saving of electricity consumption by minimizing heat loss in the HVAC system.
- Ridge ventilators are installed at the roof of all WHs, whereby there is no need of power run turbo ventilators, which saves the huge amount of power.
- Cold rooms are having the best quality insulations in roofs/sides/top and floor so as to ensure no leakage of cooling and thus saving a lot of power. The doors of the cold rooms have been installed with air curtains so that during operation, internal temperatures is maintained without any loss of cooling.
- The central control room have been installed with the control panels which controls the temp of cold rooms and monitor automatically, so to achieve the pre-set temperature requirement. The chiller units are also centrally controlled.
- Office air conditioning system is having VRV units, which adjust the power requirement as per the required heat load. This saves a lot of power requirement.
- All peripheral and yard lighting is having auto on and off system, set with the timings, which saves lot of wasteful energy.
- The docking doors are placed to ensure the minimum run by the fork lifts, which reduces large power required for re-charging

**Technology Absorption:** Arshiya sincerely believes in utilising technology to improve productivity, efficiency and quality of its business operations and working environment.

**Foreign Exchange Earnings and Outgo:**

- Foreign Exchange received – ₹ 7, 73, 50,314/-
- Foreign Exchange Incurred – ₹ 27, 97,229/-

**12. STATUTORY INFORMATION**

The Business Responsibility Reporting as required by Clause 55 of the Listing Agreement with the Stock Exchanges is not applicable to your Company for the financial year ended March 31, 2015.

**13. APPRECIATION**

Your Directors wish to place on record their appreciation for the assistance, support and co-operation received from Government of India, the State Governments and other Government agencies and departments, investors, bankers, financial institutions and all other stakeholders.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

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

Ajay S Mittal  
Chairman and Managing Director  
DIN:00226355

Place: Mumbai  
Dated: 15<sup>th</sup> May, 2015



## Annexure to the Board's Report

## Annexure 1 - Statement containing the salient features of the financial statements of subsidiaries/associates companies/joint ventures

[Pursuant to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 3 of the Companies (Accounts) Rules, 2014 - AOC-1]

Name of the subsidiary	Financial Period ended	Exchange rate	Share capital	Reserves & surplus	Total assets	Total liabilities (including loans capital and reserves & surplus)	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of Share holding (%)	
Arshiya Supply Chain Management Private Limited (1*)	March 31, 2015	INR	378.71	(12,143.32)	4,752.10	16,516.70	-	0,851.37	103.98	(568.03)	669.98	100%	
Arshiya Industrial & Distribution Hub Limited (4*)	March 31, 2015	INR	1,499.30	20,140.90	75,823.59	54,188.38	-	18.00	(7,374.45)	-	(7,374.45)	100%	
Arshiya Northern FWZ Limited	March 31, 2015	INR	959.06	38,008.01	81,888.20	42,885.13	-	230.11	(9,888.21)	-	(9,888.21)	100%	
Arshiya Central FWZ Limited (5*)	March 31, 2015	INR	2,138.40	7,067.05	9,215.29	9.84	-	-	(0.93)	-	(0.93)	100%	
Arshiya Rail Infrastructure Limited (2*)	March 31, 2015	INR	4,088.92	(1,088.03)	66,549.10	65,528.81	-	23,823.90	(10,409.61)	-	(10,409.61)	100%	
Arshiya Rail Siding and Infrastructure Limited	March 31, 2015	INR	5.00	(4.91)	1.06	0.97	-	-	(0.42)	-	(0.42)	100%	
Arshiya Transport And Handling Limited	March 31, 2015	INR	5.00	(1,053.70)	17.51	1,066.21	-	-	(40.63)	-	(40.63)	100%	
Arshiya Hong Kong Limited	March 31, 2015	1 HKD = ₹ 7.99	185.89	15,896.30	18,151.02	2,068.83	-	-	(4.06)	-	(4.06)	100%	
Arshiya International Singapore Pte Limited	March 31, 2015	1 SGD = ₹ 43.39	43.39	(32.18)	16.41	3.20	-	-	(1.61)	-	(1.61)	100%	
Cyberlog Technologies International Pvt. Limited	March 31, 2015	1 USD = ₹ 60.09	240.85	2,596.04	2,591.41	2,837.79	-	-	0.90	0.83	0.07	100%	
Cyberlog Technologies (UAE) FZE	March 31, 2015	1 AED = ₹ 16.43	24.65	7,938.02	9,479.40	1,516.74	-	-	(4.97)	-	(4.97)	100%	
Arshiya Technologies (India) Private Limited (5*)	March 31, 2015	INR	10.12	2.29	13.04	0.63	-	-	(0.79)	-	(0.79)	100%	

Notes:

1. Intercompany payable receivable to subsidiaries

2. Dividend received from any of the subsidiaries is nil

(1\*) 12.69% (12.69%) held through Arshiya Medium FWZ Limited.

(2\*) 127 % (127%) held through Arshiya Housing Limited.

(3\*) 48.53 % (48.53 %) held through Arshiya Housing Limited.

(4\*) 3.19 % (3.19 %) held through Cyberlog Technologies (UAE) FZE.

(5\*) 80.11% (80.11%) held through Cyberlog Technologies International Pvt. Limited.

(6\*) Carried at monthly average exchange rate.

(7\*) % of Shareholding including financial interest voting power (after directly/indirectly or through subsidiaries)

**ANNEXURE- II****NOMINATION AND REMUNERATION POLICY****INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the stock exchanges (as amended from time to time), this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

**CONSTITUTION OF COMMITTEE**

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an independent Director.

However, the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

**OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- 1.3. Formulation of criteria for evaluation of independent Director and the Board.
- 1.4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.5. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.6. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.8. To develop a succession plan for the Board and to regularly review the plan.
- 1.9. To assist the Board in fulfilling responsibilities.
- 1.10. To implement and monitor policies and processes regarding principles of corporate governance.

**APPLICABILITY**

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

**DEFINITIONS**

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

"Key Managerial Personnel" means:

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

“Senior Management” means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

#### **1. Appointment Criteria and Qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **2. Term/Tenure**

##### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

No re-appointment shall be made earlier than one year before the expiry of term.

##### **b) Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

#### **3. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

#### **4. Removal**

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

#### **5. Retirement**

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

**POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL****1. Remuneration to Managing/Whole-time/Executive/Managing Director, KMP and Senior Management Personnel:**

The Remuneration/Compensation/Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**2. Remuneration to Non- Executive/Independent Director:**

The Non-Executive Independent Director may receive remuneration/compensation/commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**DUTIES IN RELATION TO NOMINATION MATTERS**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board and
- Considering any other matters, as may be requested by the Board.

**DUTIES IN RELATION TO REMUNERATION MATTERS**

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board;
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Considering any other matters as may be requested by the Board

**REVIEW AND AMENDMENT**

- The NRC or the Board may review the Policy as and when it deems necessary;
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary;
- This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.



## Annexure-III

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Arshiya Limited

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by Arshiya Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/Statutory Compliances and expressing opinion thereon.

Based on our verifications of the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder,
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder is applicable to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The other Laws applicable specifically to the company is Annexed with this Report as ANNEXURE- 2

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Equity Shares of the Company Listed with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and Complied with all requirements of Listing Agreement.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- i) We also found from the reports and documents that the Company is unable to repay the structured instalments commencing from 1st October, 2014 to 31st December, 2014 aggregating to ₹52.86 Crores including interest amounting to ₹43.92 Crores as provided for in the CDR scheme.
- ii) The Company holds strategic and long term investments in its subsidiary companies, the aggregate cost of which is ₹834.60 Crores as on 31st December, 2014. The present "net asset value" of the said investment is lower than their costs of acquisition.

- iii) The remuneration of ₹83,52,500/- paid to Major (Retd.) Suhas Thakar, Executive Director, for the financial year 2013-14, was in excess of the limits prescribed under Section 198 read with Schedule XIII of the Companies Act, 1956. The Company has applied to the Central Government for approval of the excess remuneration on 15<sup>th</sup> November, 2014.
- iv) The Company is in the process of filling PAS 4 (Filing of Letter of offer) and PAS 5 (Record of an offer to be kept by the company) with the Registrar of Companies.
- v) As per Provisions of Sec 203 of Companies Act, 2014 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, The Company is required to appoint CFO as Key Managerial Personnel, however, Mr. Shyam Rathil ceased to be CFO w.e.f. 14.11.2014.
- vi) As informed, the company is in the process of filling compounding application to RBI as the company had issued 4,00,000 warrants convertible into equivalent number of equity shares of ₹10/- each at a premium of ₹490/- per share to the Person resident outside India on 12<sup>th</sup> February, 2007 without prior approval of Foreign Investment Promotion Board (FIPB) in contravention Notification No. FEMA 20/2000-RB dated 3<sup>rd</sup> May, 2000.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors that took place during the period under review.

Adequate notices are given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda at least seven days in advance, and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes.

We Further Report That there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We Further Report That during the audit period, the company has issued 5,50,00,000 Equity Shares of ₹2/- each through Preferential Issue to its Promoters.

Place: Mumbai  
Date: 15/05/2015

For Aabid & Co.,  
Company Secretaries

(Mohammad Aabid)  
FCS NO.:6579  
C.P.No.:6625  
Partner

**ANNEXURE – 1****List of documents verified**

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the Financial Year ended 31<sup>st</sup> March, 2014.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration committee, along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Agenda papers submitted to all the directors/members for the Board Meetings and Committee meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of Companies Act, 2013.
7. E-forms filed by the company, from time to time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
8. Intimations/documents/reports/returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.
9. Statutory Registers viz.
  - Register of Directors' & Key Managerial Personnel (KMP)
  - Register of Members
  - Register of Charges

**ANNEXURE – 2****List of Applicable Laws to the Company****Under the Major Group and Head:**

- 1) The Companies Act, 2013
- 2) The Maternity Benefit Act, 1961
- 3) The Payment of Gratuity Act, 1972
- 4) The Maharashtra Shops & Establishment Act, 1972
- 5) The Employee's State Insurance Act, 1948
- 6) The Employee's Compensation Act, 1923
- 7) The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975
- 8) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- 9) The Employees Provident Funds and Miscellaneous Provisions Act, 1952
- 10) The Profession Tax Act, 1975
- 11) The Bombay Prohibition Act, 1949
- 12) The Legal Metrology Act, 2009
- 13) The Income Tax Act, 1961
- 14) The Foreign Exchange Management Act, 1999, Rules and Regulations made thereunder
- 15) The Special Economic Zones Act, 2005 and Rules and Regulations thereunder
- 16) The Finance Act, 2014.

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2015**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS**

i.	CIN	L27320MH1981PLC024747
ii.	Registration Date	03/07/1981
iii.	Name of the Company	Arshiya Limited
iv.	Category/Sub-category of the Company	Company Limited by shares/Indian non-government Company
v.	Address of the Registered office & contact details	Unit No. A1, 4 <sup>th</sup> Floor, Chenergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025 T: +91 22 42305400/01 F: +91 22 4230 5555
vi.	Whether listed company	Yes
vii.	Name, Address and contact details of the Registrar & Transfer Agent, if any.	M/s. Bigshare Services Pvt. Ltd. E/2 Ansa Industrial Estate, Sald Vihar Road, Andheri (East), Mumbai-400072 T: +91 22 4043 0200 F: +91 22 28475207

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1	Warehousing and support activities	52	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No	Name	Address of the Company	CIN/GNL	Holding/ Subsidiary Associate	% of Shares held	Applicable Section
1	Arshiya Supply Chain Management Private Limited	Unit No. A1, 4th Floor, Chenergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025	U63013MH2008PTC165506	Subsidiary	100	2(87)(B)
2	Arshiya Transport And Handling Limited	402, Level 4, CeeJay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018	U63030MH2010PLC200604	Subsidiary	100	2(87)(B)
3	Arshiya Northern FTWZ Limited	402, Level 4, CeeJay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018	U51109MH2008PLC183555	Subsidiary	100	2(87)(B)
4	Arshiya Central FTWZ Limited	Unit No. A1, 4th Floor, Chenergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025	U63011MH2008PLC183792	Subsidiary	100	2(87)(B)



5	Arshiya Industrial & Distribution Hub Limited	402, Level 4, CeeJay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018	U63000MH2008PLC182929	Subsidiary	100	2(87)(II)
6	Arshiya Rail Infrastructure Limited	Unit No. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025	U45200MH2008PLC180907	Subsidiary	100	2(87)(II)
7	Arshiya Rail Siding and Infrastructure Limited	Unit No. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025	U74990MH2010PLC199940	Subsidiary	100	2(87)(II)
8	Arshiya Technologies (India) Private Limited	Unit No. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025	U72300MH2007PTC175427	Subsidiary	100	2(87)(II)
9	Cyberlog Technologies (UAE) FZE	P. O. Box 42885, Hamriyah Free Zone, Sharjah UAE	N.A.	Subsidiary	100	2(87)(II)
10	Arshiya Hong Kong Limited	20/F, Champion Building, 287-291, Des Voeux Road Central, Sheung Wan, Hong Kong	N.A.	Subsidiary	100	2(87)(ii)
11	Cyberlog Technologies International Pte Limited	39, Robinson Road, #07-01, Robinson Point, Singapore- 068911	N.A.	Subsidiary	100	2(87)(ii)
12	Arshiya International Singapore Pte Limited	438 B, Alexandra Road, # 03-11, Alexandra Technopark, Singapore- 119988	N.A.	Subsidiary	100	2(87)(II)

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

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01/04/2014)				No. of Shares held at the end of the year (As on 31/03/2015)				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									
a) Individual/HUF	2,80,70,225	0	2,80,70,225	41.82	8,83,70,225	0	8,83,70,225	69.35	+27.53
b) Central Govt.	0	0	0	0	0	0	0	0	0

c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1):-</b>	<b>2,80,70,225</b>	<b>0</b>	<b>2,80,70,225</b>	<b>41.82</b>	<b>8,83,70,225</b>	<b>0</b>	<b>8,83,70,225</b>	<b>69.35</b>	<b>+27.53</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>2,80,70,225</b>	<b>0</b>	<b>2,80,70,225</b>	<b>41.82</b>	<b>8,83,70,225</b>	<b>0</b>	<b>8,83,70,225</b>	<b>69.35</b>	<b>+27.53</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	22,91,834	0	22,91,834	3.41	22,08,366	0	22,08,366	1.73	-1.68
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total(B)(1):-</b>	<b>22,91,834</b>	<b>0</b>	<b>22,91,834</b>	<b>3.41</b>	<b>22,08,366</b>	<b>0</b>	<b>22,08,366</b>	<b>1.73</b>	<b>-1.68</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp. i) Indian ii) Overseas	1,28,83,746		1,28,83,746	19.19	1,28,71,931	0	1,28,71,931	10.10	-9.09
b) Individuals									

b) i) Individual shareholders holding nominal share capital upto ₹1 Lac	98,97,015	2,58,851	1,01,55,868	15.13	86,58,968	2,57,801	89,16,567	7.00	-8.13
b) ii) Individual shareholders holding nominal share capital in excess of ₹1 Lac	86,48,874	0	86,48,874	12.68	98,82,697	0	98,82,697	7.76	-5.12
c) Others (specify)	0	0	0	0	0	0	0	0	0
c) (i) Clearing Members/ Directors/ Relatives/ Employees	3,15,394	0	3,15,394	0.47	3,53,189	0	3,53,189	0.28	-0.19
c) (ii) NR/Foreign National/ Overseas Bodies Corporates	21,91,038	25,72,495	47,63,533	7.10	22,53,992	25,72,495	48,26,487	3.79	-3.31
Sub-total(B)(2):-	3,39,36,067	28,31,346	3,67,67,413	54.77	3,40,20,785	28,30,096	3,68,50,881	28.92	-25.85
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3,62,27,901	28,31,346	39,90,59,247	58.18	3,62,29,151	28,30,096	3,90,59,247	30.65	-27.53
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	5,90,48,126	28,31,346	6,71,29,472	100.00	12,45,99,376	28,30,096	12,74,29,472	100.00	0

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Mrs. Archana A Mittal	2,15,70,225	32.13	23.48	6,98,09,288	54.78	43.79	+22.65
2	Mr. Ajay S Mittal	65,00,000	8.68	4.54	1,85,60,937	14.57	14.57	+4.88
	<b>Total</b>	<b>2,80,70,225</b>	<b>41.81</b>	<b>28.03</b>	<b>8,83,70,225</b>	<b>69.35</b>	<b>58.36</b>	<b>27.53</b>

**(iii) Change In Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1	Mrs. Archana A Mittal	2,15,70,225	32.13	01.04.2014	+19,00,000	Conversion of Warrants into equity	2,34,70,225	34.96
				17.07.2014	+3,63,39,063	Preferential Allotment	5,98,09,288	50.93
				24.12.2014	+1,00,00,000	Preferential Allotment	6,98,09,288	54.78
	<b>At the end of the year</b>						<b>6,98,09,288</b>	<b>54.78</b>
2	Mr. Ajay S Mittal	65,00,000	8.68	01.04.2014	+34,00,000	Conversion of Warrants into equity	99,00,000	14.75
				17.07.2014	+86,60,937	Preferential Allotment	1,85,60,937	15.81
	<b>At the end of the year</b>						<b>1,85,60,937</b>	<b>14.57</b>

**(iv) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	Date	Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1	ACG ASSOCIATED CAPSULES PVT. LTD.	21,19,250	3.15	08.08.2014	-7,339	Sale	21,11,911	1.79
				13.02.2015	-96,000	Sale	20,15,911	1.58
				20.02.2015	-1,50,000	Sale	18,65,911	1.46
				27.02.2015	-1,10,000	Sale	17,55,911	1.37
				20.03.2015	-3,00,000	Sale	14,55,911	1.14
				27.03.2015	-5,40,310	Sale	9,15,601	0.71
	At the end of the year						9,15,601	0.71
2	CAPRI GLOBAL ADVISORY SERVICES PRIVATE LIMITED	19,54,860	2.91	12.12.2014	-2,72,800	Sale	16,82,060	1.43
				19.12.2014	-1,50,300	Sale	15,31,760	1.30
				09.01.2015	-1,21,02	Sale	15,19,658	1.19
				16.01.2015	-1,00,000	Sale	14,19,658	1.11
				06.03.2015	-3,50,000	Sale	10,69,658	0.83
				13.03.2015	-19,658	Sale	10,50,000	0.82
	At the end of the year						10,50,000	0.82
3	CREDIT SUISSE (SINGAPORE) LIMITED	13,43,403	2.00		-		-	-
	At the end of the year						13,43,403	1.05
4	DAGA SANDEEP RAMDAS	7,75,000	1.15	13.03.2015	-25,000	Sale	7,50,000	0.58
	At the end of the year						7,50,000	0.58
5	LUCKPRO PTE LIMITED	7,50,000	1.11		-		-	-
	At the end of the year						7,50,000	0.58
6	NAISHADH JAWAHAR PALEJA	29,76,270	4.43		-		-	-
	At the end of the year						29,76,270	2.33
7	PARVESH GANDOTRA	8,00,000	0.89	02.05.2014	+2,00,000	Purchase	8,00,000	1.10
	At the end of the year						8,00,000	0.62

8	Rajratan Babulal Agarwal	77,500	0.11	09.09.2014	+6,08,933	Purchase	6,84,433	0.58
	At the end of the year						6,84,433	0.53
9	SAVIGA INVESTMENT HOLDINGS INC	13,97,495	2.08		-		-	-
	At the end of the year						13,97,495	1.09
10	STCI FINANCE LIMITED	18,61,731	2.77		-		-	-
	At the end of the year						18,61,731	1.46

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Increase (+)/ Decrease (-) during the year	Reason	No. of shares	% of total shares of the company
1	Mrs. Archana A Mittal	2,16,70,225	32.13	01.04.2014	+19,00,000	Conversion of Warrants into equity	2,34,70,225	34.96
				17.07.2014	+3,63,39,083	Preferential Allotment	5,98,09,288	50.93
				24.12.2014	+1,00,00,000	Preferential Allotment	6,98,09,288	54.78
	At the end of the year						6,98,09,288	54.78
2	Mr. Ajay S Mittal	65,00,000	8.68	01.04.2014	+34,00,000	Conversion of Warrants into equity	99,00,000	14.75
				17.07.2014	+86,60,937	Preferential Allotment	1,85,60,937	15.81
	At the end of the year						1,85,60,937	14.57
3	Mr. Rishabh Shah	7,955	0.01	-	-	-	7,955	0.01
	At the end of the year	-					7,955	0.01
4	Mr. Valbhav Bakhare	-		18.08.2014	100	0.00	100	0.00
	At the end of the year	-	-				100	0.00
5	Mr. Shyam Rathil	-	-				-	-
	At the end of the year	-	-				-	-
6	Mr. Subhrarabin da Birebar	-	-				-	-
	At the end of the year	-	-				-	-

**F) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
I) Principal Amount	14,87,04,02,920	1,15,07,04,264	-	16,02,11,07,184
II) Interest due but not paid	42,53,87,805	-	-	42,53,87,805
iii) Interest accrued but not due	-	-	-	-
<b>Total (I+II+III)</b>	<b>15,29,57,90,725</b>	<b>1,15,07,04,264</b>	<b>-</b>	<b>16,44,64,94,989</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	75,84,65,886	25,48,85,874	-	1,01,33,61,760
* Reduction	38,65,20,735	1,36,04,36,243	-	1,74,69,56,978
<b>Net Change</b>	<b>37,19,45,151</b>	<b>-1,10,55,40,369</b>	<b>-</b>	<b>-73,35,95,218</b>
<b>Indebtedness at the end of the financial year</b>				
I) Principal Amount	15,24,23,48,071	4,51,63,895	-	15,28,75,11,966
ii) Interest due but not paid	1,54,82,43,090	21,25,000	-	1,55,03,68,090
iii) Interest accrued but not due	-	-	-	-
<b>Total (I+II+III)</b>	<b>16,79,05,91,161</b>	<b>4,72,88,895</b>	<b>-</b>	<b>16,83,78,80,056</b>

**XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTM/Manager		Total Amount
		Ajay S Mittal - Managing Director	Archana A Mittal - Joint Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act*	-	-	-

\*Since the Company has incurred Losses, hence overall ceiling cannot be calculated. The Company did not paid any managerial remuneration during the financial year under review.

#### B. Remuneration to other directors

(₹ in Lacs)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Ashish Balraja	Mr. Rishabh Shah	Prof. G. Raghuram	Mr. Mukesh Kacker	
1	Independent Directors					
	Fee for attending board committee meetings	2.05	1.45	1.20	1.00	5.20
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	2.05	1.45	1.20	1.00	5.20
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	2.05	1.45	1.20	1.00	5.20
	Total Managerial Remuneration	2.05	1.45	1.20	1.00	5.20
	Overall Ceiling as per the Act	Nil*				

\*Since the Company has incurred Losses, hence overall ceiling cannot be calculated. The Company did not pay any managerial remuneration during the financial year under review. As per Section 197 (3) & Section 197(5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 sitting fees paid to the Director's is excluded from determining quantum of Managerial Remuneration.

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Lacs)

Sr No	Particulars of Remuneration	Key Managerial Personnel			
		Mr.Subhrarabinda Birabar - CEO	Mr. Valbhav Bakhare - CS	Mr.Shyam Rath - CFO	Total
1	Gross salary	19.03	6.08	42.86	67.98
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.03	6.08	42.86	67.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-



4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...				
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>19.03</b>	<b>6.08</b>	<b>42.86</b>	<b>67.98</b>

**XII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees Imposed	Authority [RD/NCLT/ COURT]	Appeal made, If any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## **OVERVIEW**

India being one of the fastest growing economies has great potential for growth in every sector. Infrastructure Industry is the backbone of development and a strong and growing infrastructure indicates healthy trend of growing economy. Further, the impetus provided by the Government of India, with special focus on infrastructure, is expected to boost the economic growth.

Indian Industry is at developing stage with technology usage at its minimum level. With large multinational players entering Indian market with introduction of technology, face of Infrastructure sector is also changing fast. India today is looking at developments in Warehousing, Cold Storage, Shipping and Ports where huge investments are expected.

Industry is expecting a high growth rate which is based on the expectation that the new government will soon implement the GST regime. With the implementation of GST, the logistics companies, which are currently forced to set up many small warehouses across multiple cities can set up just a few, big warehouses region wise and can follow the hub-and-spoke model for freight movement from the warehouses to the different manufacturing plants, wholesale outlets, retail outlets and the various POS. This growth is also backed by the boom in the e-commerce sector and expansionary policies of the FMCG firms. This has increased the service geography of the logistics firms but they also have to meet the demands of quick delivery and tight service level agreements.

## **I. INDUSTRY OVERVIEW, STRUCTURE AND DEVELOPMENTS**

### **Evolution of Logistics in India**

The logistics and warehousing sector in India is still in its initial stage of development and has a long way to catch up with most of the advanced economies. Managing transportation network and storage of finished goods, used to define the supply chain strategy for most of the companies in India until a few years back. However, integration of the Indian economy with the global economy and various multi-national companies setting up manufacturing facilities locally have helped in bringing the global best practices to the domestic market. This has resulted in a gradual shift from simply managing transport network and godowns towards a more integrated supply chain management system.

### **Demand Drivers of India's Logistics Sector**

The need for logistics arises when there is a gap between the time a product is initially manufactured and then finally consumed. The larger this gap, the higher the need for storing the product. Since each product is uniquely placed depending on who consumes it and where it is consumed, the need for logistics is different for each product category. For example, a TV unit that is manufactured in India and sold in the domestic market will have a different requirement for logistics compared to the same TV unit sold in the export market. For domestic consumption, the TV unit will have to be warehoused close to one of the urban centers from where it can be delivered to the final point of consumption. However, in case of export, it will have to be stacked in a container that will be warehoused in a Container Freight Station (CFS) close to one of the ports from where it can be exported. Taking into account such varying needs for each product, demand drivers of logistics can be broadly classified into four categories namely:

- i) Manufacturing led demand
- ii) Consumption led demand
- iii) Exim (Export - Import) led demand

### **Manufacturing Led Demand**

Logistics cost constitutes a critical component of a manufacturer's total cost and is largely dependent on the location of his plant. The distance between the manufacturer's factories, his raw material suppliers and the consumption markets of final goods primarily determine the cost of logistics for a company. Apart from these factors, the type of product manufactured also influences the total logistics cost. For example, the cost of transporting and storing diamond products is much higher than that of cement and steel. Thereby, within the manufacturing led demand for logistics, the cost can differ drastically for different types of products.

The manufacturing sector is a major driver of the logistics industry in India with companies spending anywhere between 2%-20% of their revenue on this. Growth of the logistics sector is positively related to growth of the manufacturing sector. With the government of India's renewed focus on expanding the manufacturing sector through various initiatives such as dedicated industrial corridors and investment zones, the logistics sector in the country is bound to reap the benefits in the coming years. Additionally, opening up of various manufacturing sectors to Foreign Direct Investment (FDI) in the last decade has provided a fresh impetus to the logistics sector.

### Consumption Led Demand

The changing dynamics of the retail industry has shifted the focus from supplier to consumer in the last two decades with concepts such as delivering the right product at the right time gaining importance. Previously consumers had few options as most of the retailers were small-time operators facing frequent stock-outs and limited choice of products. The entire retail segment was heavily skewed towards the supplier. However, with the advent of modern retail and emergence of large-sized retail formats the entire focus of retailing has shifted towards consumers.

Today any delay in the delivery of product or stock-outs at the stores could threaten the entire business model of a retailer. This has compelled retailers in maintaining a steady flow of SKUs (Stock Keeping Units) with real time inventory management and order placement.

The changing dynamics of the retail industry in India has resulted in the business model of a modern retailer becoming heavily dependent on a smooth and efficient supply chain network. This has brought the logistics industry at the forefront of this business. Large consumption markets like the NCR, Mumbai, Bengaluru, Chennai and Kolkata among others require a massive amount of investment in logistics in order to ensure an uninterrupted supply of goods. This has created demand for logistic services like warehousing, last-mile connectivity and inventory management.

Demand for logistic services is strongly linked to growth in the retail industry which is induced by higher consumption spending. The emergence of modern retail in the last decade has accelerated the need for maintaining an efficient supply chain network. Additionally, opening up of the retail industry to the FDI has further boosted demand for logistics services in the last few years as foreign retailers rope in global best practices in the sector.

### EXIM Led Demand

Export-Import (Exim) market constitutes the largest demand driver for the logistics sector in India as the cargo that moves through ports requires a huge amount of supporting logistics infrastructure. Services such as transportation (rail, road and sea) and warehousing form the primary activities in Exim related logistics. Currently, majority of the Exim cargo in India is moved through containers that are standard in terms of dimension (twenty-foot equivalent unit of TEU) across the globe. This makes it easier to transport cargo from one modal to another whether it is rail, road or sea.

India's containerized traffic in TEUs has grown at an annual average growth rate of 11% in the last ten years fuelling robust demand for logistic services. Apart from the huge investment in transportation sector, Inland Container Depots (ICD) and Container Freight Stations (CFS) have also attracted significant traction due to the strong growth achieved in the Exim trade. Currently, India has more than 200 operational ICD and CFS with another 50 expected to become operational in the next five years.

Economic recovery in key western markets of the USA and Europe is expected to further boost India's Exim trade in the coming years thereby driving the domestic logistics market.

### Warehousing Space Demand

Logistics cost can be broadly divided into three major components namely transportation, storage and distribution. Warehousing costs constitute around 15%-35% of the total logistics cost depending on the product and markets served. The sheer size and growth potential of warehousing space in India warrants the need to study it separately from other components of logistic services.

Demand driver of warehousing space, similar to logistics, can be broadly classified into manufacturing, consumption and Exim. Currently, manufacturing based demand has the largest share in total warehousing space at 531 mn. sq. ft. in 2014. This is primarily because of three reasons. Firstly, India has a large manufacturing base covering all the major sectors like automobile, steel, cement, pharmaceutical, fertilizer and textile among others that require vast amount of space for raw material and final product storage. Secondly, India's large landmass results in a wider gap between production and consumption of manufactured products. This compounds the need for holding a larger inventory at warehouses in order to avoid disruptions in the supply chain network. Finally, the existing tax structure has compelled manufacturers to maintain a separate warehouse in each stage in order to avoid a higher tax outgo.

Such dynamics have shaped a strong demand base for warehousing space in the country from the manufacturing sector.

Demand for warehousing space from Exim sector constitutes the second largest share at 211 mn. sq. ft. in 2014. This is primarily because ICD & CFS require a much larger land area to operate the various material handling equipment and supporting infrastructure like rail sidings. In terms of future growth, Exim led demand is expected to lead with a 13% Compounded Annual Growth Rate (CAGR) from 2014-2019. Strong recovery of the export market and rapid expansion by CFS operators in the coming five years are expected to support such a growth. The total warehousing space demand in India is expected to grow at 9% CAGR from 919 mn. sq. ft. in 2014 to 1,439 mn. sq. ft. by 2019. A total of 520 mn. sq. ft. of incremental warehousing space will be required by the end of 2019 or 104 mn. sq.ft. in each of the coming five years.

### Free Trade and Warehousing Zone (FTWZ)

In order to create trade related infrastructure to facilitate import as well as export of goods and services the Government of India announced setting up a Free Trade and Warehousing Zone (FTWZ) in the Foreign Trade Policy 2004-09. The FTWZ is a special category of the Special Economic Zone (SEZ) and is governed by the provisions of the SEZ Act. The SEZ Act defines FTWZ as a Special Economic Zone carrying mainly trading, warehousing and other related activities.

Before delving into the principal benefits of the FTWZ, it will be useful to grasp the background of the SEZ law. The SEZ scheme was introduced in the year 2000 with an ambitious and directional change of Foreign Trade Policy to provide an internationally competitive hassle free environment for foreign exchange earners, promoting FDI and augmenting employment opportunities in line with the successful Chinese experience. To provide impetus and instill confidence in the stability of the SEZ regime, the Ministry of Commerce proposed enactment of the Special Economic Zone Act, 2005.

As a concept an FTWZ is similar to an SEZ. It is a specifically delineated duty free enclave treated as a foreign territory for carrying on business. Equipment and materials sourced from the Domestic Tariff Area will be considered as imports by the FTWZ and vice versa. Each FTWZ provides quality infrastructure including warehouses, commercial office space, handling and transportation equipment and more importantly facilitate a one stop-clearance for import and export of goods. FTWZ is positioned as a logistics and distribution center and by integrating various aspects of logistics operations, it enables efficient operational environment for trade facilitation. In a nutshell, a FTWZ provides an integrated logistics service thereby forming an important link in the supply chain for both India and the world. FTWZ is principally governed by the SEZ Act 2005 and SEZ Rules 2006. Hence, all the benefits available to SEZs shall be applicable to FTWZs too. The SEZ Act states that the minimum area for an FTWZ should be 40 hectares with a built up area of 100,000 sq. mt. The Act also allows, through an automatic route, 100% Foreign Direct Investment (FDI) for the development and establishment of a storage and warehousing facility including warehousing of agricultural products with refrigeration (cold storage). The Development Commissioner (DC) is appointed by the Central Government for administrative control of the FTWZ. A DC is an officer not below the rank of the Deputy Secretary to the Government of India. Moreover, he can be a DC to one or more SEZ/FTWZ. Some of the primary roles of a DC include guiding entrepreneurs for setting up units in the SEZ/FTWZ; monitoring the performance of the developer and the units and ensuring proper co-ordination with the concerned Central and State Government departments.

### Warehouses as Distribution Centers

Supply chain management is all about flow, be it is the flow of goods from the producer to the consumer or flow of information from the consumer to the producer. Warehouses play a critical link in this process and were conventionally set up as inventory buffer points along this supply chain so that any irregularities within this network could be ironed out. However, the need to reduce the service response time and contain inventory cost has necessitated the progression of warehouses from storage points to distribution centers. Additionally, the advent of technology with real-time information exchange and IT systems such as Warehousing Management System (WMS) have made it possible to operate the warehouses more efficiently and achieve greater integration with the rest of the supply chain modules.

The need to improve efficiency of warehouses has led to the evolution of various distribution models such as cross docking, hub and spoke model among others. Each of these strategies requires some sort of customization of the warehouse. Factors such as location, design, infrastructure, built-up area and amount of automation required are determined by the end purpose for which the warehouse is to be used. With the streamlining of the taxation aspects through GST over the coming years, usage of the following distribution models is expected to become more widespread thereby increasing the importance of warehouses in the supply chain network.

### Cross Docking

In a conventional warehousing system, all inbound goods are stored in the warehouse and retrieved as and when the outbound shipping order is received. This system runs efficiently as long as there is a lag between the in-bound and out-bound goods. However, in case the goods have to be immediately sent out for delivery, the conventional system falls short in efficiency as the time involved in storing the goods and immediately retrieving them leads to unnecessary duplication of work.

Cross docking system removes the above shortcoming as it involves receiving the merchandise at the inbound docks and then shipping it out shortly after without the need to stock it at the warehouse. It eliminates the intermediate disposition, storage and order fulfillment tasks in the warehouse thereby saving resources in terms of labor, space, time and equipment. Additionally, as the inventory moves directly from the receiving to shipping docks, there is no storage at the warehouses for the cross docked items resulting in lower inventory holding costs.

Cross docking is more commonly used in the retail industry where multiple Stock Keeping Units (SKUs) are to be delivered to stores in small quantities at regular intervals. Since the supplier of each SKU sends the merchandise in large packages, it has to be broken down at the distribution center into smaller packages and consolidated with multiple SKUs as required by each store. Cross docking not only saves a lot of time and resources in such cases but also facilitates in providing value added services such as labelling, kitting, shrink wrapping and tagging among others.

### Hub and Spoke Model

Increasing demand from consumers for better service levels has forced companies to locate their warehouses as close to the consumers as possible. Such a strategy entails operating multiple smaller sized warehouses catering to each region. The cost



of maintaining multiple warehouses is not only prohibitive but also inefficient in terms of transportation. This has led to the evolution of the hub and spoke model of distribution in the supply chain management.

In the hub and spoke model, the distribution hub is the location that holds inventory for a large region, with each spoke leading to smaller distribution centers that house inventory for a smaller region. The main driver of the hub and spoke model is the proximity to the customer, with the goal being supply to a maximum number of customers in minimum time. Since the number of warehouses reduces significantly, massive cost saving in terms of rent, utility, operational and administrative expenses is achieved. Additionally, economies of scale bring down the inventory holding cost for the company.

The hub and spoke model can bring immense cost saving to companies operating in countries like India where the consumption centers are geographically spread out over a large area. However, despite various advantages, the model has not been widely implemented in the country due to various taxation related issues on inter-state sales. Post GST Implementation, choice of warehouse location will be primarily based on this model.

### **Transport Network**

An efficient transportation network leads to faster movement of goods and services, resulting into greater turnover and a consequent increase in GDP. Generally following modes of transportation are used:

#### **Rail Network**

Rail networks form the backbone of freight infrastructure within developed countries and are arguably the most efficient means of transporting bulk freight compared to any other mode. The share of Indian railways however, has receded consistently from 88% in 1950-1951 to 38% in 2011-2012.

The Indian rail network is fourth largest in the world with a total route length of 64,600 km. and 7,600 stations as on March 2012. Of the total route network, 19,368 km., i.e., almost 30% is double and multi-track. Freight traffic went up by more than 10 times over F.Y. 1951-2012 due to the increasing levels of industrialization across the country, particularly over the last decade. 869 million tons of freight was transported via trains in F.Y.12 that includes a huge variety of goods like mineral ores, iron and steel, fertilizers, petrochemicals, and agricultural produce. Increasing freight traffic is generated from these industries year-on-year which are spread out across the country.

Being the most efficient form of transport for the bulk commodities listed above, the growth and proliferation of railways is critical for a developing economy like India. In order to boost its share of freight traffic, Indian railways have undertaken construction of dedicated freight corridors along the country's Eastern and Western corridors. Based on this investment, freight traffic is estimated to increase significantly in ensuing years from 989 mn. tons in F.Y.12 to 1,406 mn tons by F.Y.17. They will boost the growth of the manufacturing sector and catalyze the development of the Indian logistics and warehousing industry.

#### **Road Network**

Roads have evolved to be the most widely used mode of transport for commodities in India as they provide maximum access to the hinterland and are much easier to set up compared to railways. India has one of the largest road networks in the world with a total length of approximately 4.7 million km. However the quality of road infrastructure is poor compared to other countries. Road Transport & Highways Department datashow that 57% of the total freight traffic is carried by Indian roads and has grown by 8.7% during the 2007-12 period.

In recent years special efforts have been made by the central government to strengthen the National Highways and also to improve rural road connectivity. Despite this, the road network remains inadequate in various respects. It is unable to handle high traffic density and high speeds at many places and has poor riding quality. It is necessary to accelerate completion of ongoing projects, including expressways besides speedy implementation of the Golden Quadrilateral (GQ) and the North-South and East-West (NS-EW) corridors and also to address the deterioration of large stretches of the national highways.

The biggest chunk of the logistics and warehousing activities relating to bulk commodities and containerized cargo are dependent on the arterial state and national highways. National highways form the mainstay of the country's road infrastructure and despite the fact that they comprise only 2% of the total road length in India, they carry almost 40% of the country's road traffic. The Ministry of Road Transport and Highways (MORTH) is in the process of widening Single and Double Lane highways into Four Lane or Six Lane highways as is the norm in developed economies. The twelfth Five Year Plan aims to increase the share of Four to Six Lane highways to over 40% of the total National Highway length compared to 24% today.

Similarly, the twelfth Five Year Plan also undertakes to convert an additional 30,731 km. of single and double lane state highway to Four/Six lanes. This will result in an eight time increase in the length of Four/Six lane highways by the end of the current Five Year Plan.

#### **Ports Network**

The Indian coastline is more than 7,500 km long and spread over 200 ports. There are 13 major and about 190 minor ports in the country that make up the gateways through which practically all of container traffic and bulk cargo is transported. Ports are critical points off focus for the logistics and warehousing industry and need to be extremely well connected and equipped to handle the massive amounts of containerized and bulk cargo that pass through there. India's ports are benefitting from strong growth in Export-Import (EXIM) trade. India's total EXIM trade is estimated to have grown to US\$793 bn in F.Y.13 at a CAGR of



17.8% since FY06. Ports handle almost 95% of trade volumes; thus rising trade has contributed significantly to cargo traffic. The total cargo traffic in India stood at 813.9 million metric tons (MMT) during FY12 and is expected to touch 1,758 MMT by FY17. In FY12, major ports handled 81.3% of the total cargo traffic while minor ports handled 18.7%. However, share of minor ports has increased substantially over the years, growing from 25% in FY01 to 38.7% in FY12. During FY08-12, cargo traffic at minor ports grew at 14.42% CAGR while major ports grew by only 1.8% for the same period. With rising demand for port infrastructure due to growing imports (crude, coal) and containerization, public ports (major ports) will fall short of meeting demand, thereby providing private ports with an opportunity to serve the spill-off demand from major ports and increase their capacities in line with forecasted new demand.

## **FUTURE TRENDS**

**Transportation** – Container cargo represents only about 30% (by value) of India's external trade much lower when compared with the global containerized cargo average of 70-75%. At a growth rate of 12%, India's container cargo traffic is estimated to reach 15 million TEUs by FY16E from about 7.5 million TEUs now (at 12 major ports). In comparison, China has created capacity at its ports to handle more than 100 million TEUs a year. Out of the 15 mn TEUs of total container traffic, we estimate Exim rail container traffic to be 5 mn TEUs by FY16E. This would be a huge opportunity and will significantly benefit container rail operators.

Rising investment in the rail and port spaces also fuels growth in allied industries like wagon manufacturing, port handling equipment, railway electrification systems and construction companies.

To reduce the transportation cost and for quicker movement of cargo Multimodal Transport Operation is introduced (MTO). MTO helps exporters with less documentation for instance single document for all modes of transport.

**Third Party Logistics (3PL)** – Outsourcing is everywhere. Logistics industry is no exception. Logistics services like transportation, warehousing, cross docking, inventory management, packaging and freight forwarding all are part of third party logistics. Companies in India currently outsource an estimated of 52% of logistics. And 3PL industry was estimated to be US\$ 1.5 bn in FY18.

3PL represents only 1% of logistics cost emphasizes its significance in the industry. Future is no doubt lying in outsourcing. As the growth in the 3PL market is expected to be in the range of 25-30% CAGR over FY11-14E. As of now, the 3PL activity is limited to only few industries like automotive, IT hardware, telecom and infrastructure equipment.

**Private Participation** – The industry is becoming more competent with the entry of global giants like Gazeley Broekman (Wal-Mart's logistics partner), CH Robinson and Kerry logistics and large India corporate houses like Tata, Reliance and Bharti group. A series of mergers and acquisition like DHL acquired Blue Dart, TNT acquired Speedage Express Cargo Service and FedEx bought over Pafex, are also leading to consolidation industry at various levels and segments. Many of these companies are planning to broaden their areas of operation and are also planning to develop their own logistic parks across the country. If the trend continues as per the estimates, the market share of the organized logistics players is expected to double from 8% in 2013 to approx. 12% by 2020.

**Warehouses** – Recently, warehouses have become key growth drivers in the logistics industry. Apart from conventional storing services, warehouses now providing value-added services like consolidation and breaking up of cargo, packaging, labelling, bar coding and reverse logistics, etc., warehousing and related activities account for approx. 20% of the total logistics industry.

Most of the warehousing space in India lies with unorganized players in domestic front, which is causing wide supply and demand gap in storage space. According to KPMG, an additional 120 million square feet of warehousing space is needed by 2018 to bridge this gap.

Currently, the organized warehousing industry in India has a capacity of approx. 80 million metric tons and is growing at 35 to 40 per cent per annum. An investment of approximately US\$ 500 million is being planned by various logistics companies for the development of about 45 million square feet of warehouse space by 2018. Many players in this segment such as Multi Modal Logistics Park, Mega Food Parks and Free Trade and Warehousing Zones have planned next generation storage models.

The warehousing sector in India is still in its initial stage of development and has a long way to catch up with most of the advanced economies. Managing transportation network and storage of finished goods, used to define the supply chain strategy for most of the companies in India until a few years back. However, integration of the Indian economy with the global economy and various multi-national companies setting up manufacturing facilities locally have helped in bringing the global best practices to the domestic market. This has resulted in a gradual shift from simply managing transport network and godowns towards a more integrated supply chain management system.

**Logistics Parks** – About 110 logistics parks spread over approximately 3,500 acres at an estimated cost of \$1 bn are expected to be operational and an estimated 45 mn sq ft of warehousing space with an investment of \$ 500 mn is expected to be developed by various logistics companies by 2020.

Majority of these logistics parks are planned in close proximity to state capitals. However, availability of large land parcels at relatively low cost, connectivity to multiple markets across states and industrial clusters has led to the emergence of some tier-2 and tier-3 cities as favored destinations for the development of logistics parks and warehouses.

The Indian railways has realized the necessity to improve the infrastructure to provide better services. The plan to develop Logistics Parks or hubs has the potential to streamline and optimize the supply chain and reduce the costs. Currently around 80% of the goods in India move by road, the railways have to essentially devise plans to divert this traffic to the rail.

India's Infrastructure sector attracted huge investments, leaving behind some of the major sectors including aviation, metals, and consumer durables. The growths in the retail and manufacturing industry, commodity markets and development of SEZs have been key factors in the growth of Indian logistics industry. A number of infrastructural projects involving warehouse and logistics parks are being undertaken are expected to be operational in the next 2-3 years.

The setting up special economic zones (SEZs) has led to increased logistics activities around them. Several logistics parks have come up at locations like Mumbai, Kolkata, Chennai and Hyderabad because of their excellent port, rail and road connectivity and are witnessing significant investment in infrastructure. Many of the large logistics players are in the process of setting up warehouses, container freight stations (CFS), inland container depots (ICD), logistics parks, distribution centers and other facilities to leverage the abundant opportunities. Increase in foreign trade is expected to further accelerate the demand for logistics services.

The future of the industry is very bright and is sure to witness exponential growth in the coming years. The increased participation of both public and private sector is crucial for developing logistics and improving supply chain management. Not only do the logistics companies need to create efficient business to thrive in the logistics sector, but they also need to explore ways for investing energy, costs and time to grow a strong logistics system.

The Indian economy has been growing at an average rate of more than 8 per cent over the last four years putting enormous demand on its productive infrastructure. Whether it is the physical infrastructure or roads, ports, water, power, etc., or the digital infrastructure of broadband networks, telecommunication, etc., or the service infrastructures of logistics – all are being stretched to perform beyond their capabilities. Interestingly, this is leading to an emergence of innovative practices to allow business and public service to operate at a higher growth rate in an environment where the support systems are getting augmented concurrently.

Broadly speaking, the Indian logistics sector, as elsewhere, comprises the entire inbound and outbound segments of the manufacturing and service supply chains. Of late, the logistics infrastructure has received lot of attention both from business and industry as well as policy makers. However, the role of managing this infrastructure for the logistics management regimen to effectively compete has been slightly under-emphasized. Inadequate logistics infrastructure has an effect of creating bottlenecks in the growth of an economy; the logistics management regimen has the capability of overcoming the disadvantages of the infrastructure in the short run while providing cutting edge competitiveness in the long term. It is here that exist several challenges as well as opportunities for the Indian economy. There are several models that seem to be emerging based on the critical needs of the Indian economy that can stand as viable models for other global economies as well.

## **II. OPPORTUNITIES AND THREATS**

### **Opportunities**

- **Growth in GDP and EXIM Trade**
  - ~2x relationship between growth rates of GDP and the logistics industry.
  - Post-recession resurgence of sectors like retail and manufacturing to drive volume growth.
  - Growth in EXIM trade – direct positive impact on port-oriented logistics, 1.5-2x GDP multiple for EXIM container trade
- **Rising Outsourcing and Consolidation**
  - Current outsourcing of logistics at around 52% in India.
  - Many more – increasingly considering outsourcing and 3PL models to reduce cost and focus on core businesses, giving to rise to industry consolidation
- **Rapid Supply Side Changes**
  - Significant private investment – warehousing and improvement in transportation systems
  - Moving away from 'Store-n-Transport' to real supply chain management
- **Key Regulatory Changes**
  - Introduction of GST – Leads to creation of integrated supply chain facilities like warehousing
  - near consumption centers
  - Privatization of sectors like container rail, rail freight terminals, port and airports
  - FDI in retail marketing and distribution – Will increase opportunities for intermediary logistics service providers
- **Significant Spending on Infrastructure**
  - Govt. spending over US 300 billion on infrastructure in 12<sup>th</sup> Five Year Plan of which – 27%
  - to be spent on rail, road, aviation and port projects
  - Approx. US\$ 500 billion expected to be spent in logistics infrastructure development in coming decade

Over next 5-10 years, India is expected to evolve as a moderate-sized export hub for key sectors such as automotive, engineering goods, Pharmaceuticals, and processed foods. Moreover within the next 2-3 years, consumption led economic

growth is likely to continue supporting import into the country. India also offers the significant a cost arbitrage opportunity when compared with other regions.

JNPT port where one of the FTWZ of the company is located handled more than 55% of India's total container traffic. Its dominance as the most viable port and Navi Mumbai's accessibility to major manufacturing destinations across India makes it one of the most preferred logistics and warehousing destination in India.

The JNPT port is already working at a 120% capacity on an installed capacity of 3.8 million TEUs. The Port is expected to add another terminal thereby more than doubling its capacity to 10 million TEUs by 2016. This will consequently increase demand in logistics and warehousing activity in the region.

#### **Threats**

Despite showing immense growth potential, the Indian Logistics and warehousing industry encounters various issues and challenges today which are discussed as under:

India lacks efficient road and rail network to facilitate smooth movement of goods. Also there is over dependence on the road infrastructure unlike the developed countries where rail is an equally mode of freight movement. The rail network in our country is saturated due to limited addition in tracks during the past decade. Likewise, cargo handling capacity of our ports is also inadequate leading to delay in delivery. The typical turnaround time of Indian ports is twice that of the neighboring ports of Colombo and Singapore. Such transport related issues in turn affect the export and import time which in turn pose a challenge.

### **III. OUTLOOK**

Arshiya's businesses offer unique solutions by way of unified supply chain infrastructure and warehousing facilities along with value added services and capability of providing all related technology solutions and end-to-end transportations.

The warehousing industry in India has come a long way from the erstwhile days of storage in godowns to the highly automated warehousing parks. Historically, Indian companies have considered warehousing activity as an unavoidable cost and the objective has always been to reduce this cost as much as possible. Such an attitude has resulted in huge under-investment in the sector over the years and adversely impacted efficient functioning of the supply chain network. However, increasing competition and introduction of global best practices by multinational companies are compelling Indian businesses to rethink on the importance of warehousing activity and the resultant benefits of managing an efficient supply chain.

The shift from godowns to warehouses has increased the scope of warehousing activity in the supply chain network. Apart from storage, warehouses are increasingly being used to carry out value added functions such as distribution, cross docking, consolidation & segregation, packing, sorting, labelling and tagging among others. Additionally handling of Export-Import (EXIM) goods requires further infrastructure support in terms of stuffing & de-stuffing of containers, customs clearance, storing of empty containers, railway access and container handling equipment. Hence, the amount of space and infrastructure required to support such activities is significantly higher as compared to godowns or even a standalone warehouse. The need for such infrastructure has gradually led to the development of integrated logistic parks in India.

An integrated logistics park as the name suggests is one centralized place for all types of logistic activities and value added services needed by exporters and local traders for shipment of their goods.

The Indian Logistics industry, hitherto dominated by un-organised players, now has innovative and 'game changing' solutions through Arshiya Group having created world class and competitive logistics infrastructure solutions such as:

- **Free Trade and Warehousing Zones (FTWZs)**
  - o To enable EXIM (Export-Import) cargo consolidation, value addition, inventory financing and to allow India to become a regional trading and transshipment hub.
- **Inland Container Depot (ICD)**
  - o For Domestic and International bound cargo value addition, consolidation
- **Rail Infrastructure Solutions**
  - o To comprise innovative customized containers for specific product types, service level agreements on timelines and delivery with key performance indicators.
  - o State-of-the-art Rail Terminals with modern equipment to increase speed of loading/unloading and chum.
  - o Private Freight Terminal



#### **IV. RISKS AND CONCERNS**

##### **Risks**

The Enterprise Risk Management (ERM) Initiative, at Arshiya encompasses practices related to Identification, assessment, monitoring and investigation of various risks to our business. Risk management is integral and fundamental to Arshiya's business. Since Arshiya is operating in a highly competitive environment, it is exposed to various strategic and operational risks like Economic risks, Competition risks, Trade risks, liability risk, Execution risks and regulatory risks. The Company has processes in place to safeguard its assets and liability risks through adequate and appropriate insurance coverage and the Company proposes to further strengthen the same.

The Company faces the following Risks and Concerns;

##### ***Economic Risk***

A part of business is substantially dependent on the prevailing global economic conditions. As witnessed in previous years, global trade directly impacts our FTWZ business. Factors that may adversely affect the global economy and in turn India's economic growth, that could affect the FTWZ include slowdown in the rate of infrastructure development, inflation, changes in tax, trade, fiscal and monetary policies etc. However, given the planned infrastructure investments in FY 2013-2017 will rise to a cumulative US 1 Trillion compared to US 542 billion in FY 2007- 2012, growth in global EXIM traffic and with increasing outsourcing of the logistics function by companies, we do not expect to be significantly affected by this risk.

##### ***Competition Risk***

Arshiya is pioneer in setting up FTWZ in the country and as such there is no competition in near future. The criteria of minimum 100 acres of land for setting up an FTWZ makes it all the more comfortable from the competition perspective as the land acquisition in the current context is not considered as simple activity.

##### ***Trade Risk***

Our business can be affected by the rise and fall in the levels of imports and exports in the country. Given the projected growth in the Indian economy and expected recovery in global trade, rising spending in the infrastructure and manufacturing space and increasing per capita and disposable income, it is estimated that imports will continue to rise steadily. The Company is also focusing on high margin segment which is essentially dependent on imports and exports of containerized cargo in India. With expected EXIM trade increase along with the growth in containerization, FTWZ business is expected to be good in coming years. Thus, we believe we have adequate mitigation in place for trade risk.

##### ***Regulatory Risk***

The company is facing certain regulatory issues, which it has taken up with the relevant Government Authorities and the same is being sorted out. After the clarity in the regulatory issues, it is expected that the business would grow substantially as all industry predictions suggest that this will be the trend in the future as well and we do not expect this risk to affect us materially in the coming years.

##### ***Liability Risk***

This risk refers to our liability arising from any damage to cargo, equipment, life and third parties which may adversely affect our business. The Company attempts to mitigate this risk through contractual obligations and insurance policies.

##### ***Execution Risk***

The Company has already implemented the project and has developed sufficient project implementation risk and thus does not envisage any execution risk in future.

##### **Concerns**

Despite showing immense growth potential, the Indian logistics infrastructure and warehousing industry encounters various issues and challenges today. Even though some of the biggest challenges require initiatives at the government level, the private sector will also play an equally important role. Some of the key challenges witnessed by the industry are explained below:

##### ***Transport Infrastructure***

The logistic infrastructure and warehousing industry has a very high dependence on physical infrastructure. The challenges pertaining to it are manifold ranging from lack of ample road and rail network to accessible storage options. India lacks efficient road and rail network to facilitate smooth movement of goods. Also there is overdependence on road infrastructure unlike the developed countries where rails are an equally important mode of freight movement.

The rail network in our country is saturated due to limited addition in tracks during the past decade. Likewise cargo handling capacity of our ports is also inadequate leading to delay in deliveries. The typical turn around time of Indian ports is twice that of

the neighboring ports of Colombo and Singapore. All the above transport related issues in turn affect the export and import time which in turn poses a challenge for companies.

#### **Land Availability**

Affordable land availability with clear titles in tactical locations is a big challenge currently. Since land is a state subject, it adds to the challenges as different states have different set of procedures pertaining to agriculture land acquisition. Increasing land values even in the peripheral areas of a city further makes it unviable for companies to invest in warehousing.

### **V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations. The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

The CEO and CFO certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of our internal control systems and procedures.

### **VI. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the year under review the Company was not able to fair well and continued to be under financial stress. The financial performance / highlights of the company are as under:

Since during the year there was only one Segment hence Segment wise Performance of Standalone Financials is not required.

#### **FINANCIAL HIGHLIGHTS 2014-15 – Based On Consolidated Financials**

##### **Segmental Performance**

	(₹ In Lacs)			
	Turnover 14-15	Turnover 13-14	Y-o-Y	
			Increase/(decrease)	%
Logistics	9.44	25,821.66	(25,812.21)	(99.96)
FTWZs/ Distripark	8,569.69	8,465.88	2,123.80	32.85
Containerized rail transport operations	23,823.90	19,334.75	4,489.15	23.22
Other operating income	-	33.42	(33.42)	(100.00)
<b>Total Turnover</b>	<b>32,423.04</b>	<b>51,655.73</b>	<b>(19,232.69)</b>	<b>(37.23)</b>

- Total Turnover decreased by 37.23% from ₹51,655.73 Lacs in 2013-14 to ₹32,423.04 Lacs in 2014-15
- EBITDA Increased by 383.55.% from Loss of ₹(1,387.22) Lacs in 2013-14 to Profit of ₹3,933.46 Lacs in 2014-15

### **VII. THE YEAR UNDER REVIEW**

The Company has built on its business vision, and created world-class infrastructure facilities. The change in regulatory procedures – more explained below impacted the Company operations during the year under review:

- **Delays in Duty Drawback**
  - o Lack of procedural clarity for claiming the duty drawback for exports made through FTWZ, due to this exporter is being deprived of major benefits that an FTWZ offers.
  - o Your Company is trying to get clarification regarding the same from customs and ministry officials.
- **Non-availability of Customs EDI system in FTWZ**
  - o EDI link system is used by customs for getting relevant notifications, instructions, exchange rates, valuation references, historic data etc. to facilitate imports and exports.
  - o Non availability of EDI link system at FTWZ, has resulted in delays in the imports and exports procedures at FTWZ.
  - o Company has installed all the required data exchange facilities and IT connectivity for implementing the EDI and have requested the highest authorities for allowing EDI link at FTWZ.



- **Import General Manifest (IGM) approvals for FTWZs**

- o An IGM is a regulatory document to be filed with customs by carrier of goods into the country, in this case the shipping lines.
- o The IGM details the particulars of goods to be transhipped. The IGM specifies the location at which the goods would be cleared from customs.
- o As per existing statutory provisions, the IGM cannot list an FTWZ as the end location. Due to this constraint, shipping lines are not moving their cargo to FTWZ.

The above factors affected the utilization of capacity arising out of huge capital expenditure and consequently impacted the operations of the Company. The Company could not reach the scale of operations as planned and, hence not succeeded in generating revenue to sustain smooth operations.

#### **Future ahead**

With persistent efforts of the Company, the Government had granted us the approval for setting up of Inland Container Depot (ICD) at Khurja, Uttar Pradesh. This approval is a booster for the affairs of the group as a whole because of its impact of integrating Rail, FTWZ and ICD operations at Khurja. The Company is looking ahead on capitalizing on the state of art infrastructure being created at Khurja and providing the clients all business solutions at one place only. Under the new Government's regime and recent business development that took place in the company, we can look forward to a bright future.

#### **VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED**

The Directors' have apprised about the material developments in human resources in the Directors' Report. Further, the Company had employed 138 employees during the year under review.

#### **CAUTIONARY STATEMENT**

*Certain statements made in the management discussions and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on, whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the Company does not have any direct control.*

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creating and safeguarding their wealth. Your Company continuously endeavours to uphold the values of transparency, integrity, professionalism and accountability, and improve upon these aspects on an ongoing basis to help the Company move forward.

The Securities and Exchange Board of India amended the Listing Agreement effective from October 1, 2014, to bring in additional corporate governance norms. These norms provide for stricter disclosures and protection of investor rights. The amended rules require companies to get shareholders' approval for related party transactions, establishment of whistle-blower mechanism, elaborate disclosures on pay packages and have at least one woman director on their board. The amended norms are aligned with the provisions of the Companies Act, 2013, and aimed to encourage companies to 'adopt best practices on Corporate Governance'.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as leadership and governance of the Company.

We firmly believe that Independence of Board is essential to bring objectivity and transparency in the management and in the dealings of the Company. As on March 31, 2015, the majority of our Board members i.e. 4 out of 6 are Independent members.

## 1. BOARD OF DIRECTORS

### Composition of Board:

The Board of Directors of the Company has an optimum combination of Promoter Director and Non-Executive Independent Directors, who have in depth knowledge of the business and industry. The composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges.

As at 31<sup>st</sup> March, 2015, the Company has six Directors on its Board with Promoter Director as Chairman and Managing Director, one Woman Director and four Non-Executive Independent Directors. All the Independent Directors have confirmed that they meet the 'Independence' criteria as mentioned under Clause 49 of the Listing Agreement and also as mentioned under Companies Act, 2013.

### Attendance at Board Meetings:

During the year under consideration nine meetings of the Board were held on 2<sup>nd</sup> April, 2014; 28<sup>th</sup> April 2014; 9<sup>th</sup> July, 2014; 17<sup>th</sup> July, 2014; 30<sup>th</sup> July, 2014; 12<sup>th</sup> August, 2014; 14<sup>th</sup> November, 2014; 24<sup>th</sup> December, 2014 and 9<sup>th</sup> February, 2015.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other Directorships do not include directorships in Private Limited Companies, Section 25 Companies and Companies incorporated outside India. Chairmanships of Board Committees include only Audit and Share Transfer and Investor Relations Committee

Sr. No.	Name of the Director	Category	Number of Board meeting during the Yr. 2014 - 2015 Director's Attendance		Directorships in other Public Companies	Membership/ Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 10th September, 2014
			Held	Attended		Chairman	Membership	
1	Mr. Ajay S Mittal	PD	9	9	9	1	1	Present
2	Mrs. Archana A Mittal	WPD	9	9	4	-	3	Absent
3	Mr. Ashish Balraja	NEI	9	9	4	1	3	Present
4	Mr. Rishabh Shah	NEI	9	6	-	2	1	Present
5	Prof. G. Raghuram	NEI	9	8	7	-	6	Absent
6	Mr. Mukesh Kacker	NEI	9	5	1	-	-	Absent

PD: Promoter Director, WPD: Woman Promoter Director, ED: Executive Director, NEI: Non Executive Independent Director

**Independent Directors:**

The Company abided by definition of Independence as per clause 49 of the Listing Agreement and according to the Provision of Section 149 (6) of the Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

**Training of Independent Directors:**

Whenever new Non-Executive and Independent Director(s) are Inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risk and management strategy.

A formal letter of appointment to Independent Director as provided in Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the website of the Company viz. [http://www.arshiyalimited.com/Investors/Corporate\\_Governance](http://www.arshiyalimited.com/Investors/Corporate_Governance).

**Performance Evaluation:**

One of the Key functions of the Board is to monitor and review the board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of executive/ non-executive/ independent directors through a peer- evaluation excluding the director being evaluated through a survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship to stakeholders, company performance, company strategy and the effectiveness of the whole Board.

**Separate Meeting of the Independent Directors:**

The Independent Directors held a Meeting on 9<sup>th</sup> February, 2015, without the attendance of Non-Independent Directors and Member of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- Reviewed the performance of non-Independent directors and the Board as a whole;
- Reviewed the performance of the Chairperson of the Company, taking into account the views of Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the company management and the board that is necessary for the board to effectively and reasonably perform their duties.

**2. COMMITTEES****(A) AUDIT COMMITTEE**

The Company has an Audit Committee in compliance with the provisions of Section 177 of the Companies Act 2013 and Clause 49 of the Listing Agreement.

The Committee comprises of 2 Non Executive Independent Directors and 1 Promoter Executive Director. Mr. Ashish Balra, Non-28<sup>th</sup> executive Director is the Chairman of the Audit Committee. Five meetings of the Audit Committee were held during the year on April, 2014; 9<sup>th</sup> July, 2014; 12<sup>th</sup> August, 2014; 14<sup>th</sup> November, 2014 and 9<sup>th</sup> February, 2015.

Details of meetings attended by its members till 31<sup>st</sup> March, 2015 are given below:

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Balra - Chairman	5	5
2.	Mr. Rishabh Shah - Member	5	5
3.	Mr. Ajay S Mittal - Member	5	5

The Chairman of the Audit Committee was present at the Annual General Meeting held on 10<sup>th</sup> September, 2014 to answer Member's queries.

The meetings of Audit Committee are also attended by Statutory Auditors and Internal Auditors as special invitees. The Committee also invites such of the other Directors or Executives as it considers appropriate to be present at the meeting. The Company Secretary/ Compliance Officer acts as the secretary to the Committee. Minutes of each Audit Committee meeting are placed before, and when considered appropriate, are discussed in the meeting of the Board. The Audit Committee, inter alia, reviews the adequacy of the internal control functions, and reviews the Internal Audit reports including those related to Internal Control weaknesses, if any. The Audit Committee is provided with necessary assistance and information to carry out their functions effectively.

#### **Powers and Terms of Reference of the Committee:**

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audit of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies. The Committee, inter alia, performs the following functions:

- 1 Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2 Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- 3 Approval of payment to statutory auditors for any other services rendered by them.
- 4 Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(5) of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- 5 Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 6 Reviewing, with the management, the statement of uses/application of funds as and when raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 7 Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 8 Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 9 Discussion with internal auditors on any significant findings and follow up thereon.
- 10 Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 11 Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 12 To look into the reasons for substantial defaults if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 13 To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 14 Carrying out any other function as is assigned to the Audit Committee.
- 15 Such other powers and duties as may be required to be included in terms of Listing Agreement amended from time to time.

#### **(B) NOMINATION AND REMUNERATION COMMITTEE**

The Remuneration Committee was renamed as Nomination and Remuneration Committee w.e.f. 9<sup>th</sup> February, 2015.

The Nomination and Remuneration Committee comprises of Mr. Ashish Balraja, Chairman, Mr. Rishabh Shah and Prof G. Raghuram. Two members shall be the quorum for the meeting of the said Committee. The Company Secretary/Compliance Officer shall be the Secretary of the Committee. The minutes of the Meeting of the Committee shall be placed at the meeting of Board of Directors.

During the year two meetings of the Remuneration and Nomination Committee were held on 9<sup>th</sup> July, 2014 and 12<sup>th</sup> August, 2014.

Details of meetings attended by its members till 31<sup>st</sup> March, 2015 are given below:

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Balrager - Chairman	2	2
2.	Mr. Rishabh Shah - Member	2	2
3.	Prof. G. Raghuram - Member	2	1

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- To nominate persons who are qualified to become Directors and who may be appointed in a senior Management in accordance with the criteria laid down;
- Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, including recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

#### Nomination and Remuneration Policy

This Nomination and Remuneration Policy is being formulated in compliance with Section 175 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

The Nomination and Remuneration policy is available on website [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance). The Nomination and Remuneration Policy of the Company is also attached as Annexure to the Board's Report

#### Remuneration paid to Directors

Your Company benefits from the professional expertise and invaluable experience of the Independent Directors in their individual capacity as competent professionals/business executives in achieving corporate excellence. During the period, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to any of its Non-Executive Directors.

Details of Sitting Fees/Remuneration paid to Non-executive and Executive Directors for the year ended March 31, 2015 are given below:

#### a) Non-executive Directors:

Sr.No.	Name of Director	Sitting Fees paid (Rs.)	No. of shares held (Face Value Rs.2/- each)
1.	Mr. Ashish Balrager	2,05,000	Nil
2.	Mr. Rishabh Shah	1,45,000	7,955
3.	Prof. G. Raghuram	1,20,000	Nil
4.	Mr. Mukesh Kacker	1,00,000	Nil



## b) Executive Directors:

Sr. No.	Name of Director	Salary, Perquisites, Allowances and Commission (₹)	No. of Shares held (excluding Stock Option)
1.	Mr. Ajay S Mittal –Chairman and Managing Director	-	1,85,60,937
2.	Mrs. Archana A Mittal - Joint Managing Director	-	6,98,09,288

**(C) SHARE TRANSFER, INVESTOR GRIEVANCES AND STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Share Transfer and Investor Grievance and Allied Matters Committee was renamed as Share Transfer, Investor Grievance and Stakeholders Relationship Committee w.e.f. 9<sup>th</sup> February, 2015.

According to Sec. 178(5), the Chairperson of the Committee shall be a Non Executive Director and it shall comprise of such other members as may be decided by the Board Directors from time to time.

The Share Transfer, Investor Grievance and Stakeholders Relationship Committee comprises of Mr. Rishabh Shah, Chairman, Mr. Ashish Balraja and Prof G. Raghuram. Two members shall be the quorum for the meeting of the said Committee. The Company Secretary/Compliance Officer of the Company shall be the Secretary of the Committee.

The meetings of the Share Transfer and Investor Grievance and Allied Matters Committee were held three times during the year on 12<sup>th</sup> August, 2014; 14<sup>th</sup> November, 2014 and 9<sup>th</sup> February, 2015

Details of meetings attended by its members are given below:

Sr.No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Rishabh Shah	2	2
2.	Mr. Ashish Balraja	2	2
3.	Prof G. Raghuram	2	2

**Role**

The Committee is entrusted with the responsibility to resolve the grievances of security holders. The Committee monitors and reviews the performance and service standards of the Registrar and Share Transfer Agents of the Company and provides continuous guidance to improve the service levels for investors. The broad terms of reference of the Committee are as under:

- to deal and approve shares/securities transfers, request for split, issue of duplicate Shares certificate;
- to delegate Authority to the Senior Executives for approval of transfer and transmission of securities issued by the Company;
- to deal with the Investors complaints;
- to maintain, develop and improve relations with the investors;
- to fix record date/book closure of share/debenture transfer book of the Company from time to time;
- to appoint representatives to attend the General Meeting of other companies in which the Company is holding shares.

During the year under review, two complaints were received from the shareholders, which were adequately resolved by the Company/Registrar & Transfer Agent (RTA) M/s Big Share Services Private Ltd., leaving a balance of nil complaint as on March, 31, 2015.

**SEBI Complaints Redressal System (SCORES):**

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

**Name and Designation of Compliance Officer:**

Mr. Shyam Rathl, CFO and Compliance Officer (Resigned w.e.f. 14.11.2014)

Mr. Valbhav Sanjay Bakhare, Company Secretary and Compliance Officer (Appointed w.e.f. 14.11.2014 and Resigned w.e.f. 31.03.2015)

**(D) COMMITTEE OF DIRECTORS**

The Committee of Directors comprises of Mr. Ajay S Mittal, Chairman, Mr. Ashish Balraja, and Mr. Rishabh Shah. The Committee has been delegated with various powers of the Board to enable the Management to take various timely decisions in the best interest of the Company.

The Committee meets as and when required and the Minutes of the Committee of Directors are placed at the next meeting of the Board. During the year there was one meeting which was held on 28<sup>th</sup> December, 2014 of the Committee of Directors of the Company.

Details of meeting attended by its members are given below:

Sr.No.	Name of Members	No. of meeting held	No. of meetings attended
1.	Mr. Ajay S Mittal	1	1
2.	Mr. Ashish Balraja	1	1
3.	Mr. Rishabh Shah	1	1

**(E) RISK MANAGEMENT COMMITTEE**

The Risk Management Committee comprises one Executive and two Independent Directors namely Mr. Ajay S Mittal, Chairman, Mr. Ashish Balraja, and Mr. Rishabh Shah.

The purpose of the Committee is to assist the Board in fulfilling its Corporate Governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risk. The Committee has overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

The Risk Management Committee is also responsible for reviewing and approving the risk document statement in public documents and disclosures.

The Committee meets as and when required and the Minutes of the Committee are placed at the next meeting of the Board. During the year there was one meeting which was held on 9<sup>th</sup> February 2015.

Details of meeting attended by its members are given below:

Sr. No.	Name of Members	No. of meeting held	No of meeting attended
1.	Mr. Ajay S Mittal	1	1
2.	Mr. Ashish Balraja	1	1
3.	Mr. Rishabh Shah	1	1

**Role**

The Committee is entrusted with the responsibility to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise wide risk management framework is applied so that effective management of risks is an integral part of every employee's job. Risk Management Committee is entrusted with following tasks:

- Providing a framework that enables future activities to take place in a consistent and controlled manner;
- Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/threats;
- Contributing towards more efficient use/allocation of the resources within the organization;
- Protecting and enhancing assets and company image;
- Reducing volatility in various areas of the business;
- Developing and supporting people and knowledge base of the organization;
- Optimizing operational efficiency.

The Risk Management Policy is available on website, [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance).

### 3. GENERAL BODY MEETINGS

a) Location, time and date where last three Annual General/Extra Ordinary General Meetings/Postal Ballot were held are given below:

Financial Year	Date and Time	Venue
2013-2014	AGM – 10 <sup>th</sup> September, 2014 at 3.00 p.m.	Hall of Culture (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai - 400018
	EGM – 29 <sup>th</sup> May, 2014 at 3.30 p.m.	Hall of Culture (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai - 400018
	Postal Ballot- 12 <sup>th</sup> May, 2014	N.A.
2012-2013	AGM – 7 <sup>th</sup> August, 2013 at 3:30 p.m.	Hall of Culture (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai - 400018
	EGM – 18 <sup>th</sup> October, 2012 at 11.00 am	Sai Palace Hotel, Mahakali Caves Road, Chakala, Mumbai 400093
2011-2012	AGM – 18 <sup>th</sup> September, 2012 at 2.30 p.m.	Hall of Culture (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai - 400018

b) In the last three AGMs/EGMs, following Special Resolutions were passed:

Meetings held on	Special Resolution passed
AGM – 10 <sup>th</sup> September, 2014	<ul style="list-style-type: none"> <li>To authorise the Board to create charges on the assets of the company</li> <li>To authorise the Board to borrow funds on behalf of the company</li> <li>Increasing the limits to make loans or investments and to give guarantee or provide security in connection with the loans under section 188 of the Companies Act, 2013</li> </ul>
EGM – 29 <sup>th</sup> May, 2014	<ul style="list-style-type: none"> <li>Appointment of Statutory Auditors to fill Casual Vacancy</li> </ul>
Postal Ballot- 12 <sup>th</sup> May, 2014	<ul style="list-style-type: none"> <li>Increase in the authorised share capital of the company</li> <li>Alteration of articles of association</li> <li>Authorization for restructuring of debts</li> <li>Issue of equity shares on preferential basis to the promoters</li> <li>Approval for reappointment and remuneration of Mr. Ajay S Mittal</li> <li>Approval for reappointment and remuneration of Mrs. Archana A Mittal</li> </ul>
AGM – 7 <sup>th</sup> August, 2013	<ul style="list-style-type: none"> <li>Change of name of Company from Arshiya International Limited to Arshiya Limited</li> </ul>
EGM 18 <sup>th</sup> October, 2012	<ul style="list-style-type: none"> <li>Preferential issue of warrants convertible into equity shares.</li> </ul>
AGM – 18 <sup>th</sup> September, 2012	<ul style="list-style-type: none"> <li>Revision in remuneration of Mr. Ajay S Mittal, Chairman and Managing Director of the Company w.e.f 1<sup>st</sup> October, 2011 till the remaining period of his appointment i.e. 14<sup>th</sup> April, 2014.</li> <li>Appointment of Mr. Ananya A Mittal, a relative of Mr. Ajay S Mittal, Chairman and Managing Director's and Mrs. Archana A Mittal, Joint Managing Director of the Company, as General Manager - Business Development.</li> <li>Alteration of Articles of Association of the Company under section 31 of the Companies Act, 1956 by inserting new clause 72(4), 94A and 133.</li> </ul>

c) Postal Ballot:

During the year, pursuant to the provision of the Section 110 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, the Company has passed certain resolutions through Postal Ballot, as per the details mentioned below:

- Increase in the authorised share capital of the company
- Alteration of articles of association
- Authorization for restructuring of debts
- Issue of equity shares on preferential basis to the promoters
- Approval for reappointment and remuneration of Mr. Ajay S Mittal
- Approval for reappointment and remuneration of Mrs. Archana A Mittal

The Company had appointed Shri Manoj Mimani, Practicing Company Secretary as Scrutinizer to conduct the Postal Ballot Process in a fair and transparent manner. Postal Ballot forms received upto the close of working hours on 10<sup>th</sup> May, 2014 had been considered and the result of Postal Ballot was announced on 12<sup>th</sup> May, 2014 at the Registered Office of the Company. The details of result of Postal Ballot are as under:

Resolution No.	Type of resolution	In Favour			Against			Total no. of Votes
		No. of Ballot Forms (including electronic Votes)	No. of Votes in Favour	%	No. of Ballot Forms (including electronic Votes)	No. of Votes Against	%	
1. Increase in authorized capital of the company	Ordinary	180	3,99,81,755	99.88	22	47,298	0.12	4,00,29,053
2. Alteration of articles of association of the company	Special	182	3,99,50,256	99.87	24	48,867	0.13	3,99,99,123
3. Approval of CDR Scheme of the Company	Special	183	3,99,51,783	99.88	21	47,220	0.12	3,99,99,003
4. Issue of equity shares on preferential basis to promoters	Special	167	3,92,67,117	98.26	38	6,97,006	1.74	3,99,64,123
5. Approval for reappointment and remuneration of Mr. Ajay S Mittal as Chairman and Managing Director	Special	175	3,99,42,979	99.86	29	54,368	0.14	3,99,97,347
6. Approval for reappointment and remuneration of Mrs. Archana A Mittal as Joint Managing Director	Special	175	3,99,42,635	99.86	32	57,028	0.14	3,99,99,663

#### 4. SUBSIDIARY COMPANIES

Clause 49 of the Listing agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, defines a "material non-listed Indian subsidiary" as an unlisted subsidiary Company, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Company has 12 subsidiary companies, including 1 Material Subsidiary and 3 step down subsidiaries as on 31.03.2015. Further, it has one "Material non-listed Indian Subsidiary, and in compliance with the conditions specified in Clause 49 of the Listing Agreement, Independent Director(s) on the Board of the Company, have been appointed as Director on the Board of the Material Non-listed Indian Subsidiary, as well as on its Audit Committee.

#### 5. DISCLOSURES

##### a) Compliance with Governance Framework

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement

##### b) Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. Related party transactions have been disclosed in the notes forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

As required under clause 49, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance).

##### c) Details on non-compliance by the Company, penalties and strictures imposed on the company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The company has complied with all requirements of the Listing Agreement entered into with the stock exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

##### d) Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the company has been denied access to the Audit Committee. Vigil Mechanism/Whistle Blower Policy of the Company is annexed as **Annexure-A** to this Report.

##### e) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and also followed Section 133 of the Companies Act, 2013.

##### f) Risk Management

Your Company is well aware of risks associated with its business operations and various projects under execution. Comprehensive risk management system is being put in place involving classification of risk, adoption of risk mitigation measures and a strong mechanism to deal with potential risks and situation leading to rise of risks in an effective manner.

Senior Professionals conversant with risk management systems have been entrusted with the said task with a brief to implement the risk management. Risk Management Policy of the Company is available on the website of the Company [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance).



**g) Implementation of Compliance Management System**

Your Company has in place a well-structured Legal Compliance Management System to monitor periodical compliances on regular basis and Review Reports are discussed at the Audit Committee meetings and Board Meetings.

**h) Proceeds from Public Issues, Rights Issues, and Preferential Issues etc.**

The Company has not made any issue of Equity Shares under the Company's Employee Stock option Scheme during the year and hence not received any proceeds therefrom.

Pursuant to the applicable provisions of the Companies Act, 2013, approval of the members for issue of Equity Shares on Preferential Basis to the Promoters was taken through Postal Ballot and results declared on May 12, 2014.

**i) Management Discussion and Analysis**

Management Discussion and Analysis Report forms part of Annual Report.

**j) Non-mandatory requirements**

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time-to-time.

**6. MEANS OF COMMUNICATION**

a) The quarterly, half-yearly and annual financial results are usually published in Free Press Journal and Navashakti.

b) The Company has its own website viz. [www.archivalimited.com](http://www.archivalimited.com) and the financial results and quarterly shareholding pattern along with other relevant information useful to the investors are uploaded on the website regularly.

c) The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to institutional investors and analysts etc. A brief profile of Directors is also on the Company's website. Members also have the facility of raising their queries/complaints on share related matters through a facility provided on the Company's website.

**7. GENERAL SHAREHOLDER INFORMATION**

a)	<b>34<sup>th</sup> AGM</b>	Date: 10 <sup>th</sup> July, 2015 Time: 3:00 p.m. Venue: Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018
b)	<b>Financial Year-2014-2015 Financial Calendar for 2015-2016 (Tentative)</b>	i. 1 <sup>st</sup> quarter results- on or before 14 <sup>th</sup> August, 2015 ii. 2 <sup>nd</sup> quarter results- on or before 14 <sup>th</sup> November, 2015 iii. 3 <sup>rd</sup> quarter results- on or before 14 <sup>th</sup> February, 2016 iv. Audited results for the year- on or before 30 <sup>th</sup> May, 2016
c)	<b>Date of Book Closure</b>	4 <sup>th</sup> July 2015 to 9 <sup>th</sup> July, 2015
d)	<b>Dividend payment date</b>	NA
e)	<b>Listing on Stock Exchanges</b>	Bombay Stock Exchange Limited. National Stock Exchange of India Limited The Company has paid the Listing fees for the year 2015-2016.
f)	<b>Stock Code Symbol</b>	BSE : 506074 NSE: ARSHIYA
g)	<b>Demat ISIN Number For CDSL and NSDL</b>	INE968D01022

**Market Price Data and Relative Performance:**

The monthly high and low quotations of shares traded on BSE and BSE B/S&P BSE SENSEX during each month in last financial year are as follows:

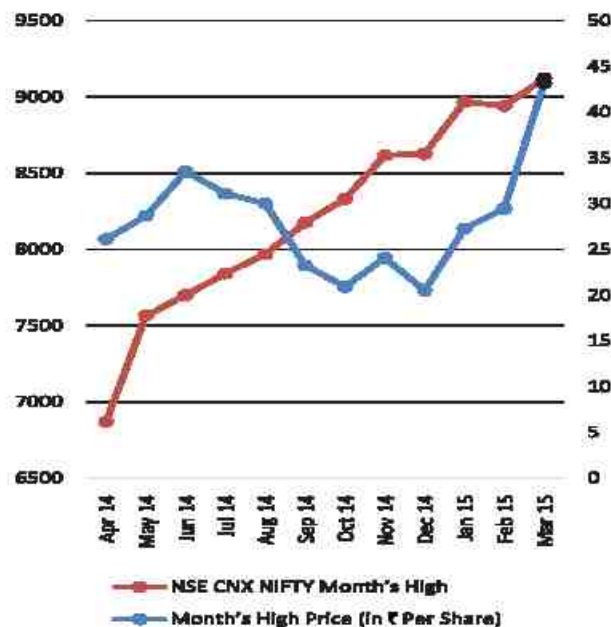
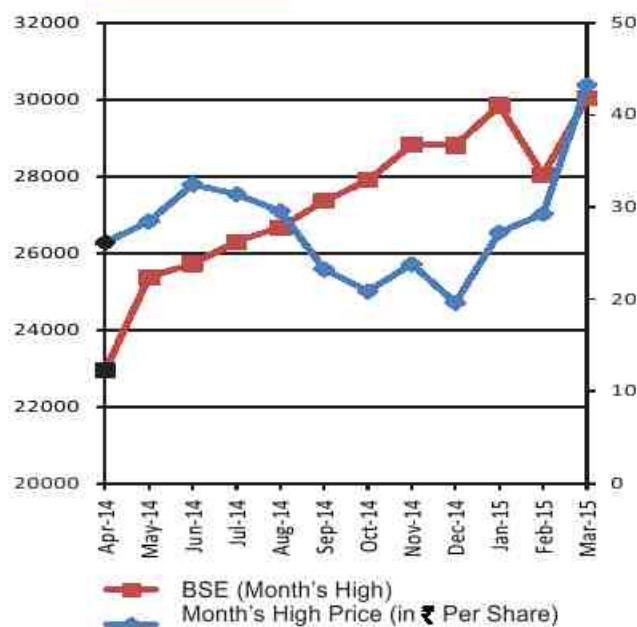
Month	Bombay Stock Exchange (BSE)*			B/S&P BSE SENSEX*	
	Month's High Price (In ₹ Per Share)	Month's Low Price (In ₹ Per Share)	Month's Volume	Month's High	Month's Low
April 14	26.15	15.45	10,79,562	22,939.31	22,197.51
May 14	28.45	21.10	6,07,297	25,375.12	24,270.20
June 14	32.45	24.00	6,62,789	26,726.12	24,270.20
July 14	31.40	22.40	5,50,564	26,300.17	24,892.00
August 14	29.55	21.50	3,90,025	26,674.38	25,232.82
September 14	23.25	18.00	4,14,294	27,354.99	26,220.49
October 14	20.85	16.25	2,43,363	27,894.32	26,910.77
November 14	23.80	18.30	3,13,387	28,822.37	27,739.66
December 14	18.60	15.25	3,88,180	28,809.64	28,488.42
January 15	27.25	16.40	12,07,591	29,844.16	26,776.12
February 15	29.25	22.50	15,51,727	28,044.49	29,361.50
March 15	43.25	27.00	34,54,594	30,024.74	27,248.45

\*Source: [www.bseindia.com](http://www.bseindia.com)

The monthly high and low quotations of shares traded on NSE and CNX Nifty during each month in last financial year are as follows:

Month	National Stock Exchange (NSE)#			NSE CNX NIFTY#	
	Month's High Price (In ₹ Per Share)	Month's Low Price (In ₹ Per Share)	Month's Volume	Month's High	Month's Low
April 14	26.10	15.60	15,05,905	6869.85	6850.40
May 14	28.65	21.20	12,49,058	7663.50	6638.55
June 14	33.50	23.20	10,64,132	7700.05	7239.50
July 14	31.10	22.30	8,00,660	7840.9	7422.15
August 14	30.00	21.55	8,43,195	7968.25	7540.10
September 14	23.25	17.70	7,86,818	8174.55	7926.16
October 14	20.90	16.40	2,76,504	8330.75	7723.85
November 14	24.05	18.30	5,44,634	8617.00	8290.25
December 14	20.50	14.90	5,68,796	8626.95	7961.35
January 15	27.25	16.05	20,70,549	8966.65	8065.45
February 15	29.45	22.25	19,83,253	8941.10	8470.50
March 15	43.15	26.65	75,70,223	9119.20	8269.15

#Source: [www.nseindia.com](http://www.nseindia.com)



**Registrar & Share Transfer Agent:**

**Bigshare Services Private Ltd.**  
 E-2/3, Ansa Industrial Estate,  
 Sakinaka Road, Sakinaka,  
 Andheri (East), Mumbai-400 072  
 Tel.: 91-22-2847 0852/ 40430200  
 Fax: 91-22-2847 5207  
 E-mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)

**Share Transfer System:**

All shares sent for transfer in physical form are registered by the Registrar & Share Transfer Agent within 15 days of the lodgement, if documents are found in order. All requests for dematerialization of shares are processed and the confirmation is given to the respective depository's i.e National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**Category wise distribution of equity shareholding as at 31<sup>st</sup> March, 2015:**

Category	No. of Shares Held	% age of Shareholding
Promoter and Promoter Group	8,83,70,225	69.35
Mutual Fund	-	-
Trust	-	-
FII	22,08,366	1.73
Bodies Corporate	1,28,71,931	10.10
Individual	1,87,99,264	14.75
Clearing Member	3,34,434	0.26
Director/relative	13,955	0.01
Employee	4,810	0.00
NRI	16,04,992	1.26
Foreign National	4,50,000	0.36
Foreign Company	27,71,495	2.18
<b>GRAND TOTAL</b>	<b>12,74,29,472</b>	<b>100</b>

**Distribution of shareholding as on 31<sup>st</sup> March 2015:**

Number of Equity shares held	Total Holders	% of total holders	Total Holding in Rs.	% of Total Capital
01 - 5000	10,740	92.24	75,28,594	2.95
5001 - 10000	366	3.14	27,64,950	1.08
10001 - 20000	236	2.03	35,50,886	1.39
20001 - 30000	74	0.64	18,40,080	0.72
30001 - 40000	42	0.36	14,66,532	0.58
40001 - 50000	27	0.23	12,78,240	0.50
50001 - 100000	85	0.58	48,17,310	1.89
100001-99999999	83	0.80	23,16,14,352	90.89
<b>Total</b>	<b>11,643</b>		<b>25,48,58,944</b>	<b>100</b>

**Unclaimed Dividends:**

The shareholders who have not encashed their dividend warrants for the years 2007-08 onwards are requested to claim the amount from Bigshare Services Private Ltd. or from the Company. As per section 124 of the Companies Act, 2013 (corresponding to Section 205 of Companies Act, 1956), any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called 'the Investor Education and Protection Fund' set up by the Central Government. No claims shall lie against the fund or the Company in respect of the amount so transferred. Further, the Ministry of Corporate Affairs (MCA) vide its Notification dated 10th May, 2012 prescribed the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 which mandates all the companies to file the particulars of all the unclaimed and unpaid amounts through e-Form 5 INV on the web portal of MCA <http://www.iepf.gov.in/IEPF/services.html> and subsequently also upload the data on the website of the Company. The details of unclaimed dividends for the financial years 2007-08 to 2011-2012 have been uploaded on the Company's website [www.arshiyalimited.com](http://www.arshiyalimited.com)

**Dematerialization of shares and liquidity:**

Approximately 97.78% of the total number of shares are in dematerialized form as on 31<sup>st</sup> March 2015. The Equity shares of the Company are traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

**Outstanding ADRs, GDRs, warrants or any convertible instruments, conversion date and impact on equity:**

No ADRs or GDRs, or any other convertible instruments were outstanding for conversion as on 31<sup>st</sup> March, 2015.

**Address for investor correspondence:**

All routine correspondence regarding share transfers, transmission, dematerialization of shares, change of address, non-receipt of dividend, etc., should be addressed to the Company's Registrar & Share Transfer Agent at:

**BIGSHARE SERVICES PRIVATE LTD.**

E-2/3, Ansa Industrial Estate,  
Sakdvihar Road, Sakl Naka,  
Andheri (East), Mumbai-400 072  
Tel.: 91-22-2847 0652/ 40430200  
Fax.: 91-22-2847 5207  
E-mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)

For complaints/grievances, if any, members are requested to address the same to:

**Arshiya Limited**

Registered Office	Corporate Office
Unit No. A1, 4th Floor, Chenergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai- 400025 Phone No. +91 22 4230 5400/01 Fax No. +91 22 4230 5555	302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai - 400018 Phone No. +91 22 4230 5500 Fax No. +91 22 4230 5555

Email: [grv.redress@arshiyalimited.com](mailto:grv.redress@arshiyalimited.com)

**Code of Conduct**

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel of the Company which is posted on the Company's website [www.arshiyalimited.com](http://www.arshiyalimited.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct. Affirmation with compliance of the Code of Conduct is enclosed as **Annexure B**.

**Prevention of Insider Trading**

The Company has framed and implemented a Code on Prevention of Insider Trading in accordance with the Code prescribed by SEBI (Prohibition of Insider Trading) Regulations, 2015 and disclosed on the website of the Company viz. [http://www.arshiyalimited.com/investors/Corporate\\_Governance](http://www.arshiyalimited.com/investors/Corporate_Governance)

**Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the Report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. The Audit, inter alia, confirms that the listed and paid

up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

#### **CEO/CFO Certification**

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO/CFO Certification is provided as **Annexure-C** to this Report.

#### **Certificate on Corporate Governance**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement.

A Report on Corporate Governance is included as a part of this Annual Report. Certificate from the Practising Company Secretary of the company M/s. Aabid & Co., Practising Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is included as **Annexure-D** of this Report.

#### **Green Initiative in the corporate governance:**

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Directors Report, audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent/concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.



Annexure-A**VIGIL MECHANISM/WHISTLE BLOWER POLICY****PREAMBLE**

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.

The Company has adopted a Code of Conduct for Directors and Senior Management Personnel ("the Code"), which lays down the principles and standards that should govern the actions of the Directors and Senior Management Personnel.

Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Effective October 1, 2014, Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, *inter alia*, provides for a mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the company's code of conduct.

**POLICY**

In compliance of the above requirements, Arshiya Limited, (AL), being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

**POLICY OBJECTIVES**

The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

**DEFINITIONS**

"Protected Disclosure" means a written communication of a concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity under the title "SCOPE OF THE POLICY" with respect to the Company. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

"Subject" means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

"Vigilance Officer/Vigilance Committee or Committee" is a person or Committee of persons, nominated/appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

"Whistle Blower" is a Director or employee who makes a Protected Disclosure under this Policy and also referred in this policy as complainant.

**SCOPE**

The Policy is an extension of the Code of Conduct for Directors & Senior Management Personnel and covers disclosure of any unethical and improper or malpractices and events which have taken place/ suspected to take place involving:

1. Breach of the Company's Code of Conduct
2. Breach of Business Integrity and Ethics
3. Breach of terms and conditions of employment and rules thereof
4. Intentional Financial irregularities, including fraud, or suspected fraud
5. Deliberate violation of laws/regulations
6. Gross or Willful Negligence causing substantial and specific danger to health, safety and environment
7. Manipulation of company data/records
8. Pillage of confidential/proprietary information
9. Gross Wastage/misappropriation of Company funds/assets

#### ELIGIBILITY

All Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

#### PROCEDURE

All Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English.

The Protected Disclosure should be submitted under a covering letter signed by the complainant in a closed and secured envelope and should be super scribed as "Protected disclosure under the Whistle Blower policy" or sent through email with the subject "Protected disclosure under the Whistle Blower policy". If the complaint is not super scribed and closed as mentioned above, the protected disclosure will be dealt with as if a normal disclosure.

All Protected Disclosures should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in exceptional cases.

The contact details of the Vigilance Officer and Audit Committee Chairman are as under:-

Name and Address:-  
Mr. Navnit Choudhary  
Vice President-Commercial  
Arshiya Limited  
302, Level- 3, Ceejay House,  
Shiv Sagar Estate, F Block,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400018  
Email- [navnit.choudhary@arshyalimited.com](mailto:navnit.choudhary@arshyalimited.com)

Name and Address:-  
Mr. Ashish Bairagra  
Chairman-Audit Committee  
M. L. Bhuwania & Co.  
F-11, 3rd Floor, Manek Mahal,  
90, Veer Nariman Road,  
Churchgate,  
Mumbai- 400020  
Email- [ashish@mlbca.in](mailto:ashish@mlbca.in)

In order to protect the identity of the complainant, the Vigilance Officer will not issue any acknowledgement to the complainants and they are not advised neither to write their name/address on the envelope nor enter into any further correspondence with the Vigilance Officer.

Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance Officer.

On receipt of the protected disclosure the Vigilance Officer shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

#### INVESTIGATION

All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Vigilance Officer will carry out an investigation either himself/herself or by involving any other Officer of the Company/Committee constituted for the same /an outside agency before referring the matter to the Audit Committee of the Company.

The Audit Committee, if deems fit, may call for further information or particulars from the complainant and at its discretion, consider involving any other/additional Officer of the Company and/or Committee and/or an outside agency for the purpose of investigation.

The investigation by itself would not tantamount to an accusation and is to be treated as a neutral fact finding process.

The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

Any member of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his/her concern/interest forthwith and shall not deal with the matter.

**DECISION AND REPORTING**

If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.

Any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board.

A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Vigilance Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

**CONFIDENTIALITY**

The complainant, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall, maintain confidentiality of all matters under this Policy, discuss only to the extent or with those persons as required under this policy for completing the process of investigations and keep the papers in safe custody.

**PROTECTION**

No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy. Adequate safeguards against victimization of complainants shall be provided. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure.

The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

**DISQUALIFICATIONS**

While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.

Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted.

**ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE**

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

**COMMUNICATION**

Directors and Employees shall be informed of the Policy by publishing on the notice board and the website of the Company.

**RETENTION OF DOCUMENTS**

All Protected disclosures in writing or documented along with the results of investigation relating thereto, shall be retained by the Company for a period of 5 (five) years or such other period as specified by any other law in force, whichever is more.

**AMENDMENT**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and employees unless the same is not communicated in the manner described as above.

Annexure -B**DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT**

In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited, to the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Company as applicable to them for the financial year ended on 31<sup>st</sup> March, 2015.

**AJAY S MITTAL**  
**CHAIRMAN AND MANAGING DIRECTOR**  
**DIN: 00226355**

**Date: 15<sup>th</sup> May, 2015**  
**Place: Mumbai**

Annexure -C**CEO/CFO CERTIFICATION**

I, Ajay S Mittal, Chairman and Managing Director of Arshiya Limited appointed in terms of the Companies Act, 2013, certify to the Board that:

a) I have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2015 and to the best of my Knowledge and belief:

i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

ii) These Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of my Knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2015 are fraudulent, illegal or violate the Company's code of conduct.

c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) I have indicated to the auditors and the Audit Committee:

i) Significant changes in internal control over financial reporting during the year;

ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and

iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**AJAY S MITTAL**  
**CHAIRMAN AND MANAGING DIRECTOR**  
**DIN: 00226355**

**Date: 15<sup>th</sup> May, 2015**  
**Place: Mumbai**

**Annexure -D****CERTIFICATE ON CORPORATE GOVERNANCE****The Members of  
Arshiya Limited**

We have examined the compliance of conditions of Corporate Governance by Arshiya Limited, for the year ended 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

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

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2015, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Aabid & Co.,  
Company Secretaries

**(Mohammad Aabid)**  
**FCS NO.:6579**  
**C.P.No.:8625**  
**Partner**

**Date: 15<sup>th</sup> May, 2015**  
**Place: Mumbai**



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## FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

To,

**The Members of Arshiya Limited (Formerly Known As Arshiya International Limited)**

## **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **ARSHIYA LIMITED (Formerly known as Arshiya International Limited)** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Basis for Qualified Opinion:**

*We draw attention to Note No. 50, relating to remuneration paid to ex-executive Director of the company for FY 2013-14, which have turned out to be in excess of the limits prescribed under section 198 read with Schedule XIII to the Companies Act, 1956 due to the reasons stated in the note and hence, it is subject to the approval of the Central government.*

**Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter described in Basis for Qualified Opinion paragraph*, these financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;  
and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matters**

1. The Company continues to be under severe financial stress as reflected by:
  - (a) During the year, some of the secured borrowings turning to Non Performing Assets and assignment of a bank's dues in favour of Edelweiss Asset Reconstruction Company (Refer Note No. 31).
  - (b) Substantial creditors remaining outstanding to be paid.
  - (c) Unpaid employee dues amounting to ₹2,27,85,758/- (Refer Note No. 10)
  - (d) Overdue loans from bank and other Parties aggregating to ₹3,25,66,79,256/- (Including interest accrued and due ₹1,57,21,57,406/-) (Refer Note No. 10)
  - (e) Unpaid Statutory dues of ₹8,59,53,558/- remaining unpaid (Refer Note No. 10)

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

2. Further to above, we draw attention to the following matters in the Notes to the financial statements:
  - (a) Note No. 34 Re: Tax Deducted at source.
  - (b) Note No. 35(a) Re: Fixed Assets
  - (c) Note No. 35(b) Re: Capital work-In-Progress
  - (d) No provision for diminution in value of investments in subsidiaries having been made for the reasons as stated in Note No 38.
  - (e) Note No. 37 Re: Mark to Market Losses.

Our Opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014:
- e. On the basis of written representations received from the Directors as on March 31, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015, from being appointed as a Director in terms of section 164(2) of the Act:
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer to Note No. 24(i) to 24(iv) and 39 of other notes to the financial statements.
  - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term derivative contracts. Refer Note no. 37 of other notes to the financial statements.
  - iii. There has been a delay in transferring unclaimed dividend amounting to ₹6,19,750/- which was due on 21<sup>st</sup> October, 2014, and which has since been transferred on 9<sup>th</sup> April, 2015.

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

**MUKUL M. PATEL**  
 Partner  
 Membership No. 32489

Place: Mumbai  
 Date: 15<sup>th</sup> May, 2015

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

As referred to in the Annexure to the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2015, we report that :

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- ii. Considering the nature of the business the Company does not require to purchase any inventory and hence, the provisions of clause 3(ii) of the Order are not applicable to the Company..
- iii. The Company has granted interest free unsecured loans to five parties covered in the register maintained under Section 189 of the Companies Act, 2013. According to the terms of arrangement the loans are receivable after one year but within five years, hence the question of repayment during the year does not arise. There are no overdue amounts exceeding ₹ One lakh as of year-end with respect to such loans granted.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. We have not noticed any major weaknesses in the internal control system during the course of audit.
- v. The Company has not accepted any deposits and hence, the directions of the Reserve Bank of India and the provisions of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and its rules, are not applicable.

- vi. We have broadly reviewed the books of accounts maintained by the Company in respect of services rendered pursuant to rules made by Government of India with regard to the maintenance of cost records as prescribed under section 148(1) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed basic cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

- (a) The Company is generally regular in depositing undisputed applicable statutory dues, except, tax deducted at source of ₹6,55,71,556/- which is outstanding as of the year-end for a period of more than six months from their due dates of payment.
- (b) There are no disputed dues in respect of wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any disputes. Details of disputed dues of Income Tax and Value Added Tax which have not been deposited are as under :

Name of the Statute	Nature of Dues	Amount Involved (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	12,67,53,458	Assessment Year 2008-2009 to 2010-2011	Commissioner of Income Tax (Appeal)
		7,11,78,440	Assessment Year 2013-2014	Deputy Commissioner of Income Tax
Value Added Tax	Maharashtra Value Added Tax	20,51,279	Assessment Year 2005-06	Deputy Commissioner of Sales Tax - (Appeal)

- (c) There has been a delay in transferring unclaimed dividend amounting to ₹6,19,750/- which was due on 21<sup>st</sup> October, 2014, and which has since been transferred on 9<sup>th</sup> April, 2015.

viii. The accumulated losses of the Company are more than 50% of its net worth. The Company has incurred cash losses during the year and in the immediately preceding financial year.

- ix. The Company has not issued any debentures. Based on our audit procedures and according to the information and explanations given by the management, during the year, the Company, taking into account approved Corporate Debt Restructuring Package, has defaulted in repayment of dues to Banks and a Financial Institution, the defaults whereof are stated hereunder:

(Amount in ₹)

Period of Delay	Banks		Financial Institution	
	Principal	Interest	Principal	Interest
FY 2013-2014	49,50,00,000	40,60,37,670	69,00,00,000	-
April 2014	-	94,13,608	-	1,37,37,604
May 2014	-	1,16,23,862	-	1,44,20,124
June 2014	-	2,54,33,568	-	1,41,83,113
July 2014	-	2,74,03,622	-	-
August 2014	-	2,77,88,225	-	-
September 2014	-	3,12,09,139	-	4,49,01,413
October 2014	2,57,67,562	11,00,08,536	-	1,56,21,874
November 2014	2,58,41,218	11,20,43,570	-	1,53,65,111
December 2014	2,58,41,218	13,92,63,937	-	1,61,28,491
January 2015	2,92,10,465	13,39,82,092	-	1,63,92,181
February 2015	3,18,47,360	13,49,17,814	-	1,50,47,906
March 2015	3,68,47,360	17,62,17,820	-	1,69,06,204
Total	67,03,55,183	134,53,43,661	69,00,00,000	18,27,04,021

- x. In our opinion and according to the information and explanation given to us, the terms and conditions on which the company has given guarantees for loans taken by subsidiaries from Banks and Financial Institutions are prima facie not prejudicial to the interest of the Company.

- xi. According to information and explanations given to us, and on examination of the balance sheet and other records, we report that the term loan availed by the company has been applied for the purpose for which it is raised.



- xii. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year.

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

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

Place: Mumbai  
Date: 15<sup>th</sup> May, 2015

Arshiya Limited (Formerly known as Arshiya International Limited)

**Balance Sheet as at 31st March, 2015**

(Amount in ₹)

Particulars	Notes	As at 31st March, 2015	As at 31st March, 2014
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	25,48,58,944	13,42,58,944
(b) Reserves and surplus	4	4,44,88,88,873	5,46,75,53,656
(c) Money received against share warrants	3(d)	-	27,49,00,000
		<b>4,70,17,47,817</b>	<b>5,66,67,12,500</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	5	12,47,78,41,742	12,44,08,88,830
(b) Other long-term liabilities	6	32,04,06,830	1,09,53,082
(c) Long-term provisions	7	8,30,097	80,78,890
		<b>12,78,89,78,469</b>	<b>12,45,78,88,882</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	8	1,17,73,55,312	2,24,74,11,202
(b) Trade payables	9	6,75,83,831	60,43,51,466
(c) Other current liabilities	10	4,84,98,38,822	3,47,45,73,212
(d) Short-term provisions	11	42,81,07,168	34,59,00,018
		<b>8,52,88,88,233</b>	<b>6,67,22,35,888</b>
<b>Total</b>		<b>24,02,18,12,519</b>	<b>24,98,88,47,380</b>
<b>II. Assets</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	9,97,61,02,048	10,24,21,69,975
(ii) Intangible assets	12	9,55,21,869	15,69,76,814
(iii) Capital work-in-progress		<b>4,42,07,00,537</b>	<b>4,42,07,00,536</b>
		<b>14,49,28,24,454</b>	<b>14,61,96,49,325</b>
(b) Non-current investments	13	8,34,24,41,338	8,34,59,72,336
(c) Long-term loans and advances	14	80,08,48,174	77,04,38,783
(d) Other non-current assets	15	-	81,33,161
		<b>9,24,32,87,519</b>	<b>9,12,28,44,270</b>
<b>2. Current assets</b>			
(a) Trade receivables	16	3,36,34,172	77,88,99,687
(b) Cash and bank balances	17	2,18,44,282	5,87,57,740
(c) Short-term loans and advances	14	23,05,22,121	21,86,35,990
(d) Other current assets	15	-	1,60,368
		<b>28,60,09,554</b>	<b>1,06,44,63,785</b>
<b>Total</b>		<b>24,02,18,12,519</b>	<b>24,98,88,47,380</b>
Summary of Significant Accounting Policies	2		
See accompanying notes to the financial statements	1-56		
As per our report of even date			
For M. A. PARIKH & Co Chartered Accountants Firm Registration Number 107556W		For and on behalf of the Board of Directors of Arshiya Limited	
Mukul Patel Partner Membership Number: 032489		Ajay S Mittal Chairman and Managing Director DIN: 00226365	
		Archana A Mittal Joint Managing Director DIN: 00703208	
Place: Mumbai Date: 16 <sup>th</sup> May 2015			

Arshiya Limited (Formerly known as Arshiya International Limited)

**Statement of Profit and Loss for the Year ended 31st March, 2015**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>I. Revenue</b>			
1. Revenue from operations	18	50,50,53,029	3,01,89,57,500
2. Other income	19	60,22,908	14,85,28,050
<b>Total Revenue</b>		<b>51,10,75,937</b>	<b>3,16,54,85,550</b>
<b>II. Expenses</b>			
1. Cost of operations	20	3,15,12,378	2,52,85,05,500
2. Employee benefits expense	21	14,02,41,238	19,07,20,855
3. Finance costs	22	2,13,20,83,290	1,84,87,80,276
4. Depreciation and amortization expense	12	29,22,01,514	19,58,10,220
5. Other expenses	23	22,24,50,504	33,14,21,181
<b>Total Expenses</b>		<b>2,81,84,88,922</b>	<b>5,09,32,38,032</b>
<b>III. Loss for the year before exceptional items and tax (II)</b>		<b>(2,30,74,12,985)</b>	<b>(1,92,77,52,482)</b>
<b>IV. Exceptional Items (Net)</b>	28	10,08,78,879	1,06,67,35,327
<b>V. Prior Period Adjustment</b>	54	3,17,38,887	(81,36,333)
<b>VI. Loss for the year before tax (III-IV-V)</b>		<b>(2,44,00,31,961)</b>	<b>(2,98,63,51,476)</b>
<b>VII. Tax expense</b>			
1. Short provision for prior year (Net)		-	14,72,88,511
2. Reversal of Deferred Tax Liability		-	(15,88,71,858)
<b>VIII. Loss after tax (VI-VII)</b>		<b>(2,44,00,31,961)</b>	<b>(2,97,67,68,129)</b>
Earnings per share of par value ₹2 each Basic and Diluted Earnings per Share	49	<b>(22.82)</b>	<b>(48.07)</b>
Summary of Significant Accounting Policies See accompanying notes to the financial statements	2 1-56		
As per our report of even date			
For M. A. PARIKH & Co Chartered Accountants Firm Registration Number 107556W		For and on behalf of the Board of Directors of Arshiya Limited	
Mukul Patel Partner Membership Number: 032489		Ajay S Mittal Chairman and Managing Director DIN: 00226355	
		Archana A Mittal Joint Managing Director DIN: 00703208	
Place: Mumbai Date: 15 <sup>th</sup> May 2016			

Arshiya Limited (Formerly known as Arshiya International Limited)

**Cash flow statement for the year ended March 31, 2015**

(Amount in ₹)

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>Cash flow from operating activities</b>		
Loss before tax	(2,44,00,31,861)	(2,88,63,51,478)
Adjustments for		
Depreciation and amortization expense	29,22,01,514	19,68,10,220
Leasehold improvements written off	1,37,90,537	1,11,47,526
Loss on sale of fixed assets (net)	-	(1,39,54,022)
MTM Loss written off	7,92,49,269	3,93,08,598
Interest expense	2,12,88,94,427	1,79,67,03,765
Interest income	(46,811)	(1,86,597)
Ancillary borrowing costs written off	-	21,48,02,226
Unrealised Foreign Exchange gain	(22,03,820)	-
Bad Debts	5,54,39,624	58,37,34,187
Provision for diminution in value of investment	35,31,000	-
Reversal of provision for diminution in value of investment and doubtful loan	-	(10,00,18,300)
<b>Operating profit before working capital changes</b>	<b>13,08,23,679</b>	<b>(28,82,03,873)</b>
Adjustments for		
Decrease in trade and other receivables	65,75,12,319	1,83,10,12,587
Increase in trade and other payables	(30,00,40,804)	(1,39,37,11,872)
<b>Cash generated from operations</b>	<b>48,82,95,394</b>	<b>17,68,98,842</b>
Direct taxes paid (net of refunds)	(1,88,70,680)	(11,49,87,394)
<b>Net cash flow from operating activities (A)</b>	<b>48,94,24,714</b>	<b>29,38,84,238</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	-	(17,12,10,180)
Proceeds from sale of fixed assets	-	30,65,87,947
Advances received against land from subsidiaries refunded (net)	-	(44,07,95,728)
Investment in bank deposits having original maturity period of more than 3 months	81,33,151	(58,33,151)
Interest received	2,07,178	3,34,043
<b>Net cash flow used in investing activities (B)</b>	<b>83,40,330</b>	<b>(31,17,37,088)</b>
<b>Cash flow from financing activities</b>		
Issue of Equity shares (including Securities Premium)	1,57,14,99,999	76,12,50,000
Money received against share warrants adjusted against issue of shares	(27,49,00,000)	(56,11,87,500)
Proceeds from long-term borrowings (Net of Repayments)	33,38,07,316	1,78,03,20,673
Repayment of short-term borrowings (Net)	(1,07,00,55,890)	22,15,98,308
Loan given to subsidiaries	(8,88,05,121)	(38,84,26,673)
Interest paid	(86,21,24,828)	(1,81,98,98,293)
<b>Net cash flow from financing activities (C)</b>	<b>(51,06,78,522)</b>	<b>2,56,58,515</b>
<b>Net increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(3,49,13,478)</b>	<b>78,85,682</b>
Opening cash and cash equivalents	5,55,18,412	4,85,13,730
Closing cash and cash equivalents	2,06,05,934	5,65,19,412
Add: Earmarked balances with banks	12,38,328	12,38,328
Closing cash and bank balances	2,18,44,262	5,87,57,740

As per our attached report of even date

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

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

Mukul Patel  
Partner  
Membership Number: 032489

Ajay S Mittal  
Chairman and Managing Director  
DIN: 00228355

Archana A Mittal  
Joint Managing Director  
DIN: 00703208

Place: Mumbai  
Date: 15<sup>th</sup> May 2015

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Note 1: Corporate Information

Arshiya Limited (formerly known as Arshiya International Limited) (the Company) is a unified supply chain and integrated logistics infrastructure provider and is engaged in the business of Free Trade and Warehousing Zone (FTWZ) and value added services along with development, operations and maintenance of FTWZ.

FTWZ's are developed under the provisions of Special Economic Zone Act, 2005 and the Special Economic Zone Rules, 2006.

The Company's equity shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) of India.

### Note 2: Significant Accounting Policies

#### (I) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act (to the extent notified).

#### (II) Use of estimates

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

#### (iii) Fixed assets

##### (a) Tangible Fixed Assets

- Fixed assets except Land are stated at original cost of acquisition / Installation (net of cervat credit availed) less accumulated depreciation and impairment losses, if any. All costs including financing costs till commencement of commercial operations are capitalised.
- Land is carried at its revalued amount being the estimated market value on the date of revaluation.

##### (b) Intangible Fixed Assets

Intangible assets are carried at cost less accumulated amortization. The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

##### (c) Capital work-in-progress

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

#### (iv) Borrowing costs

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

#### (v) Depreciation and Amortization

- (a) Depreciation on tangible fixed assets is provided on straight-line method at the rates and manner in accordance with Schedule II to the Companies Act, 2013.
- (b) Amortisation of intangible assets other than (c) below, is provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.
- (c) Cost of Enterprise Resource Planning (ERP) software (Intangible asset) including expenditure on implementation is amortised over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.
- (d) Leasehold improvements are amortized over the period of lease.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

**(vi) Leases****(a) Finance lease**

Assets acquired under finance lease are capitalised 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 leases. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

**(vii) Investments**

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

(b) Current investments are valued at lower of cost and fair value, computed individually for each investment.

**(viii) Revenue recognition**

(a) Revenue from logistic operations is accounted on the basis of date of departure of the vessel/aircraft for jobs related to export shipments and date of arrival of the vessel/ aircraft for jobs related to import shipments, considering substantial completion of contracted services.

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

(c) Revenue from value added services and other activities is recognised based on completion of agreed contracted services.

(d) Interest and other income is accounted on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

(e) Export benefits under Serve from India Scheme of Foreign Trade Policy are recognised when utilized.

**(ix) Employee benefits**

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

**(a) Defined Contribution Plan**

Contributions to defined contribution scheme such as provident fund and Employees' State Insurance are charged to the Statement of Profit and Loss as and when incurred.

**(b) Defined Benefit Plan**

The Liability for Leave Encashment and Gratuity is determined on actuarial basis as per the Accounting Standard - 15 "Employee Benefits" (AS-15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with the Rule 7 of the Companies (Accounts) Rules, 2014.

**(x) Foreign currency transactions**

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

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

- (c) In respect of derivative contracts assigned to foreign currency monetary assets and liabilities, the difference due to change in exchange rate between the inception of derivative contracts and date of Balance Sheet and the proportionate premium/discount for the period upto the date of Balance Sheet is recognised in the Statement of Profit and Loss.

### (xi) Accounting for taxes on Income

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

### (xii) Impairment of tangible and intangible assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard – 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

### (xiii) Employee stock options

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme, is recognised as deferred employee stock compensation expense and is amortized over the vesting period.

### (xiv) Provisions, Contingent Liabilities and Contingent Assets

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

### (xv) Earnings per Share

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

### (xvi) Cash Flow Statement

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

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)

Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>3. Share Capital</b>		
<b>Authorized</b>		
21,00,00,000 (P.Y.:8,50,00,000) equity shares of ₹ 2/- each	42,00,00,000	17,00,00,000
<b>Issued, Subscribed and Fully Paid</b>		
12,74,29,472 (P.Y.:6,71,29,472) equity shares of ₹ 2/- each, fully paid up	25,48,58,944	13,42,58,944
<b>Total</b>	<b>25,48,58,944</b>	<b>13,42,58,944</b>

**(a) Terms and rights attached to equity shares**

The Company has one class of equity share having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The shareholders who held shares on the record date are entitled to dividend as may be proposed by the Board of Directors and is subject to approval of the Shareholders at the ensuing General Meeting.

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

**(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares	Amount (In ₹)	Number of Shares	Amount (In ₹)
Balance at the beginning of the year	6,71,29,472	13,42,58,944	6,18,79,472	12,37,58,944
Issued during the year	6,03,00,000	12,06,00,000	52,50,000	1,05,00,000
Balance at the end of the year	12,74,29,472	25,48,58,944	6,71,29,472	13,42,58,944

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

Name of the shareholder	As at 31st March, 2015		As at 31st March, 2014	
	Number of equity shares	Percentage (%) shareholding	Number of equity shares	Percentage (%) shareholding
Anshana A Mittal	6,96,09,288	54.78%	2,16,70,225	32.13%
Ajay S Mittal	1,85,80,837	14.57%	85,80,000	9.88%

**(d) Issue of convertible warrants**

The Company had allotted 1,38,00,000 convertible warrants at ₹145/- per warrant to promoters/promoters group on preferential basis pursuant to a special resolution passed by the members of the Company at their extra ordinary general meeting, held on October 18, 2012. Out of these warrants 53,00,000, 52,50,000 and 30,50,000 were converted (in the ratio of 1 share for 1 warrant) into equity shares aggregating to 1,38,00,000 equity shares of ₹2/- each at a premium of ₹ 143/- per share during the financial year 2014-15, 2013-14 and 2012-13 respectively.

**(e) During the year Company has allotted to the promoters 5,50,00,000 equity shares of ₹ 2/- each at a premium of ₹12.80 per share on preferential basis pursuant to the CDR package and Intimus of special resolution passed on 12th May, 2014 as per applicable provision of Companies Act, 1956/Companies Act, 2013 and other applicable laws.**

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)

Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>4. Reserves and Surplus</b>		
<b>Securities Premium</b>		
Balance as at the beginning of the year	6,17,13,18,085	5,42,05,66,085
Add : On issue of Equity Shares	1,45,08,89,999	75,07,50,000
Balance at the end of the year	7,62,22,18,084	6,17,13,18,085
<b>Amalgamation Reserve *</b>		
Balance as at the beginning and end of the year	1,24,80,000	1,24,80,000
<b>Resurrection Reserve</b>		
Balance as at the beginning and end of the year	2,29,65,58,239	2,29,65,58,239
<b>Foreign currency monetary item translation difference account</b>		
Balance as at the beginning of the year	-	(85,69,658)
Less: Written off during the year	-	85,58,558
Balance at the end of the year	-	-
<b>General Reserve</b>		
Balance as at the beginning and end of the year	9,40,17,534	9,40,17,534
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(3,11,68,18,202)	(14,00,50,073)
Less:- Adjustment on account of Depreciation (Refer Note No. 32)	2,15,32,621	-
Add:- Loss for the year	(2,44,00,31,661)	(2,97,67,68,129)
Balance at the end of the year	(5,67,83,62,966)	(5,11,68,18,202)
<b>Total</b>	<b>4,44,88,88,873</b>	<b>5,45,75,53,858</b>

\* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Hon'ble High Court of Judicature at Bombay in earlier years, Amalgamation Reserve is free for all purposes.

(Amount in ₹)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>5. Long-term borrowings</b>				
<b>Secured</b>				
Term loan from: (Refer Note No. 31)				
- Banks (Refer Note (a) below)				
- Term Loan	9,23,36,38,234	10,01,51,09,085	36,00,58,028	9,73,92,792
- Funded Interest Term Loan (FITL)	2,00,78,63,745	1,85,81,43,581	8,88,81,811	8,84,00,000
- Other parties (Refer Note (b) below)	1,23,80,27,960	78,68,86,887	1,38,59,06,084	1,84,00,00,001
Vehicle loan from bank	6,11,813	9,47,637	3,35,824	3,01,427
Finance lease obligations	-	-	-	2,06,793
	12,47,79,41,742	12,44,68,86,930	1,83,31,82,547	1,53,83,01,013
Amount disclosed under the head "other current liabilities"	-	-	(1,83,31,82,547)	(1,53,83,01,013)
<b>Total</b>	<b>12,47,79,41,742</b>	<b>12,44,68,86,930</b>	<b>-</b>	<b>-</b>

(a) Term loan from Banks

(i) Securities provided

- First charge on all the present and future moveable and immovable fixed assets including intangible assets, assignment of rights and benefits but excluding project assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project and Rail Project.

- Second charge on Current Assets of the Company but excluding current assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project and Rail Project.

(ii) The above loans are secured by Joint and several Irrevocable personal guarantees of two Promoter Directors of the Company.

(iii) Further the loans are secured by shares pledged by the Promoter Directors.

(iv) Rate of Interest: - on Bank loan interest @12 % p.a. upto March 2018 and thereafter @ 13% p.a.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)  
Notes forming part of the Financial Statements

## (b) Term Loan from other parties

i. Loan of ₹88,53,34,887/-

(1) Securities provided

- First charge on all the present and future moveable and immovable fixed assets including intangible assets, assignment of rights and benefits but excluding project assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project and Rail Project.
- Second charge on Current Assets of the Company but excluding current assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project and Rail Project.

(2) The above loans are secured by Joint and several irrevocable personal guarantees of two Promoter Directors of the Company.

(3) Further the loans are secured by shares pledged by the Promoter Directors.

(4) Rate of Interest: - on Bank loan interest @12 % p.a. upto March 2016 and thereafter @ 13% p.a.

ii. ₹89,00,00,000/- (P.Y.: ₹89,00,00,000/-) is secured by first charge on land belonging to company situated at Village Butibori at Nagpur, Maharashtra. The above loan carries interest @ 15.25% p.a. and penal interest of 4% p.a. Out of the above, ₹89,00,00,000/- is repayable in a single installment at the end of 3 years from the date of disbursement i.e. October 13, 2011 or on exercise of put/call option after 1 year from the date of disbursement and balance 90,00,00,000/- in single installment at the end of 3 years from the date of disbursement i.e. January 02, 2012 or on exercise of put/call option after 1 year from the date of disbursement. During the previous year, as per the terms of sanction letter the lender has exercised call option and recalled the above loan and the said loan is overdue since 13 March, 2013.

iii. ₹28,66,87,668/- (P.Y.: ₹ 28,66,87,668/-) is secured by first and exclusive charge by way of mortgage of Company's land at Khurja near Delhi. The above loan carries interest of 15% p.a. plus penal interest of 2% p.a. Out of the above, ₹ 8,00,00,000/- is repayable in six equal monthly installments after a moratorium period of 6 months from the date of disbursement i.e. July 21, 2011 and balance in twelve equal monthly installments starting from thirteenth month from the date of disbursement. During the year 2012-13, the Company had defaulted in making payment of four installments aggregating to ₹10,88,66,868/-. Consequently in the year 2012-13, pursuant to the facility agreement the lender has recalled the balance outstanding amount of ₹16,00,01,000/- and the said loan is overdue since 9th February, 2013.

iv. Loan of ₹ 78,74,32,488/- is secured by:

- Exclusive charge on all receivables and cash flow of the company, as limited to Parvel FTWZ business.
- Corporate Guarantee of Arshiya Supply Chain Management Private Limited for the facility extended to the company.
- Personal Guarantee of Promoters of the Company i.e. Mr. Ajay S Mittal and Mrs. Archana A Mittal.
- Pledge of minimum 49% shareholding of Arshiya Northern FTWZ Limited & Second charge on all Assets of Arshiya Northern FTWZ Limited.

v. Term Loan carries interest rate of 15.50% p.a. On non compliance of sanction terms within the stipulated period, 2% p.a. penal interest is payable.

vi. Vehicle loan and finance lease obligations are secured by way of hypothecation of vehicles.

(c) Repayment Schedule of Secured Loan is as follows:-

(Amount in ₹)

Year	From Bank		From Others	
	Loan	FITL	Loan	FITL
2014-2015	8,00,26,808	7,70,14,928	67,89,496	85,24,952
2015-2016	24,64,00,120	9,18,08,000	40,77,86,130	85,18,000
2016-2017	45,72,75,180	22,97,70,000	41,47,91,070	1,82,90,000
2017-2018	95,89,50,480	22,97,70,000	5,81,89,520	1,82,90,000
2018-2019	77,45,00,480	45,95,40,000	5,81,89,520	3,25,80,000
2019-2020	95,56,00,800	45,95,40,000	7,02,49,400	3,25,80,000
2020-2021	96,06,50,800	54,88,62,427	7,02,49,400	5,21,09,915
2021-2022	1,00,57,00,800	-	7,02,49,400	-
2022-2023	1,14,92,25,720	-	8,42,89,280	-
2023-2024	93,63,00,720	-	8,42,89,280	-
2024-2025	93,63,00,720	-	8,42,89,280	-
2025-2026	1,11,27,85,236	-	8,44,85,724	-
<b>Total</b>	<b>8,59,36,97,262</b>	<b>2,09,45,23,398</b>	<b>1,46,68,78,496</b>	<b>16,28,90,887</b>

(d) Details of continuing default in repayment of principal amount of Term Loan and Funded Interest Term Loan (FITL) of secured loans as on 31st March, 2015 is as follows:

(Amount in ₹)

Period of Default	From Banks		From Others	
	Term Loan	FITL	Loan	FITL
FY 2013-14	-	-	98,91,80,687	-
Oct-14	1,18,98,723	1,15,49,831	11,31,416	10,87,492
Nov-14	1,20,36,218	1,15,86,094	11,31,416	10,87,492
Dec-14	1,20,36,218	1,15,86,094	11,31,416	10,87,492
Jan-15	1,37,55,217	1,32,36,340	11,31,416	10,87,492
Feb-15	1,51,00,217	1,45,28,235	11,31,416	10,87,492
Mar-15	1,51,00,217	1,45,28,235	11,31,416	10,87,492
<b>Total</b>	<b>8,04,26,806</b>	<b>7,70,14,829</b>	<b>97,59,65,183</b>	<b>85,24,952</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)

Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>6. Other long-term liabilities</b>		
Security Deposits from Unit Holders		
- Subsidiary	28,20,00,000	20,00,000
- Others	5,84,08,630	89,63,062
<b>Total</b>	<b>32,04,08,630</b>	<b>1,09,63,062</b>
<b>7. Long-term provisions</b>		
Employee benefits (Leave encashment)	6,30,087	60,78,890
<b>Total</b>	<b>6,30,087</b>	<b>60,78,890</b>
<b>8. Short-term borrowings</b>		
<b>Secured</b>		
- Short term loan from banks (Refer Note (A) below)	54,50,00,000	49,50,00,000
- Working capital facility (Cash Credit) from banks (Refer Note (B) below)	59,96,91,418	60,17,06,986
<b>Unsecured</b>		
- Loan from Directors (Refer Note (C) below)	2,76,83,894	1,13,82,04,264
- Inter-corporate deposits (Refer Note (D) below)	50,00,000	1,25,00,000
<b>Total</b>	<b>1,17,73,55,312</b>	<b>2,24,74,11,262</b>

(A) Short term loan from banks:

(i) Loan of ₹ 49,50,00,000/-:

(a) Securities provided:

- Second charge on pari-passu basis on entire movable and immovable fixed assets of the company

- Personal guarantee of two Promoter Directors of the Company.

(b) The above loans are secured by pledge of shares of the company held by a Director

(c) Rate of interest on said loan @ 14.10 % p.a. and Penal Interest @ 2% p.a.

(ii) Loan of ₹ 5,00,00,000/-:

(a) Secured by personal guarantee of two Promoter Directors of the Company.

(b) Rate of Interest on said loan @ 12% p.a.

(B) Working capital facility (Cash Credit) from banks

(i) Securities provided:

- First charge on entire Current Assets of the Company but excluding current assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project and Rail Project.

- Second charge on all the present and future movable and immovable fixed assets, assignment of rights and benefits but excluding project assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project and Rail Project.

(ii) The above loans are secured by Joint and several irrevocable personal guarantee of two Promoter Directors of the Company.

(iii) Further the loan is secured by shares pledged by the Promoter Directors.

(iv) Rate of Interest: - on Bank loan interest @ 12% p.a. upto March 2016 and thereafter @ 13% p.a.

(C) Period and amount of continuing default in repayment of short-term borrowings as at March 31, 2015 are as under:

Period of default	Amount
FY 2013-14	49,50,00,000
Mar-2015	50,00,000
<b>Total</b>	<b>50,00,00,000</b>

(D) Loans from promoters and Inter-corporate deposit are interest free and repayable on demand.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited) Notes forming part of the Financial Statements				
	(Amount in ₹)			
Particulars	As at 31st March, 2015	As at 31st March, 2014		
<b>9. Trade Payables</b>				
Trade payables (Refer Note No. 26, 27, 34, 39 & 41)	6,76,83,831	80,43,51,488		
<b>Total</b>	<b>6,76,83,831</b>	<b>80,43,51,488</b>		
<b>10. Other Current liabilities</b>				
Current maturities of long-term borrowings - Banks (Refer Note No. 5)	44,69,20,640	19,69,94,218		
Current maturities of long-term borrowings - Others (Refer Note No. 5)	1,38,68,08,084	1,34,00,00,001		
Current maturities of finance lease obligations (Refer Note No. 6)	3,36,824	2,06,793		
Interest accrued and due on Borrowings	1,57,21,57,406	42,53,67,805		
Undivided dividend	11,89,870	11,89,870		
Advance received from subsidiaries against land (Refer Note No. 51)	82,15,08,551	82,18,19,406		
Employees Dues (including full and final settlement dues of ₹2,27,85,768/- (P.Y. ₹3,27,94,232/-))	4,76,08,841	6,39,57,984		
Statutory dues (Refer Note No. 34)	8,69,63,668	17,27,66,457		
Trade advances received	7,82,132	45,97,512		
Interest on Delayed payment of Statutory Dues	2,54,44,085	4,32,81,502		
Creditors for: (Refer Note No. 26, 27 & 39)				
- Capital expenditure	22,24,98,093	23,94,94,982		
- Expenses	13,95,36,668	6,69,76,700		
<b>Total</b>	<b>4,64,98,39,822</b>	<b>3,47,46,73,211</b>		
Details of continuing default in payment of interest on Term Loans and Funded Interest Loan (FITL) of secured loans as on 31st March, 2015 is as follows :				
(Amount in ₹)				
Period of Default	From Banks		From Others	
	Loan	FITL	Loan	FITL
FY 2013-14	39,67,06,871	-	1,36,92,870	-
Apr-14	1,10,27,726	-	1,39,14,887	-
May-14	1,16,88,267	16,55,830	1,46,97,207	-
Jun-14	1,14,10,849	17,72,882	2,82,24,149	-
Jul-14	1,18,90,843	1,55,72,272	1,77,083	14,55,830
Aug-14	1,44,07,093	1,54,14,987	1,77,083	17,87,750
Sep-14	1,43,34,830	44,83,196	5,85,82,785	18,12,119
Oct-14	8,63,94,896	1,96,18,806	2,27,92,242	19,54,716
Nov-14	8,68,77,864	2,04,62,721	2,23,80,540	19,10,840
Dec-14	8,48,81,346	2,18,04,779	3,84,38,180	19,94,114
Jan-15	10,80,22,492	2,28,44,183	2,37,00,814	20,14,438
Feb-15	10,67,44,255	2,62,66,181	2,17,31,856	19,38,036
Mar-15	12,87,86,038	2,87,83,519	3,96,66,189	20,53,701
<b>Total</b>	<b>1,07,89,80,868</b>	<b>17,74,99,448</b>	<b>29,89,86,868</b>	<b>1,88,21,448</b>
(Amount in ₹)				
Particulars	As at 31st March, 2015	As at 31st March, 2014		
<b>11. Short-term provisions</b>				
Employee benefits (Gratuity and Leave encashment)	77,00,256	67,42,806		
<b>Mark to market on derivatives contracts</b>				
with Axis Bank (Refer Note No. 37.1)	23,84,63,890	21,81,32,310		
with ING Vysya Bank (Refer Note No. 37.2)	17,99,48,021	12,30,26,103		
	41,84,08,912	33,91,57,413		
<b>Total</b>	<b>42,81,07,168</b>	<b>34,59,06,019</b>		

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)  
Notes forming part of the financial statements

## Note 12- Fixed Assets

Notes 12- Fixed Assets										(Amount in ₹)	
Description of assets	Gross Block				Depreciation / Amortisation			Net Block			
	As at March 31, 2014	Additions	Revaluation	Deductions	As at March 31, 2015	Upto March 31, 2014	For the Year March 31, 2015	As at March 31, 2015	As at March 31, 2014		
<b>a) Tangibles</b>											
1 Freehold Land*	6,84,87,83,898	-	-	-	6,84,87,83,898	18,17,23,008	5,87,13,581	6,84,87,83,898	6,84,87,83,898		
2 Buildings	3,77,87,23,740	-	-	-	3,77,87,23,740	8,77,01,877	48,83,013	3,56,72,08,868	3,81,70,01,794		
3 Leasehold Improvements	11,30,62,148	-	-	(3,43,38,628)	7,87,23,520	7,41,98,804	3,60,38,614	68,78,721	2,53,80,271		
4 Plant and Machinery	82,04,42,895	-	-	-	82,04,42,895	4,41,95,882	2,61,83,437	41,12,06,277	44,82,44,001		
5 Computers	8,01,25,292	-	-	-	8,01,25,292	5,23,85,183	10,98,08,110	1,07,66,988	3,59,28,430		
6 Equipments	40,90,75,460	-	-	-	40,90,75,460	5,23,85,183	10,98,08,110	24,68,01,187	35,67,10,287		
7 Vehicles	2,14,21,038	-	-	-	2,14,21,038	88,18,810	37,28,911	77,71,317	1,15,01,228		
8 Furniture and Fixtures	13,08,25,258	-	-	-	13,08,25,258	3,01,74,890	1,40,38,254	8,06,11,074	10,06,50,328		
Total	16,79,34,46,237	-	-	(3,43,38,628)	10,80,61,10,831	48,82,79,882	25,22,77,360	9,87,81,02,846	19,34,21,09,875		
Previous Year	6,87,73,02,885	1,78,61,22,300	2,29,65,56,239	35,76,61,947	10,70,54,48,267	53,13,22,633	14,51,80,502	10,24,21,09,875			
<b>b) Intangibles</b>											
1 Software	30,86,27,780	-	-	-	30,86,27,780	15,17,38,614	8,14,36,636	8,54,52,540	15,68,88,178		
2 Trade Mark and Patents	2,33,700	-	-	-	2,33,700	1,44,082	20,368	68,328	88,638		
Total	30,88,61,480	-	-	-	30,88,61,480	15,18,82,678	8,14,56,945	9,53,21,809	15,69,76,814		
Previous Year	23,88,57,173	7,00,00,000	-	10,76,693	30,68,61,480	10,16,16,685	5,06,28,689	15,18,82,678			
Total	11,01,13,10,747	-	-	(3,43,38,628)	10,87,80,72,181	61,21,61,958	31,57,34,333	10,87,18,23,617	10,38,91,48,789		
Previous Year Total	7,21,72,89,838	1,85,61,22,300	2,29,65,56,239	35,86,57,630	11,01,13,10,748	43,29,39,318	19,58,10,220	10,39,91,48,789			

## Notes:

a. Gross block includes cost of vehicles taken on finance lease ₹ 19,27,406/- (P.Y. ₹ 28,52,730/-).

b. Depreciation for the year includes adjustment on account of part G of Schedule 2 of the Companies Act, 2013 (Refer Note No. 32)

c. The Board of Directors at their meeting held on 28th March, 2014, based on valuation report from an approved valuer revalued the land to reflect its current Market Value. Accordingly, based on the said valuation the difference between the current Market Value of land and land development charges of ₹ 5,84,87,83,598/- over its book value of ₹ 3,35,22,27,857/-, amounting to ₹ 2,29,65,56,239/- is credited to "Revaluation Reserve" in FY 2013-14.

\*d. Freehold Land :

(i) Includes of ₹ 1,08,14,50,000/- (₹ 1,08,14,50,000/-) situated at Nagpur, which is under possession of a lender as per the Order of Hon'ble High Court of Bombay.

(ii) Refer Note No. 40

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited) Notes forming part of the Financial Statements		
	(Amount in ₹)	
Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>13. Non-current investments (Refer Note No. 36 &amp; 40)</b>		
<b>Valued at Cost unless otherwise stated</b>		
<b>In Subsidiary companies - (Trade - unquoted)</b>		
3,00,000 (P.Y.3,00,000) Equity shares of Arshiya Hong Kong Limited of USD 1 each	5,32,50,000	5,32,50,000
25,00,000 (P.Y.25,00,000) Equity shares of Cyberlog Technologies International Pte. Limited of SGD 0.10 each	6,05,00,000	6,05,00,000
1,00,000 (P.Y.1,00,000) Equity shares of Arshiya International Singapore Pte Limited of SGD 1 each	34,31,000	34,31,000
33,08,333 (P.Y.33,08,333) Equity shares of Arshiya Supply Chain Management Private Limited of ₹ 10/- each.	42,69,99,820	42,69,99,820
1,36,86,669 (P.Y.1,36,86,669) Equity shares of Arshiya Industrial & Distribution Hub Limited of ₹ 10/- each *	2,20,66,16,066	2,20,66,16,066
1,10,50,000 (P.Y.1,10,50,000) Equity shares of Arshiya Central FTWZ Limited of ₹ 10/- each, fully @	11,05,00,000	11,05,00,000
3,87,32,491 (P.Y.3,87,32,491) Equity shares of Arshiya Rail Infrastructure Limited of ₹ 10/- each @	2,34,15,98,560	2,34,15,98,560
95,60,826 (P.Y.95,60,826) Equity shares of Arshiya Northern FTWZ Limited of ₹ 10/- each * @	3,14,44,77,790	3,14,44,77,790
50,000 (P.Y.50,000) Equity shares of Arshiya Transport And Handling Limited of ₹ 10/- each	5,00,000	5,00,000
10,000 (P.Y.10,000) Equity shares of Arshiya Technologies (India) Private Limited of ₹ 10/- each	1,00,000	1,00,000
<b>Total</b>	<b>8,34,59,72,336</b>	<b>8,34,59,72,336</b>
<b>Less :</b>		
Provision for diminution in the value of Investments (Refer Note No:36)	35,31,900	-
	<b>8,34,24,41,336</b>	<b>8,34,59,72,336</b>
(All the above equity shares are fully paid up)		
Aggregate book value of Unquoted Investments	<b>8,34,59,72,336</b>	<b>8,34,59,72,336</b>
Provision for diminution in the value of Investments	35,31,900	-
*The respective Board of Directors have approved the Scheme of Amalgamation of Arshiya Northern FTWZ Limited and Arshiya Industrial & Distribution Hub Limited with Arshiya Transport And Handling Limited. The equity shareholders of the respective companies have also approved the said Scheme of Amalgamation. The Scheme has been filed with the Hon'ble High Court of Bombay on 27th March, 2014 and is pending for approval.		
@ Includes i) 79,46,024 (P.Y.79,46,024) equity shares in Arshiya Northern FTWZ Limited, ii) 51,06,789 (P.Y.51,06,789) equity shares in Arshiya Industrial & Distribution Hub Limited, iii) 1,54,78,500 (P.Y.1,99,78,500) equity shares in Arshiya Rail Infrastructure Limited and iv) 1,10,49,400 (P.Y.1,10,49,400) equity shares in Arshiya Central FTWZ Limited which are pledged with lenders for loans granted to subsidiaries.		

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited) Notes forming part of the Financial Statements				
(Amount in ₹)				
Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>14. Loans and advances (Unsecured) (Refer Note No. 27)</b>				
<b>Capital advances</b>				
- Considered Good	14,85,00,000	15,00,00,000	-	-
- Considered Doubtful	-	1,48,08,800	-	-
	14,85,00,000	16,48,08,800	-	-
Less: Provision for doubtful capital advance	-	(1,48,08,800)	-	-
	14,85,00,000	15,00,00,000	-	-
Security Deposits	3,07,38,188	44,88,000	-	-
Loan and Advances to Subsidiaries (Refer Note No. 47)	54,76,52,482	45,87,47,370	-	-
<b>Others</b>				
Advances to Vendors	-	-	2,51,22,416	1,58,91,720
Tax Deducted at Source	17,45,30,084	15,58,59,404	-	-
Indirect tax refund receivables (Refer Note No. 42)	-	-	29,17,84,820	20,11,53,752
Prepaid expenses	14,24,410	15,86,009	5,33,658	14,90,616
Others (Refer Note No. 38)	-	-	31,81,228	-
	17,69,54,494	15,72,25,413	23,06,22,121	21,88,36,900
<b>Total</b>	<b>90,08,46,174</b>	<b>77,84,38,783</b>	<b>23,06,22,121</b>	<b>21,88,36,900</b>
(Amount in ₹)				
Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>15. Other assets</b>				
Interest receivable	-	-	-	1,80,388
Margin money deposits with banks having original maturity period of more than 12 months (Refer Note No. 17)	-	61,33,151	-	-
<b>Total</b>	<b>-</b>	<b>61,33,151</b>	<b>-</b>	<b>1,80,388</b>
(Amount in ₹)				
Particulars			As at 31st March, 2015	As at 31st March, 2014
<b>16. Trade receivables (Refer Note No. 27 &amp; 41)</b>				
<b>Unsecured considered good</b>				
Debts outstanding for a period exceeding six months			1,27,21,828	1,68,71,502
Other debts			2,09,12,246	78,19,28,184
<b>Total</b>			<b>3,36,34,172</b>	<b>77,88,99,686</b>
(Amount in ₹)				
Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>17. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balance with banks	-	-	2,01,80,779	5,53,88,177
Cash on hand	-	-	4,25,155	1,31,285
	-	-	2,06,05,934	5,55,19,412
<b>Other bank balances</b>				
Balance with bank in undivided dividend accounts	-	-	12,38,328	12,38,328
Margin money deposits with banks having original maturity period of more than 12 months	-	61,33,151	-	-
	-	61,33,151	12,38,328	12,38,328
Amount disclosed under the head "Other assets" (Refer Note No. 15)	-	(61,33,151)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,18,44,262</b>	<b>5,67,57,740</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)		
Notes forming part of the financial statements		
	(Amount in ₹)	
PARTICULARS	As at 31st March, 2015	As at 31st March, 2014
<b>18. Revenue from operations</b>		
Revenue from Sale of Services:		
- Logistic operations	9,44,185	2,57,95,08,876
- Free Trade and Warehousing Zone operations	50,41,08,844	43,41,06,607
Other operating revenue - export benefits	-	33,42,017
<b>Total</b>	<b>50,50,53,029</b>	<b>3,01,69,57,500</b>
<b>19. Other Income</b>		
Interest	46,811	1,86,697
Exchange difference (Net)	22,03,920	2,05,67,821
Sundry balance written back (Net)	-	10,15,78,689
Excess provision no longer required written back	23,94,971	89,38,606
Miscellaneous Income	13,77,206	1,72,56,437
<b>Total</b>	<b>60,22,908</b>	<b>14,85,28,050</b>
<b>20. Cost of operations</b>		
Logistic operations	6,52,800	2,49,64,52,722
Free Trade and Warehousing Zone operations	3,08,59,776	3,00,52,776
<b>Total</b>	<b>3,15,12,376</b>	<b>2,52,65,05,500</b>
<b>21. Employee benefits expense</b>		
Salary, bonus and other allowances	13,39,94,867	18,07,31,282
Contribution to provident and other funds	22,69,498	30,95,613
Staff welfare expenses	39,76,653	68,94,080
<b>Total</b>	<b>14,02,41,236</b>	<b>18,07,20,855</b>
<b>22. Finance costs</b>		
Interest expense:		
- Borrowings (Refer Note No. 33)	2,11,42,98,834	1,79,87,03,765
- Interest on delayed payment of TDS	1,45,94,493	3,08,32,784
Other borrowing costs	31,88,663	2,12,43,727
<b>Total</b>	<b>2,13,20,63,290</b>	<b>1,84,87,60,276</b>
<b>23. Other expenses</b>		
Electricity charges	1,45,43,134	1,40,08,438
Rent	3,23,32,784	8,68,67,467
Repairs and maintenance:		
- Building	58,12,239	37,33,787
- Others	1,21,18,881	1,26,37,885
Insurance	27,18,886	53,49,319
Rates and taxes	58,23,993	82,53,274
Communication expenses	43,98,812	87,45,358
Travelling and conveyance expenses	1,79,56,965	2,51,45,725
Vehicle expenses	88,25,862	87,17,420
Printing and stationery	28,47,673	28,59,435
Legal and professional fees	3,83,46,434	8,31,08,044
Security charges	2,04,15,761	2,51,52,889
Auditor's remuneration:		
- Audit Fees	33,00,000	35,44,729
- Certification fees	23,400	-
- Other Services	-	6,00,000
- Reimbursement of expenses	-	67,978
Advertisement and business promotion expenses	1,37,45,031	77,64,438
Provision for Doubtful advance	-	1,48,06,800
Sundry balance written off (Net)	81,15,039	-
Miscellaneous expenses	3,35,23,810	4,66,58,417
<b>Total</b>	<b>22,24,50,504</b>	<b>33,14,21,181</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 24. Contingent Liabilities not provided for in respect of:

		(Amount in ₹)	
Sr. no.	Particulars	2015	2014
(i)	Disputed Income Tax demands	14,05,53,059	19,76,10,994
(ii)	Disputed Sales Tax demands	20,51,279	20,51,279
(iii)	Disputed Local Body Tax demands	1,60,33,355	Nil
(iv)	Claims against the Company not acknowledged as debts	30,05,79,048	19,51,59,355
(v)	Right to recompense by Secured Lenders	73,35,00,000	40,38,00,000
(vi)	Guarantees given on behalf of subsidiaries Outstanding balances (including interest accrued and due) against such guarantees is ₹15,71,94,05,536/- (P.Y. ₹13,57,95,11,539/-)	17,73,47,19,332	17,84,35,19,332

## 25. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital and other account and not provided for (net of advances paid) is ₹ 52,82,42,998/- (P.Y. ₹ 79,000/-).

## 26. MSMED Act - Creditors

The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the year-end together with interest payable as required under the said Act have not been given. This has been relied upon by the auditors.

27. (i) In the opinion of the Management, Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realized/paid in the ordinary course of Business. Provision for all known liabilities is adequate and is not in excess of the amounts considered reasonably necessary.

- (ii) The company has sought confirmation of balances as on March 31, 2015 in respect of Trade Receivables, Trade Payables, Advances and Loans/Credit Facilities from Banks/Financial Institutions which are subject to confirmation and reconciliation. The differences, if any, will be adjusted on final reconciliation/determination.

## 28. Details of Exceptional Items (net) are as under:

		(Amount in ₹)	
Sr. No.	Particulars	2015	2014
a)	Waiver of interest	Nil	(3,04,59,002)
b)	Diminution in the value of investments in equity shares (Refer Note No. 36)	35,31,000	Nil
c)	Mark to Market Losses (Refer Note No. 37)	7,92,49,269	37,09,82,477
d)	Ancillary borrowing costs written off	Nil	21,46,02,226
e)	Leasehold Improvements written off	1,37,90,537	1,11,47,526
f)	Profit on sale of Assets (net)	Nil	(1,39,54,022)
g)	Reversal of Provisions for (in respect of its wholly owned subsidiaries)		
	- Diminution in the value of investments in equity shares	Nil	(500,000)
	- Loan given considered doubtful	Nil	(9,95,18,300)
h)	Write back of Managerial Remuneration	Nil	(3,40,75,827)
i)	Bad Debts Written Off	5,54,39,624	58,37,34,187
j)	Excess Provision written back	(2,07,06,867)	Nil
k)	Provision for interest on statutory dues written back (Refer Note No. 34)	(3,04,24,584)	Nil
l)	Professional Fees for Corporate Debt Restructuring	Nil	6,47,76,062
	<b>Total</b>	<b>10,08,78,978</b>	<b>1,06,87,35,327</b>

Note: Figures in brackets denote items of income nature

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

The financial statements of the Company have been prepared on a "Going Concern" basis in view of:

- Package under Corporate Debt Restructuring approved by the Secured Lenders
- The Restructuring of the Business Operations (Refer Note No. 30)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 30. Revival Plans

The management of the Company is in the process of restructuring its business operations as also those of its subsidiaries in which it has substantial investments, by :-

- \* expanding the business volumes,
- \* establishing an Inland Container Depot,
- \* Infusion of fund by promoters through subscribing of equity capital and providing interest free unsecured loans. The above steps shall enable the Company to Improve Company's Net worth and its ability to discharge its debts/liabilities in near future.

### 31. Corporate Debt Restructuring (CDR)

31.1 During the previous year, Secured Lenders (Banks) have approved the restructuring package under "Corporate Debt Restructuring Package" (CDR), which Inter-alia provides for:

- (a) (i) Reschedulement of the Principal amounts of the loans and dates thereof.
- (ii) Funding of unpaid interest on the Term Loans due from October 2012 to September 2014 into Funded Interest Term Loans.
- (iii) Waiver of all liquidated damages/penal charges/penal interest/excess interest i.e. in excess of documented rate of all the facilities from the cut-off date i.e. 1<sup>st</sup> October, 2012 till the implementation of the package.
- (b) A right to recompense in favor of Secured Lenders.

31.2 This year, 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" (NPA's) with the some of the Banks.

31.3 Such defaults entitle the CDR lenders to reverse the waiver/sacrifices granted by them, which is estimated to be ₹73,35,00,000/- as on 31<sup>st</sup> March, 2015.

31.4 During the year, a lender, State Bank of Patiala (SBP) which was part of the "Corporate Debt Restructuring" (CDR) has assigned its respective outstanding dues in favor of Edelweiss Asset Reconstruction Company (EARC) on the same terms and conditions as applicable to said lender.

### 32. Depreciation

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1st April, 2014, the Company has re-worked depreciation with reference to the useful lives of fixed assets prescribed by Part 'C' of Schedule II to the Act. Where the remaining useful life of asset is nil, the carrying amount of the assets after retaining the residual value, as at 1st April, 2014 amounting to ₹ 2,15,32,821/- has been adjusted to the balance of Surplus in Statement of Profit and Loss. In other cases the carrying values have been depreciated over the remaining useful lives of the assets and recognised in the Statement of Profit and Loss. As a result the charge for depreciation is higher by ₹ 9,13,01,625/- for the year ended 31st March 2015.

### 33. Provision for Interest

The Company has provided interest for the year:

- (a) In respect of loans from banks, on the basis of statements received from them and in absence thereof as per the concessional rates (excluding penal interest) as mentioned in Letter Of Approval (LOA) under the CDR.
- (b) In respect of loans assigned to EARC, on the basis of balance confirmations received from them.

### 34. Tax Deducted at Source

During the year:

- (a) The Company had deducted income tax at source (TDS) aggregating to ₹ 11,42,71,793/- during the earlier years from the amounts payable to various parties. The Company has not paid the said TDS to the government on assumption that such parties would have paid their income tax dues on the income declared by them in the respective years. Accordingly, during the year, the Company has transferred an amount of ₹ 11,42,71,793/- back to the respective parties.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

- (b) The Company has written back an aggregate amount of ₹ 3,04,24,584/- representing interest on unpaid tax deducted at source provided in earlier years on the premise that since the corresponding tax deducted is not payable as mentioned in Note no.(a) above, interest thereon is not payable.

**35. Capital Expenditure :****(a) Fixed Assets:**

In view of revival plans of the Company as referred to in Note 29, in the opinion of the management, the carrying value of the Fixed Assets of the Company is not lower than their recoverable amounts and hence, no provision for impairment of Fixed Assets is called for.

**(b) Capital work-in-progress:**

The Company has suspended further capital expenditure and incurrence of other expenses in connection therewith due to non-optimum utilization of the existing capacity as also non-availability of funds for incurring the balance expenditure. The management expects that in future, the company shall be able to tie up business agreements as also the required funds which will enable it to complete the Project Work- In- Progress.

**36. Investments**

The Company holds strategic and long term investments by way of equity shares in its subsidiaries, the aggregate cost of which is ₹ 8,34,59,72,336/- as on 31<sup>st</sup> March, 2015. The present "net asset value" of the said investments are lower than their costs of acquisition. Considering that the said investments are long-term and strategic in nature as also the said subsidiaries are in the process of implementing their respective Revival Plans alongwith the future business plans of the Company, the Management is of the view that the diminution in value of its investments is temporary in nature and no provision for diminution in value is called for at this juncture except in respect of the following subsidiaries:-

Name of the Subsidiary	Amount in ₹
Arshiya International Singapore Pte. Limited	34,31,000
Arshiya Technologies (India) Private Limited	1,00,000
<b>Total</b>	<b>35,31,000</b>

**37. Mark to Market Losses****37.1 Axis Bank**

In respect of Derivative contracts assigned to foreign currency assets and liabilities, an amount of ₹ 2,23,31,581/- in respect of MTM losses upon determination of fair market value of derivatives entered into by the Company has been charged to the Statement of Profit and Loss. The Company is of the view that MTM loss has to be worked out taking into account the spot exchange rate(s) on the reporting date as it is committed to continue derivative contracts till their maturity and hence, applying the fair market values presuming that the derivative contracts would be cancelled on the reporting date, shall not reflect the correct financial position. However, the Bank which has entered into derivative contracts with the Company has intimated that, the loss on account of MTM is ₹ 36,47,77,182/- as upto 31<sup>st</sup> March, 2015 as against the amount of ₹ 23,84,83,890/- determined as per the Company's view.

**37.2 ING Vysya Bank**

In respect of derivative contracts entered into by the company with ING Vysya Bank (now amalgamated with Kotak Mahindra Bank Limited w.e.f.1<sup>st</sup> April, 2015) the contracts have been prematurely terminated by the Bank, which is disputed by the company.

However in the meantime, pending dispute, the Company has made provision on account of MTM losses amounting to ₹17,99,43,021/- as up to 31<sup>st</sup> March, 2015, as per past practice of providing MTM losses taking into account the spot exchange rate(s) on the reporting date.

**38. Other Advances**

Other Advances includes ₹ 31,01,229/- being cash seized by the Income Tax Department at the time of search on 13<sup>th</sup> June, 2014. The company shall be lodging necessary claim for refund of the same as according to it, the said cash on hand was duly accounted for in its books of accounts and tallied with balance on hand as on date of search.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

**39. Proceedings against Company**

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. It is not possible at this juncture to estimate the financial implications of such claims.

**40. Scheme of Amalgamation of Arshiya FTWZ Limited and Arshiya Domestic Distripark Limited**

The Scheme of Amalgamation of Arshiya FTWZ Limited and Arshiya Domestic Distripark Limited with the Company became effective from 4<sup>th</sup> January, 2013. The entire undertaking of the transferor companies including all assets, liabilities and reserves vested in the Company on the appointed dated, i.e. 1<sup>st</sup> April, 2012 for which necessary impact had been given in the accounts for the year ended 31<sup>st</sup> March, 2013. However, land belonging to Arshiya Domestic Distripark Limited has yet not been transferred in the name of the Company.

**41. Logistic Operations**

During the year, the Company has decided to phase out its logistics operations. The book debts and trade payables aggregating to ₹ 57,75,28,915/- and ₹ 61,66,84,389/- respectively of which ₹ 57,20,31,603/- and ₹ 57,05,06,058/- respectively have been assigned on 30th June, 2014.

**42. Maharashtra VAT Refund Receivable**

**42.1** As per the Notification dated 16th May, 2013, issued by the government of Maharashtra, MVAT exemption/refund is available to SEZ Developer after 15th October, 2011 (record date). However, the Company has claimed refund of ₹17,43,34,100/- in respect of transactions prior to record date. The Company is of the view that the state government has exempted it from local taxes, levies and duties on goods required for authorized operations by a Developer vide GR dated 12<sup>th</sup> October, 2001 passed by Industries, Energy and Labour Department, Government of Maharashtra.

**42.2** The Company has filed a writ petition in the High Court of Bombay challenging the constitutional validity of MVAT on various grounds and has claimed refund of ₹ 17,43,34,100/- which is pending hearing and disposal.

**42.3** Accordingly, these financial statements reflect a sum of ₹ 17,43,34,100/- as refund receivable on account of MVAT. In case the refund is not granted, the necessary adjustment entries shall be recorded in the year in which finality is reached.

**43. Taxation**

**43.1** In view of loss for the year as calculated as per the provisions of the Income Tax Act, 1961 (The "Act"), no provision for taxation has been made.

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

**44. Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits****a. Brief descriptions of the plans**

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

**b. Defined benefit plan – Gratuity (Funded)**

(Amount in ₹)

Particulars	2015	2014
<b>I. Actuarial assumptions</b>		
Discount rate	7.80%	8.29%
Rate of return on plan assets	9.00%	8.70%
Future salary rise	7.00%	7.00%
Attrition rate	10.00%	10.00%



## NOTES FORMING PART OF FINANCIAL STATEMENTS

<b>II.Change in defined benefit obligations</b>		
Liability at the beginning of the year	80,70,837	1,39,82,056
Interest cost	7,49,781	11,18,564
Current service cost	19,45,184	36,90,466
Liability transferred by group companies	-	7,85,980
Liability transferred to group companies	-	(3,70,963)
Benefits paid	-	(5,30,770)
Actuarial (gain)/loss on obligations	(50,04,302)	(1,06,04,496)
Liability at the end of the year	57,61,500	80,70,837
<b>III.Fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	3,65,830	8,96,600
Expected return on plan assets	31,827	78,004
Benefits paid	-	(5,30,770)
Actuarial gain/(loss) on plan assets	8,74,191	(78,004)
Fair value of plan assets at the end of the year	12,71,848	3,65,830
<b>IV.Actual return on plan assets</b>		
Expected return on plan assets	31,827	78,004
Actuarial gain/(loss) on plan assets	8,74,191	(78,004)
Actual return on plan assets	9,06,018	-
<b>V.Liability recognised in the Balance Sheet</b>		
Liability at the end of the year	57,61,500	80,70,837
Fair value of plan assets at the end of the year	12,71,848	3,65,830
Liability recognised in the Balance Sheet	44,89,652	77,05,007
<b>VI.Percentage of each category of plan assets to total fair value of plan assets</b>		
Insurer managed funds	100%	100%
<b>VII.Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	19,45,184	36,90,466
Interest cost	7,49,781	11,18,564
Expected return on plan assets	(31,827)	(78,004)
Net actuarial (gain)/loss to be on obligation	(58,78,493)	(1,05,26,492)
Expense recognised in Statement of Profit and Loss	(32,15,355)	(57,95,466)
<b>VIII.Balance Sheet reconciliation</b>		
Opening net liability	77,05,007	1,30,85,456
Expenses as above	(32,15,355)	(57,95,466)
Net transfer by group companies	-	7,85,980
Net transfer to group companies	-	(3,70,963)
Closing net liability	44,89,652	77,05,007
<b>IX.Expected employers contribution in next year</b>		
As per actuarial valuation report	6,54,508	49,58,500
<b>X.Experience adjustments</b>		
On plan liability (gain)/loss	(53,95,794)	(1,01,58,838)
On plan asset (loss)/gain	8,74,191	(78,004)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## c. Leave Encashment (unfunded):

(Amount in ₹)

Particulars	2015	2014
<b>I. Actuarial assumptions</b>		
Discount rate	7.80%	9.29%
Future salary rise	7.00%	7.00%
Attrition rate	15.00%	10.00%
<b>II. Change in defined benefit obligations</b>		
Liability at the beginning of the year	51,16,448	1,15,76,748
Interest cost	3,71,990	9,28,140
Current service cost	12,75,482	21,91,132
Liability transferred by group companies	-	6,65,034
Liability transferred to group companies	-	(3,53,808)
Benefits paid	(22,24,580)	(1,00,81,028)
Actuarial (gain)/loss on obligations	(6,98,679)	1,92,272
Liability at the end of the year	38,40,701	51,16,488
<b>III. Liability recognised in the Balance Sheet</b>		
Liability at the end of the year	38,40,701	51,16,488
Liability recognised in the Balance Sheet	38,40,701	51,16,488
<b>IV. Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	12,75,482	21,91,132
Interest cost	3,71,990	9,28,140
Net actuarial (gain)/loss	(6,98,679)	1,92,272
Expense recognised in Statement of Profit and Loss	9,48,793	33,09,544
<b>V. Balance Sheet reconciliation</b>		
Opening net liability	51,16,488	1,15,76,748
Expenses as above	9,48,793	33,09,544
Benefits Paid	(22,24,580)	(1,00,81,028)
Net transfer by group companies	-	6,65,034
Net transfer to group companies	-	(3,53,808)
Closing net liability	38,40,701	51,16,488
<b>VI. Experience adjustments:</b>		
On plan liability (gain)/loss	(9,62,578)	4,71,810

## Notes:

\*Contribution to provident and gratuity fund is recognised as an expense in note 21 of the statement of Profit and Loss.

## 45. Disclosure pursuant to Accounting Standard 17 – Segment Information

The Company is primarily engaged in providing end to end supply and demand chain solutions to its customers in FTWZ. In the opinion of the Company, the entire business is governed by same set of risks and returns and hence, the same has been considered as representing a single primary segment. The Company provides services within India and hence, doesn't have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in single geographical segment.

## 46. Related party disclosures, as required by Accounting Standard 18 "Related Party Disclosures" as given below:

Name of the entity	Country of Incorporation	Proportion of Interest (including beneficial interest)/ voting power (either directly/indirectly or through subsidiaries)
<b>Direct Subsidiaries:</b>		
Arshiya Hong Kong Limited	Hong Kong	100% (100%)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Cyberlog Technologies International Pte. Limited	Singapore	100% (100%)
Arshiya International Singapore Pte. Limited	Singapore	100% (100%)
Arshiya Supply Chain Management Private Limited \$\$\$	India	100% (100%)
Arshiya Transport And Handling Limited	India	100% (100%)
Arshiya Northern FTWZ Limited	India	100% (100%)
Arshiya Central FTWZ Limited \$	India	100% (100%)
Arshiya Industrial & Distribution Hub Limited \$\$	India	100% (100%)
Arshiya Rail Infrastructure Limited @	India	100% (100%)
<b>Indirect Subsidiaries:</b>		
Held through Cyberlog Technologies International Pte Limited		
Cyberlog Technologies (UAE) FZE	U.A.E.	100% (100%)
Arshiya Technologies (India) Private Limited *	India	100% (100%)
<b>Held through Arshiya Rail Infrastructure Limited:</b>		
Arshiya Rail Siding and Infrastructure Limited	India	100% (100%)

Note: Percentage given in bracket relates to previous year.

\$\$\$ 12.64% (12.64%) held through Arshiya Northern FTWZ Limited

\$ 48.33 % (48.33 %) held through Arshiya Hongkong Limited

\$\$ 9.38 % (9.38 %) held through Cyberlog Technologies (UAE) FZE

@ 5.27 % (5.27%) held through Arshiya Hongkong Limited

\* 9.89% (9.89%) held through the Company

**a. (I)Key Management Personnel**

Mr. Ajay S Mittal – Chairman and Managing Director

Mrs. Archana A Mittal – Joint Managing Director

Mr. Suhas Thakar - Executive Director (w.e.f 1/06/2013 to Resigned w.e.f. 31/03/2014)

Mr. Subhrarabinda Birabar – Chief Executive Officer (w.e.f. 02/02/2015)

Mr. Vaibhav Bakhare – Company Secretary (w.e.f. 14/11/2014 to Resigned w.e.f. 31/03/2015)

Mr. Shyam Rathi - Chief Financial Officer (Resigned w.e.f. 14/11/2014)

**(II)Relative of Key Management Personnel**

Mr. Ananya Mittal –Management Trainee (Business Development)

**b. Other related parties with whom transactions have taken place during the year or balances outstanding as at the reporting date.**

Mega Management Service Private Limited

Weidone Software Consultancy Private Limited

Bhushan Steel Limited

**Note:**

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

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

Nature of transactions	Name of the Party	(Amount in ₹)	
		2015	2014
Revenue from operations	Arshiya Supply Chain Management Private Limited	33,46,35,555	32,72,33,020
	Bhushan Steel Limited	–	56,68,03,194
Remuneration paid	Mr. Subhrarabinda Birabar	19,03,332	–
	Mr. Vaibhav Bakhare	15,89,019	–
	Mr. Shyam Rathi	42,86,879	56,03,680
	Mr. Suhas Thakar	–	1,14,58,469
Recovery of Remuneration	Mr. Ajay S Mittal	–	3,40,75,827
Loans and advances	Arshiya Rail Infrastructure Limited	8,96,79,927	2,26,76,04,460

## NOTES FORMING PART OF FINANCIAL STATEMENTS

given	Arshiya Northern FTWZ Limited	3,34,32,529	80,95,02,336
	Arshiya Industrial & Distribution Hub Limited	1,84,08,984	15,80,28,597
	Arshiya Technologies (India) Private Limited	28,094	—
	Arshiya Transport And Handling Limited	34,85,547	—
Loans and advances given repaid/adjusted	Arshiya Rail Infrastructure Limited	4,28,20,816	3,98,34,19,862
	Arshiya Northern FTWZ Limited	37,58,983	62,72,25,774
	Arshiya Industrial & Distribution Hub Limited	55,270	—
	Arshiya Transport And Handling Limited	1,34,000	—
Loans and advances taken	Mr. Ajay S Mittal	2,50,00,000	17,27,34,331
	Mrs. Archana A Mittal	22,48,95,874	61,81,67,192
Loans and advances taken repaid/adjusted	Mr. Ajay S Mittal	2,23,71,600	6,42,19,168
	Mrs. Archana A Mittal	4,14,64,643	40,28,22,195
Loans and advances received/(repaid) against land adjusted	Arshiya Rail Infrastructure Limited	—	38,82,57,624
	Arshiya Central FTWZ Limited	(112,856)	—
Issue of equity shares on conversion	Mr. Ajay S Mittal Against Warrants	20,80,25,000	50,02,50,000
	Against Unsecured Loan	41,34,24,680	—
	Mrs. Archana A Mittal Against Warrants	6,88,75,000	26,10,00,000
	Against Unsecured Loan	88,31,75,320	—
Money received against warrants	Mrs. Archana A Mittal	—	19,57,50,000
	Mr. Ajay S Mittal	—	43,12,500
Investments made	Arshiya Industrial & Distribution Hub Limited	—	1,24,54,20,750
	Arshiya Northern FTWZ Limited	—	36,09,00,450
	Arshiya Rail Infrastructure Limited	—	1,34,11,98,580
	Arshiya Supply Chain Management Private Limited	—	40,98,99,920
Deposit received	Arshiya Supply Chain Management Private Limited	26,00,00,000	—
Deposit given	Welldone Software Consultancy Private Limited	2,50,00,000	—
Corporate Guarantees / securities given	Arshiya Rail Infrastructure Limited	—	48,34,00,000
	Arshiya Northern FTWZ Limited	—	45,74,00,000
	Arshiya Industrial & Distribution Hub Limited	—	60,12,00,000
<b>Closing Balances as at March 31, 2015</b>			
Loans and advances given	Arshiya Rail Infrastructure Limited	6,63,65,527	1,93,08,416
	Arshiya Industrial & Distribution Hub Limited	4,36,01,654	2,52,47,939
	Arshiya Transport And Handling Limited	10,38,37,371	10,04,85,825
	Arshiya Northern FTWZ Limited	33,38,19,845	30,41,46,299
	Arshiya Technologies (India) Private Limited	28,094	—
Trade receivables	Arshiya Supply Chain Management Private Limited	2,86,152	11,97,29,613

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Advance from Customers	Bhushan Steel Limited	—	4,08,415
Loans, advances and deposits taken	Arshiya Central FTWZ Limited	92,15,06,549	92,16,19,404
	Arshiya Supply Chain Management Private Limited	26,20,00,000	20,00,000
	Mr. Ajay S Mittal	31,383	41,08,27,664
	Mrs. Archana A Mittal	2,76,32,511	72,73,76,800
Security Deposit given	Welldone Software Consultancy Private Limited	2,50,00,000	—
Investments outstanding	Arshiya Industrial & Distribution Hub Limited	2,20,56,15,066	2,20,56,15,066
	Arshiya Northern FTWZ Limited	3,14,44,77,790	3,14,44,77,790
	Arshiya Rail Infrastructure Limited	2,34,15,98,560	2,34,15,98,560
	Arshiya Supply Chain Management Private Limited	42,58,99,920	42,58,99,920
	Arshiya Central FTWZ Limited	11,05,00,000	11,05,00,000
	Arshiya Hongkong Limited	5,32,50,000	5,32,50,000
	Cyberlog Technologies International Pte. Limited	6,05,00,000	6,05,00,000
	Arshiya International Singapore Pte. Limited	34,31,000	34,31,000
	Arshiya Transport And Handling Limited	5,00,000	5,00,000
	Arshiya Technologies(India) Private Limited	1,00,000	1,00,000
	Mr. Ajay S Mittal	—	20,60,25,000
Money received against warrants	Mrs. Archana A Mittal	—	6,88,75,000
Corporate Guarantees / securities given	Arshiya Northern FTWZ Limited	3,56,11,00,000	3,56,11,00,000
	Arshiya Rail Infrastructure Limited	7,58,98,19,332	7,68,86,19,332
	Arshiya Supply Chain Management Private Limited	1,85,00,00,000	1,85,00,00,000
	Arshiya Industrial & Distribution Hub Limited	4,73,38,00,000	4,73,38,00,000

47. Loans and Advances in the nature of Loans to Subsidiaries (pursuant to Clause 32 of the Listing Agreement with Stock Exchange.)

## Loans and Advances to Subsidiaries

(Amount in ₹)

Name of the Subsidiary (including indirect subsidiary)	Amount outstanding as on March 31, 2015	Maximum amount outstanding during the year
Arshiya Supply Chain Management Private Limited	Nil (95,60,891)	1,24,43,369 (5,33,38,081)
Arshiya Rail Infrastructure Limited****	6,63,65,527 (1,93,08,416)	7,35,65,124 (1,89,36,15,691)
Arshiya Central FTWZ Limited	Nil (Nil)	Nil (1,06,19,201)
Arshiya Transport And Handling Limited	10,38,37,371 (10,04,85,825)	10,38,37,371 (10,07,05,297)
Arshiya Industrial & Distribution Hub Limited	4,36,01,654 (2,52,47,938)	4,36,01,654 (1,26,26,44,405)
Arshiya Northern FTWZ Limited	33,38,19,845 (30,41,46,300)	33,38,19,845 (33,36,48,175)
Arshiya Technologies (India) Private Limited	28,094 (Nil)	28,094 (Nil)



## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 48. Disclosure pursuant to Accounting Standard 19 – Leases

**Finance Lease**

The Company has acquired vehicles under finance lease. Details of lease rentals payable are as follows:

(Amount in ₹)

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payments	4,22,304 (2,16,720)	6,68,648 (10,90,952)	– (–)
Less: Finance charges payable	86,507 (9,927)	56,835 (1,43,318)	– (–)
Present value of lease rentals	3,35,797 (2,06,793)	6,11,813 (9,47,636)	– (–)

**Operating Lease**

The Company has taken certain offices on cancellable operating lease, which are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such lease are ₹ 3,23,32,764/- (₹ 6,66,67,487/-).

## 49. Earnings per share has been computed as under:

Particulars	2015	2014
Loss for the year after tax (Amount in ₹)	2,44,00,31,961	2,97,67,68,129
Weighted average number of shares (Numbers)	10,69,22,623	6,19,22,623
Nominal value per share (Amount in ₹)	2	2
Earnings per share – Basic and diluted (Amount in ₹)	(22.82)	(48.07)

## 50. Managerial Remuneration

(Amount in ₹)

Particulars	Executive Director	
	2015	2014
Salaries and Allowances	–	82,32,500
Contribution to Provident Fund	–	7,800
Retirement benefits	–	32,18,169
<b>Total</b>	<b>–</b>	<b>1,14,58,469</b>

In view of absence of profits as also the company not being able to repay its debts and interest payable thereon to lenders, the remuneration paid/provided for FY 2013-14 to Mr. Suhas Thakar, Ex-Executive Director, being in excess of limits prescribed under section 198 read with Schedule XIII of the Companies Act, 1956, the Company has sought approval from the Central Government during financial year 2014-15 for payment of excess remuneration. The Company is awaiting approval from Central Government in this regard.

## 51. Current Liabilities include advances received from subsidiaries for transfer/sale of land, as under:

(Amount in ₹)

Name of Subsidiaries	2015	2014
Arshiya Central FTWZ Limited	92,15,06,551	92,16,19,406

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

## 53. (f) Derivative contracts entered into by the Company for hedging purpose and outstanding as at March 31, 2015:

Particulars	Foreign currency amount			Equivalent amount (In ₹)	
	Currency	2015	2014	2015	2014
Long-term borrowings**	USD	2,18,09,091	5,18,07,026	1,12,39,50,000	2,77,26,60,000

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(\*\*Refer Note No 37)

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

Particulars	Foreign currency amount			Equivalent amount (in ₹)	
	Currency	2015	2014	2015	2014
<b>Balances</b>					
Bank balances	USD	5	5	317	314
Receivables	USD	10,52,099	4,42,859	6,48,72,397	2,62,21,706
	EUR	17,938	18,091	11,90,004	14,71,703
Payables	USD	-	161	-	8,937
	EUR	-	1,818	-	1,47,850
	JPY	-	5,58,423	-	3,21,500
	HKD	-	2,543	-	18,817

## 54. Prior period items (net) Included In Statement of Profit and Loss:

(Amount in ₹)

Particulars	2015	2014
Interest	2,24,54,794	-
Rates & Taxes	92,85,203	-
Recovery of excess payment of Electricity duty	-	(81,36,333)
Net prior period expenses/(Income)	3,17,39,997	(81,36,333)

## 55. Other Disclosures :

## a. Earnings in foreign currency

(Amount in ₹)

Particulars	2015	2014
Revenue from logistics operations	-	56,54,203
Revenue from Free Trade and Warehousing Zone	16,12,07,561	10,31,40,543
<b>Total</b>	<b>16,12,07,561</b>	<b>10,87,94,746</b>

## b. Expenditure in foreign currency

(Amount in ₹)

Particulars	2015	2014
Cost of logistics operations	-	1,15,73,248
Travelling expenses	27,97,229	19,38,000
Miscellaneous expenses	-	4,26,402
<b>Total</b>	<b>27,97,229</b>	<b>1,19,98,650</b>

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

Signatures to Notes forming part of Financial Statements

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

For and on behalf of the Board  
of Arshiya Limited

Mukul Patel  
Partner  
Membership No. 032489

Ajay S Mittal  
Chairman and Managing Director  
DIN: 00226355

Archana A Mittal  
Joint Managing Director  
DIN: 00703208

Place: Mumbai  
Date: 15<sup>th</sup> May, 2015

# INDEPENDENT AUDITOR'S REPORT

To,

**The Members of Arshiya Limited (Formerly Known As Arshiya International Limited)**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Arshiya Limited (Formerly Arshiya International Limited) (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the subsidiaries included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and our comments referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Basis for Qualified Opinion:**

*We draw attention to Note No. 37, relating to remuneration paid to ex-executive Director of the Holding Company for FY 2013-14, which has turned out to be in excess of the limits prescribed under section 198 read with Schedule XIII to the Companies Act, 1956 due to the reasons stated in the note and hence, it is subject to the approval of the Central Government.*

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter described in Basis for Qualified Opinion paragraph*, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

1. The group continues to be under severe financial stress as reflected by :
  - (a) Majority balance of the secured borrowings of the Group turning into Non Performing Assets (Refer Note no. 38).
  - (b) Substantial Creditors remaining outstanding to be paid.
  - (c) Unpaid Full and Final Employees dues aggregating to ₹5,24,02,547/-.
  - (d) Statutory dues aggregating to ₹27,71,18,077/- remaining unpaid.
2. We draw attention to the following matters in the Notes to the financial statements::
  - (a) Note No. 41 Re: Tax Deducted at Source.
  - (b) Note No. 32(a) Re: Fixed Assets
  - (c) Note No. 32(b) Re: Capital Work-in-Progress
  - (d) Note No. 47 Re: Mark to Market Losses.

Our opinion is not modified in respect of these matters.

## Other Matters

The consolidated financial statements include the financial statements/financial information of four foreign subsidiaries which have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the financial statements/financial information furnished to us by the Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the Other Matters' as stated above with respect to our reliance on the work done and the financial statements/financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. (Refer to 'Other Matters' above).
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books. (Refer to 'Other Matters' above).
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements. (Refer to 'Other Matters' above).
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies, incorporated in India is disqualified as on 31st March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note 24(a),24(b),24(g),24(h) and 49 to the consolidated financial statements).
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts. (Refer Note No. 47 to the consolidated financial statements in respect of such items).
  - iii. There has been a delay in transferring unclaimed dividend to Investor Education and Protection Fund by Holding Company amounting to ₹6,19,750/- which was due on 21st October, 2014, which has been transferred on 9th April, 2015.

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

**Mukul Patel**  
Partner  
Membership No. 032489

Place: Mumbai  
Date: 15<sup>th</sup> May, 2015



**Annexure to the Independent Auditors' Report on Consolidated Financial Statements**

As referred to in the Annexure to the Independent Auditors' Report on Consolidated Financial Statements to the members of the Holding Company on the financial statements for the year ended 31<sup>st</sup> March 2015, we report that :

- I. (a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the Group's Management at reasonable intervals; and no material discrepancies were noticed on such verification.
- II. (a) As explained to us, the inventories of stores and spares were physically verified during the year by the Group's Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Group's Management were reasonable and adequate in relation to the size of the Group and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Group has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- III. The Group has not granted any loans to any party, covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause 3(III) of the Order is not applicable.
- iv. In our opinion and according to information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Group and the nature of its business for the purchase of Inventory and Fixed Assets and sale of Services. During the course of our audit, we have not observed any major weakness in such internal control system. Further, the activities carried on by the Group do not require sale of goods.
- v. The Group has not accepted any deposits and hence, the directions of the Reserve Bank of India and the provisions of section 73 to 78 and other relevant provisions of the Companies Act, 2013 and its rules, are not applicable. Hence clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the books of accounts maintained by the Group in respect of services rendered pursuant to rules made by Government of India with regard to the maintenance of cost records as prescribed under sub section (1) of section 148 of the Companies Act, 2013, wherever applicable, and are of the opinion that, prima facie, the prescribed basic cost records have been made and maintained. We have, however, not made detailed examination of cost records with a view to determine whether they are accurate or complete.
- vii. (a) The Group is generally regular in depositing undisputed applicable statutory dues, *except, income tax deducted at source, entry tax and work contract tax. The arrears of such outstanding as of the year-end for a period of more than six months from their due dates of payment are ₹ 21,65,12,234/-, ₹8,53,762/- and ₹16,13,306/- respectively.*
- (b) According to the information and explanations given to us, there are no disputed dues in respect of wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any disputes.

Details of disputed dues of Income Tax and Value Added Tax which have not been deposited are as under:

Name of the Statute	Nature of Dues	Amount Involved ₹	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	12,67,53,457	A.Y. 2008-09 to 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	7,11,78,440	A.Y. 2013-14	Deputy Commissioner of Income Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax	20,51,279	A.Y. 2005-06	Deputy Commissioner of Sales Tax (Appeals)

(c) According to the information and explanations given to us, the Holding Company of the Group has delayed in transferring unclaimed dividend amount of ₹ 6,19,750/-, which was due on 21<sup>st</sup> October, 2014, which has been transferred on 9<sup>th</sup> April, 2015.

- viii. Accumulated losses at the end of the financial year are not less than 50% of its net worth and the Group has incurred cash losses during the year and in the immediately preceding financial year.
- ix. The Group has not issued any debentures. Based on our audit procedures and according to the information and explanations given by the Group's Management, during the year, the Group, taking into account approved Corporate Debt Restructuring Package, has defaulted in repayment of dues to Banks and a Financial Institution, the defaults whereof are stated hereunder:

**default on account of non payment of interest is stated as under :**

(Amount in ₹)

Period of Default	Banks					Financial Institution
	Term Loans	FITL	Short Term Loan	Working Capital Term Loan	Cash Credit	Term Loan
F.Y. 2013-14	40,74,18,896	814	1,51,99,299	-	4,16,326	-
Apr-14	3,62,81,923	66,64,933	31,26,869	-	3,59,429	1,37,37,604
May-14	6,59,44,485	1,00,28,507	32,29,112	35,48,971	3,73,027	1,44,20,124
Jun-14	9,81,25,724	1,29,03,338	31,26,328	43,20,122	3,69,973	1,41,83,113
Jul-14	13,69,88,406	1,98,34,127	32,30,969	44,67,333	3,86,661	-
Aug-14	14,08,40,885	2,25,47,085	32,34,192	44,74,673	3,92,305	-
Sep-14	14,16,80,247	2,28,06,765	32,02,551	45,14,797	3,85,366	4,49,01,413
Oct-14	22,55,05,152	2,35,29,727	32,83,474	44,54,646	4,00,506	1,58,21,874
Nov-14	22,48,22,886	2,28,17,419	31,95,167	43,54,884	3,92,195	1,53,65,111
Dec-14	25,54,52,945	2,34,28,662	33,19,467	43,97,836	4,09,931	1,61,28,491
Jan-15	25,55,48,182	2,76,85,148	33,38,041	50,58,636	4,14,806	1,63,92,181
Feb-15	24,46,56,364	2,27,60,813	30,31,956	42,98,808	3,79,118	1,50,47,906
Mar-15	29,86,79,136	2,44,61,600	33,73,938	48,04,302	4,24,246	1,69,06,204
<b>Total</b>	<b>2,53,19,45,211</b>	<b>23,92,68,938</b>	<b>5,38,91,383</b>	<b>4,86,95,008</b>	<b>51,03,689</b>	<b>18,27,04,021</b>

**default on account of non payment of principal amount is stated as under :**

(Amount in ₹)

Period of Default	Banks				Financial Institution
	Term Loans	FITL	Working Capital Term Loan	Cash Credit	Term Loan
F.Y. 2013-14	49,50,00,000	-	-	-	69,00,00,000
Apr-14	-	-	-	-	-
May-14	-	-	-	-	-
Jun-15	-	-	-	3,10,00,000	-
Jul-14	19,86,021	10,01,319	23,06,667	1,50,210,600	-
Aug-14	19,86,021	10,01,319	23,06,667	-	-
Sep-14	19,86,021	10,01,319	23,06,667	-	-
Oct-14	2,77,53,583	10,01,319	23,06,667	-	-
Nov-14	8,06,95,927	75,99,278	23,06,667	-	-
Dec-14	8,06,95,927	75,99,278	23,06,667	-	-
Jan-15	8,40,65,174	75,99,278	23,06,667	-	-
Feb-15	8,67,02,089	75,99,278	23,06,667	-	-
Mar-15	9,17,02,089	75,99,278	23,06,667	-	-
<b>Total</b>	<b>95,25,72,812</b>	<b>4,20,01,686</b>	<b>2,07,60,003</b>	<b>18,12,10,600</b>	<b>69,00,00,000</b>

- x. According to the information and explanations given to us, the Group has not given any guarantee for loan taken by others from a bank or financial institution and hence the provisions of clause 3 (x) of the Order are not applicable to the Group.
- xi. According to information and explanations given to us, and on examination of the consolidated financial statements and other records, we report that the term loan availed by the Group has been applied for the purpose for which it is raised.
- xii. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Group's operations, no fraud of material significance on or by the Group has been noticed or reported during the year.

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

**Mukul Patel**  
Partner  
Membership No. 032489

Place: Mumbai  
Date: 15<sup>th</sup> May, 2015

Arshiya Limited (Formerly known as Arshiya International Limited)

**Consolidated Balance Sheet as at 31st March, 2015**

(Amount in ₹)

Particulars	Notes	As at 31st March, 2015	As at 31st March, 2014
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	4	25,48,58,944	13,42,58,944
(b) Reserves and surplus	5	1,97,43,60,102	5,29,01,48,564
(c) Money received against share warrants	4(d)	-	27,49,00,000
		<b>2,22,92,19,046</b>	<b>5,69,09,07,508</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	6	25,04,11,40,036	25,09,12,26,990
(b) Other long-term liabilities	7	5,93,99,130	7,76,81,859
(c) Long-term provisions	10	44,87,814	1,21,44,288
		<b>25,10,50,26,980</b>	<b>25,18,10,53,137</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	8	1,66,26,24,069	2,80,55,23,220
(b) Trade payables	9	22,00,66,820	1,08,94,76,776
(c) Other current liabilities	10	7,96,24,97,825	4,16,74,37,278
(d) Short-term provisions	11	47,14,59,667	43,92,04,895
		<b>10,31,66,48,381</b>	<b>8,50,16,42,169</b>
<b>Total</b>		<b>37,65,08,94,407</b>	<b>39,38,20,02,814</b>
<b>II. Assets</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	30,09,34,67,153	31,03,34,87,288
(ii) Intangible assets	12	51,61,99,851	64,10,57,889
(iii) Capital work-in-progress		5,59,71,57,660	5,62,04,80,843
(iv) Intangible assets under development		-	39,45,700
		<b>36,20,68,24,664</b>	<b>37,29,89,71,720</b>
(b) Long-term loans and advances	13	51,41,59,205	50,65,72,957
(c) Other non-current assets	14	70,84,746	1,22,03,003
		<b>52,12,43,951</b>	<b>51,87,75,960</b>
<b>2. Current assets</b>			
(a) Inventories	15	41,97,644	46,33,621
(b) Trade receivables	16	21,91,12,816	84,06,03,189
(c) Cash and bank balances	17	6,15,13,913	10,10,23,624
(d) Short-term loans and advances	13	63,70,85,319	61,78,00,123
(e) Other current assets	14	9,16,100	1,94,577
		<b>92,28,25,792</b>	<b>1,56,42,55,134</b>
<b>Total</b>		<b>37,65,08,94,407</b>	<b>39,38,20,02,814</b>

Summary of Significant Accounting Policies

3

See accompanying notes to the financial statements

1-56

As per our attached report of even date

For M. A. Parikh &amp; Co.

Chartered Accountants

Firm Registration No. 107556W

For and on behalf of the Board of Directors of

Arshiya Limited

Mukul Patel

Partner

Membership No. 32489

Ajay S Mittal

Chairman and Managing Director

DIN: 00226355

Archana A Mittal

Joint Managing Director

DIN : 00703208

Place: Mumbai

Date: 15<sup>th</sup> May, 2015

Arshiya Limited (Formerly known as Arshiya International limited)

**Consolidated Statement of Profit and Loss for the year ended 31st March, 2015**

(Amount in ₹)

Particulars	Notes	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>I. Revenue</b>			
1. Revenue from operations	18	3,24,23,03,844	5,16,55,72,580
2. Other income	19	7,83,10,359	19,91,88,365
<b>Total Revenue</b>		<b>3,32,06,14,203</b>	<b>5,36,47,60,945</b>
<b>II. Expense</b>			
1. Cost of operations	20	2,29,21,93,094	4,45,50,85,074
2. Employee benefits expense	21	27,48,51,210	40,87,37,523
3. Finance costs	22	4,03,49,44,760	3,66,29,51,552
4. Depreciation and amortization expense	12	1,01,09,33,233	83,52,89,422
5. Other expenses	23	36,02,23,668	63,96,59,677
<b>Total Expenses</b>		<b>7,97,31,45,965</b>	<b>10,00,17,23,248</b>
<b>III. Loss for the year before exceptional items and tax (I-II)</b>		<b>(4,65,25,31,762)</b>	<b>(4,63,69,62,303)</b>
<b>IV. Exceptional items (Net)</b>	29	10,85,81,327	2,12,65,95,433
<b>V. Prior Period Adjustments (Net)</b>	28	3,54,74,825	1,49,13,73,795
<b>VI. Loss for the year before tax (III-IV-V)</b>		<b>(4,79,65,87,914)</b>	<b>(8,25,49,31,531)</b>
<b>VII. Tax expense</b>			
1. Provision for Current Year		15,89,072	16,23,34,181
2. (Excess) provision for earlier year		(5,81,07,853)	-
3. Reversal of MAT credit of prior year		-	12,41,76,994
4. Reversal of Deferred Tax Liability/Assets		-	(7,91,48,193)
<b>VIII. Loss for the year</b>		<b>(4,74,00,69,133)</b>	<b>(8,46,22,94,512)</b>
Earnings per equity share of value ₹ 2/- each			
Basic and Diluted Earnings per Share	35	(44.33)	(136.66)

Summary of Significant Accounting Policies

3

See accompanying notes to the financial statements

1-56

As per our attached report of even date

For M. A. Parikh &amp; Co.

Chartered Accountants

Firm Registration No. 107556W

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

Mukul Patel

Partner

Membership No. 32489

Ajay S Mittal

Chairman and Managing Director

DIN: 00226355

Archana A Mittal

Joint Managing Director

DIN : 00703208

Place: Mumbai

Date: 15<sup>th</sup> May, 2015



Arshiya Limited (Formerly known as Arshiya International Limited)

**Consolidated cash flow statement for the year ended 31st March, 2015**

(Amount in ₹)

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>Cash flow from operating activities</b>		
Loss before tax	(4,79,65,87,914)	(8,25,49,31,531)
Adjustments for :		
Depreciation and amortization expense	1,01,09,33,233	83,52,89,422
Leasehold Improvements written off	1,37,90,537	1,11,47,526
Fixed Assets written off	2,63,32,826	-
Capital Work-In-Progress written off	2,22,82,031	-
Interest expense	4,02,80,80,787	3,63,01,47,815
Interest Income	(42,75,502)	(31,48,814)
Gain / Loss on sale of fixed assets (net)	-	(1,39,54,022)
Adjustment of Share Issue Expenses	-	(89,78,262)
Ancillary borrowing costs written off	-	21,46,02,226
Provision for doubtful advances	5,74,079	1,46,06,800
Provision for doubtful debts	-	1,40,04,829
Bad debts	6,45,37,408	6,47,76,063
Exchange adjustments (net)	(1,04,48,756)	(7,76,70,104)
<b>Operating profit before working capital changes</b>	<b>35,52,18,729</b>	<b>(3,57,41,08,052)</b>
Adjustments for :		
Decrease in Inventories	4,35,977	(23,20,071)
Decrease in trade and other receivables	56,74,90,001	5,61,50,99,114
Increase/(decrease) in trade and other payables	(56,78,51,129)	(2,52,91,92,278)
<b>Cash generated from operations</b>	<b>35,52,89,578</b>	<b>(48,05,21,287)</b>
Direct taxes paid	2,16,90,079	(28,65,11,175)
<b>Net cash flow from operating activities (A)</b>	<b>37,69,83,656</b>	<b>(77,70,32,462)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(81,00,000)	(16,04,81,207)
Proceeds from sale of fixed assets	-	22,02,08,013
Investment in bank deposits having original maturity period of more than 3 months	(1,05,36,327)	10,00,000
Interest received	39,90,804	31,48,814
<b>Net cash flow used in investing activities (B)</b>	<b>(1,46,45,523)</b>	<b>6,38,75,620</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares (including securities premium)	1,57,15,00,000	76,12,50,000
Money received against share warrants adjusted against issue of shares	(27,49,00,000)	(56,11,87,500)
Proceeds from long-term borrowings (Net of Repayments)	85,74,99,475	4,65,27,62,845
Repayments of short-term borrowings	(1,14,28,99,152)	(49,11,50,805)
Interest paid	(1,42,87,02,752)	(3,63,01,47,815)
<b>Net cash flow from financing activities (C)</b>	<b>(41,75,02,429)</b>	<b>73,15,36,725</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(5,51,64,295)</b>	<b>1,83,89,883</b>
<b>Add: Opening cash and cash equivalents</b>	<b>9,97,85,296</b>	<b>8,14,15,413</b>
<b>Closing cash and cash equivalents</b>	<b>4,46,21,001</b>	<b>9,97,85,296</b>
<b>Add: Earmarked bank balances</b>	<b>12,38,328</b>	<b>12,38,328</b>
<b>Closing cash and cash equivalents</b>	<b>4,58,59,329</b>	<b>10,10,23,624</b>

As per our attached report of even date

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

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

Mukul Patel  
Partner  
Membership No. 32489

Ajay S Mittal  
Chairman and Managing Director  
DIN: 00226355

Archana A Mittal  
Joint Managing Director  
DIN : 00703208

Place: Mumbai  
Date: 15<sup>th</sup> May, 2015

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1: Corporate Information

Arshiya Limited (formerly Arshiya International Limited) (hereinafter referred to as "the Holding Company", "the Company" or "AL") together with its subsidiaries (collectively referred to as "Group") is Flagship Company of the Arshiya Group. Arshiya is a pioneering Unified Supply Chain- Infrastructure and Solutions Group headquartered in India. The Group business comprises of Free Trade and Warehousing Zone (FTWZ), Industrial & Distribution Hubs, Rail & Rail Infrastructure, Forwarding, Transport & Handling, Supply Chain Technology and Management Solutions.

### Note 2: Basis of Consolidation

The Consolidated Financial Statements (CFS) relating to the Company and its subsidiaries are drawn up to the same reporting date as followed by the Holding Company, i.e. 31<sup>st</sup> March, 2015 (Previous Year 31<sup>st</sup> March, 2014). The CFS has been prepared on the following basis.

- I) The CFS of the Group are prepared under Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard – 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the holding company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- II) The consolidation of the financial statements of the holding company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements. All inter-group transactions, unrealised inter-company profits and balances have been eliminated in the process of consolidation. Minority Interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- III) The excess of cost to the Company of its investment in the subsidiaries over the Company's share of equity and reserves of the Subsidiaries is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserves of the subsidiaries over the cost of acquisition is treated as Capital Reserve.
- IV) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except deviations, if any, in case of certain subsidiaries, whose financial statements are based on the Financial Reporting Standards as required under the laws of the respective countries in which they are registered. However, such deviations, if any, do not have any significant effect on the CFS.
- V) The CFS includes the Financial Statements of the holding company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the entity	Country of Incorporation	Proportion of Interest (including beneficial interest)/ voting power (either directly/indirectly or through subsidiaries)
<b>Direct Subsidiaries:</b>		
Arshiya Hong Kong Limited	Hong Kong	100% (100%)
Cyberlog Technologies International Pte. Limited	Singapore	100% (100%)
Arshiya International Singapore Pte. Limited	Singapore	100% (100%)
Arshiya Supply Chain Management Private Limited \$\$\$	India	100% (100%)
Arshiya Transport And Handling Limited	India	100% (100%)
Arshiya Rail Infrastructure Limited @	India	100% (100%)
Arshiya Northern FTWZ Limited	India	100% (100%)
Arshiya Central FTWZ Limited \$	India	100% (100%)
Arshiya Industrial & Distribution Hub Limited \$\$	India	100% (100%)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Indirect Subsidiaries:</b>		
<b>Held through Cyberlog Technologies International Pte Limited</b>		
Cyberlog Technologies (UAE) FZE	U.A.E.	100% (100%)
Arshiya Technologies (India) Private Limited *	India	100% (100%)
<b>Held through Arshiya Rail Infrastructure Limited:</b>		
Arshiya Rail Siding And Infrastructure Limited	India	100% (100%)

\$\$\$ 12.64% (12.64%) held through Arshiya Northern FTWZ Limited.

@ 5.27 % (5.27%) held through Arshiya Hongkong Limited.

\$ 48.33 % (48.33 %) held through Arshiya Hongkong Limited.

\$\$ 9.38 % (9.38 %) held through Cyberlog Technologies (UAE) FZE.

\* 9.89% (9.89%) held through the Holding Company.

**Note 3: Significant Accounting Policies****(I) Use of estimates**

The preparation of CFS in conformity with India Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as on the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision to estimates is recognised prospectively in current and future periods.

**(II) Fixed assets****(a) Tangible Fixed Assets**

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

**(b) Intangible Fixed Assets**

Intangible assets are carried at cost less accumulated amortization and impairment losses. The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

**(c) Capital work-in-progress**

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

**(iii) Borrowing costs**

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (iv) Depreciation and Amortization

#### A. In case of the Holding Company and Indian subsidiaries

##### A.1. Free Trade Warehousing Zone/Distripark and Logistics operations

###### Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on the straight-line method at the rates and manner in accordance with Schedule II to the Companies Act, 2013.

###### Intangible Fixed Assets

Intangible assets are carried at cost less accumulated amortization. The capitalised cost of software includes license fees, cost of implementation and system integration services. These costs are capitalised as intangible assets in the year in which related software is implemented.

##### A.2. Rail freight and related services:

###### Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on the straight-line method in accordance with Schedule II to the Companies Act, 2013 (Refer Note No.44).

###### Intangible Fixed Assets

- (a) Rail License fees paid for transfer of Concession Agreement is amortized over a period of twenty years, being the license period as per the agreement.
- (b) Software (Intangible asset other than (c) below), is amortized on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.
- (c) Cost of Enterprise Resource Planning (ERP) software (Intangible asset) including expenditure on implementation is amortized over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.

#### B. In case of certain overseas subsidiary companies

Certain overseas subsidiary companies provide depreciation on tangible fixed assets on straight line method based on the estimated useful life of the assets as determined by the management.

#### C. The Group

- i) Leasehold Improvements are amortized over the period of the lease.

### (v) Leases

#### (a) Finance lease

Assets acquired under finance lease are capitalised 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.

### (vi) Investments

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (vii) Inventories

Inventories are valued at cost or net realizable (NRV), whichever is less.

### (viii) Revenue recognition

- (a) Revenue from allotment of warehousing space and open yard area for use is accounted on accrual basis as per agreed terms.
- (b) Revenue from Handling and other Value Added Services/Activities is recognised on the basis of loading/unloading of container/cargo and completion of agreed contracted services.
- (c) Revenue from rail and ancillary operations are accounted on the basis of delivery of cargo, considering substantial completion of contracted services. While recognising the revenue 7<sup>th</sup> of the following month is taken as cutoff date for determining the delivery of cargo vis-à-vis completion of contracted services.
- (d) Revenue from logistic operations is accounted on the basis of date of departure of the vessel/aircraft for jobs related to export shipments and date of arrival of the vessel/ aircraft for jobs related to import shipments, considering substantial completion of contracted services.
- (e) Revenue from sale of user licences for software application is recognised on transfer of the title of the user licences.
- (f) Revenue from software development and consultancy services related to information technology is recognised upon completion of the actual service performed.
- (g) Interest and other income are accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.
- (h) Export benefits under Serve from India Scheme of Foreign Trade Policy are recognised when utilized.

### (ix) Employee benefits

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

#### a) Defined Contribution Plan

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

#### b) Defined Benefit Plan

The liability for Leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS 15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

### (x) Foreign currency transactions

#### A. Accounting of transactions

- (a) Transactions in foreign currencies are initially recognized at the prevailing exchange rates on the date of the transaction. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- (b) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange difference is recognised in the Statement of Profit and Loss.
- (c) In respect of derivative contracts assigned to foreign currency monetary assets and liabilities, the differences due to change in exchange rate between the inception of derivative contracts and date of Balance Sheet and the proportionate premium/discount for the period upto the date of Balance Sheet are recognised in the Statement of Profit and Loss.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### B. Translation and exchange rates

Financial statements of overseas non-integral operations are translated as under:

- (a) Assets and liabilities at the exchange rates prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- (b) Revenue and expenses are at yearly average rates. Off balance sheet items are translated into Indian Rupees at year-end rate.

### (xi) Accounting for taxes on Income

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

### (xii) Impairment of tangible and intangible assets

At the end of each year, the Group determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard - 28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

### (xiii) Employee stock options

The Group calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme, is recognised as deferred employee stock compensation expense and is amortised over the vesting period.

### (xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised, but are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the Financial Statement.

### (xv) Earnings per Share

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

### (xvi) Cash Flow Statement

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

### (xvii) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Group.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)  
Notes to Consolidated Financial Statements

(Amount in ₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>4. Share Capital</b>		
Authorised		
21,00,00,000 (8,50,00,000) equity shares of ₹ 2/- each	42,00,00,000	17,00,00,000
Issued, Subscribed and Paid up		
12,74,29,472 (6,71,29,472) equity shares of ₹ 2/- each, fully paid up	25,48,58,944	13,42,58,944
<b>Total</b>	<b>25,48,58,944</b>	<b>13,42,58,944</b>

## (a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares	Amount (in ₹)	Number of shares	Amount (in ₹)
Balance at the beginning of the year	6,71,29,472	13,42,58,944	6,18,79,472	12,37,58,944
Issued during the year	6,03,00,000	12,06,00,000	52,50,000	1,05,00,000
<b>Balance at the end of the year</b>	<b>12,74,29,472</b>	<b>25,48,58,944</b>	<b>6,71,29,472</b>	<b>13,42,58,944</b>

## (b) Terms and rights attached to equity shares

The Company has one class of equity share having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The shareholders who held shares on the record date are entitled to dividend as may be proposed by the Board of Directors and is subject to approval of the Shareholders at the ensuing General Meeting.

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

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

Name of the shareholder	As at 31st March, 2015		As at 31st March, 2014	
	Number of equity shares	Percentage (%) shareholding	Number of equity shares	Percentage (%) shareholding
Archana A Mittal	6,98,09,288	54.78%	2,15,70,225	32.13%
Ajay S Mittal	1,85,60,937	14.57%	65,00,000	9.68%

## (d) Issue of convertible warrants

The Company had allotted 1,36,00,000 convertible warrants at ₹145/- per warrant to promoters/promoters group on preferential basis pursuant to a special resolution passed by the members of the Company at their extra ordinary general meeting, held on October 18, 2012. Out of these warrants 53,00,000, 52,50,000 and 30,50,000 were converted (in the ratio of 1 share for 1 warrant) into equity shares aggregating to 1,36,00,000 equity shares of ₹2/- each at a premium of ₹143/- per share during the financial year 2014-15, 2013-14 and 2012-13 respectively.

(e) During the year Company has allotted to the promoters 5,50,00,000 equity shares of ₹2/- each at a premium of ₹12.60 per share on preferential basis pursuant to the CDR package and Intermis of special resolution passed on 12th May, 2014 as per applicable provision of Companies Act, 1956/Companies Act, 2013 and other applicable laws.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Arshiya Limited (Formerly known as Arshiya International Limited)**  
**Notes to Consolidated Financial Statements**

Particulars	(Amount in ₹)	
	As at 31st March, 2015	As at 31st March, 2014
<b>5. Reserves &amp; Surplus</b>		
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	6,17,13,18,084	5,42,05,68,084
Add: On issue of Equity Shares	1,45,09,00,000	75,07,50,000
Balance at the end of the year	7,62,22,18,084	6,17,13,18,084
<b>Amalgamation Reserve *</b>		
Balance as at the beginning and end of the year	1,24,80,000	1,24,80,000
<b>Revaluation Reserve</b>		
Balance as at the beginning of the year	6,35,39,19,970	-
Add: On revaluation of land [Refer Note no.12(c)]	-	6,35,39,19,970
Balance at the end of the year	6,35,39,19,970	6,35,39,19,970
<b>Foreign currency monetary item translation difference account</b>		
Balance as at the beginning of the year	-	(85,59,558)
Less: Written off during the year	-	85,59,558
Balance at the end of the year	-	-
<b>Foreign currency translation Reserve</b>		
Balance as at the beginning of the year	2,48,58,465	11,10,88,127
Add: Adjustment made during the year	(12,22,769)	(8,62,29,662)
Balance at the end of the year	2,36,35,696	2,48,58,465
<b>General Reserve</b>		
Balance as at the beginning and end of the year	9,40,17,534	9,40,17,534
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(7,36,64,45,489)	2,11,18,41,891
Less: Loss for the year	4,74,00,69,133	8,46,22,94,512
Adjustment on account of Depreciation	2,53,96,560	-
Adjusted for Share Issue Expenses	-	89,78,262
Adjustment upon Disposal of Foreign Subsidiary#	-	1,00,70,14,606
Balance at the end of the year	(12,18,19,11,182)	(7,86,64,45,489)
<b>Total</b>	<b>1,97,43,60,102</b>	<b>5,29,01,48,564</b>
<p>* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Hon'ble High Court of Judicature at Bombay in earlier years, Amalgamation reserve is free for all purposes.</p> <p># ₹1,00,70,14,606/- represent amounts of receivable/advances reduced correspondingly upon sale of downstream Investment by a Foreign Subsidiary.</p>		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Arshiya Limited (Formerly known as Arshiya International Limited)**  
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Particulars	(Amount in ₹)			
	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>6. Long-term borrowings</b>				
<b>Secured</b>				
Term loan from (Refer Note no. 38)				
- Banks				
- Term Loan	17,18,54,70,792	19,89,64,03,112	94,08,68,851	37,97,64,801
- Funded Interest Term Loan (FITL)	3,39,29,99,215	3,45,42,23,946	21,92,25,310	13,96,77,234
- Working capital Term Loan	-	40,63,18,961	-	2,13,85,208
- Other parties				
- Term Loan	3,55,28,88,063	-	1,83,84,32,280	-
- Funded Interest Term Loan (FITL)	37,36,80,000	-	3,20,01,991	-
- Working capital Term Loan	53,04,82,690	-	4,15,20,000	-
- Others	50,07,463	1,33,33,33,334	-	1,62,33,33,334
Vehicle loan from bank	6,11,813	9,47,637	3,35,824	3,01,427
Finance lease obligations	-	-	-	2,06,793
	<b>23,04,11,40,086</b>	<b>25,09,12,26,990</b>	<b>1,07,23,84,256</b>	<b>2,16,46,68,797</b>
Less: Amount disclosed under the head "other current liabilities" (Refer note no. 10)	-	-	(3,07,23,84,256)	(2,16,46,68,797)
<b>Total</b>	<b>23,04,11,40,086</b>	<b>25,09,12,26,990</b>	<b>-</b>	<b>-</b>
<p><b>(a) Security provided:</b></p> <p>(i) The above loans are secured by charges on all the present and future movable and immovable assets including intangible assets, assignment of rights and benefits and charges on entire Current Assets.</p> <p>(ii) The above loans further secured by joint and several irrevocable personal guarantees and shares pledged by the Promoter Directors.</p> <p>(iii) ₹69,00,00,000/- (₹69,00,00,000/-) is secured by first charge on land belonging to company situated at Village Butibori at Nagpur, Maharashtra. The above loan carries interest @ 15.25% p.a. and penal interest of 4% p.a. Out of the above, ₹39,00,00,000/- is repayable in a single installment at the end of 3 years from the date of disbursement i.e. October 13, 2011 or on exercise of put/call option after 1 year from the date of disbursement and balance ₹30,00,00,000/- in single installment at the end of 3 years from the date of disbursement i.e. January 02, 2012 or on exercise of put/call option after 1 year from the date of disbursement. During the previous year, as per the terms of sanction letter the lender has exercised call option and recalled the above loan and the said loan is overdue since 13 March, 2013.</p> <p>(iv) ₹26,66,66,668/- (₹26,66,66,668/-) is secured by first and exclusive charge by way of mortgage of Company's land at Khurja near Delhi. The above loan carries interest of 15% p.a. plus penal interest of 2% p.a. Out of the above, ₹8,00,00,000/- is repayable in six equal monthly installments after a moratorium period of 6 months from the date of disbursement i.e. July 21, 2011 and balance in twelve equal monthly installments starting from thirteenth month from the date of disbursement. During the year 2012-13, the Company had defaulted in making payment of four installments aggregating to ₹10,66,66,668/-. Consequently in the year 2012-13, pursuant to the facility agreement the lender has recalled the balance outstanding amount of ₹16,00,01,000/- and the said loan is overdue since 9th February, 2013.</p> <p>(v) Loan of ₹2,01,45,54,722/- is secured by:</p> <ul style="list-style-type: none"> <li>- Exclusive charge on all receivables and cash flow of the company, as limited to Parvel FTWZ business.</li> <li>- Corporate Guarantee of Arshiya Supply Chain Management Private Limited for the facility extended to the company.</li> <li>- Pledge of minimum 49% shareholding of Arshiya Northern FTWZ Limited &amp; Second charge on all Assets of Arshiya Northern FTWZ Limited.</li> </ul> <p>(vi) Vehicle loan and finance lease obligations are secured by way of hypothecation of vehicle</p> <p>(b) Rate of Interest on above loans varies from 12 % to 16.25% p.a. and penal interest of 2% p.a.</p>				

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)  
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(c) Repayment Schedule of Secured Loans is as follows :-

(Amount in ₹)			
From Banks:			
Year	Term Loan	FTL	WCFL
2014-2015	34,07,18,389	11,28,97,041	-
2015-2016	60,01,50,462	10,63,28,268	-
2016-2017	98,89,18,767	46,97,09,813	-
2017-2018	1,65,48,58,857	74,77,43,516	-
2018-2019	1,59,90,81,144	76,31,60,345	-
2019-2020	1,90,52,30,735	63,33,42,247	-
2020-2021	1,98,74,54,537	70,20,28,365	-
2021-2022	2,03,18,70,650	-	-
2022-2023	1,76,72,05,479	-	-
2023-2024	1,47,05,40,551	-	-
2024-2025	1,47,94,72,656	-	-
2025-2026	1,33,64,77,708	-	-
2026-2027	23,58,99,193	-	-
<b>Total</b>	<b>17,98,78,79,128</b>	<b>9,53,52,69,595</b>	<b>-</b>
From Others:			
Year	Term Loan	FTL	WCFL
2014-2015	99,74,81,209	1,26,44,503	2,07,60,000
2015-2016	84,09,51,071	1,93,57,488	2,07,60,000
2016-2017	1,02,22,52,470	8,37,73,202	2,07,60,000
2017-2018	43,40,87,199	15,38,22,358	4,15,20,000
2018-2019	24,22,68,644	25,46,54,403	4,15,20,000
2019-2020	34,60,52,103	12,31,28,308	12,45,60,000
2020-2021	38,56,08,075	6,49,54,334	14,53,20,000
2021-2022	38,65,76,073	-	-
2022-2023	39,72,14,175	-	-
2023-2024	40,69,55,571	-	-
2024-2025	41,58,97,652	-	-
2025-2026	12,99,37,500	-	-
2026-2027	4,16,64,128	-	-
<b>Total</b>	<b>6,04,69,45,870</b>	<b>71,23,34,596</b>	<b>41,53,00,000</b>

(d) Period and amounts of continuing defaults in repayment of long-term borrowings and interest (overdue) as at March 31, 2015 are as under :

(Amount in ₹)			
Lender / period of delays	Principal	Interest	Total
<b>1. Banks *</b>			
2013-14	-	39,70,88,411	39,70,88,411
Apr-14	-	2,87,23,225	2,87,23,225
May-14	-	5,85,42,735	5,85,42,735
Jun-14	-	7,57,61,313	7,57,61,313
Jul-14	14,89,843	11,18,28,573	11,33,18,417
Aug-14	14,89,843	11,47,61,508	11,62,51,351
Sep-14	14,89,843	10,20,43,708	10,35,33,551
Oct-14	2,50,38,497	19,19,30,846	21,69,69,344
Nov-14	8,17,45,174	19,15,75,749	27,33,20,923
Dec-14	8,17,45,174	20,31,54,955	28,49,00,129
Jan-15	8,51,14,421	22,38,76,638	30,89,91,059
Feb-15	8,77,51,316	21,31,80,990	30,09,32,306
Mar-15	8,77,51,316	24,61,39,461	33,38,90,777
	<b>45,38,16,430</b>	<b>2,18,88,08,111</b>	<b>2,64,22,23,541</b>
<b>2. Other parties</b>			
2013-14	96,91,86,667	1,03,31,299	97,94,97,966
Apr-14	-	1,85,47,427	1,85,47,427
May-14	-	2,54,31,320	2,54,31,320
Jun-14	-	4,39,74,254	4,39,74,254
Jul-14	38,04,163	3,88,85,573	4,26,89,736
Aug-14	38,04,163	4,25,15,626	4,63,19,789
Sep-14	38,04,163	10,14,59,992	10,52,64,154
Oct-14	60,23,071	6,61,71,402	7,21,94,473
Nov-14	88,56,697	6,49,67,859	7,38,24,556
Dec-14	88,56,697	8,18,22,077	9,06,78,774
Jan-15	88,56,697	7,08,24,869	7,96,81,566
Feb-15	88,56,697	6,45,47,665	7,34,04,363
Mar-15	88,56,697	8,62,90,550	9,51,47,247
	<b>1,08,08,83,712</b>	<b>71,57,89,914</b>	<b>1,74,66,53,626</b>
<b>Total</b>	<b>1,48,45,01,142</b>	<b>2,87,43,78,024</b>	<b>4,85,88,78,167</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amount in ₹)			
Particulars	As at 31st March, 2015	As at 31st March, 2014	
<b>7. Other Long-term Liabilities</b>			
Security Deposits from Unit Holders	5,93,99,130	7,76,81,859	
<b>Total</b>	<b>5,93,99,130</b>	<b>7,76,81,859</b>	
(Amount in ₹)			
Particulars	As at 31st March, 2015	As at 31st March, 2014	
<b>8. Short-term Borrowings</b>			
<b>Secured</b>			
Short-term loans from:			
- Banks	57,60,00,000	49,50,00,000	
- Other parties	24,93,96,597	9,91,85,997	
Working capital loans from banks	59,96,91,418	79,49,38,221	
<b>Unsecured</b>			
Loan from directors	2,76,63,894	1,13,82,04,264	
Inter-corporate deposits	20,98,72,160	27,81,94,738	
<b>Total</b>	<b>1,66,26,24,069</b>	<b>2,80,55,23,220</b>	
<b>(a) Security provided</b>			
(i) The above loans are secured by charges on all the present and future movable and immovable assets including Intangible assets, assignment of rights and benefits and charges on entire Current Assets.			
(ii) The above loans further secured by joint and several irrevocable personal guarantees and shares pledged by the Promoter Director.			
<b>(b) Rate of Interest on said loan @ 14.10% p.a. and Penal Interest 2% p.a.</b>			
<b>(c) Period and amounts of continuing defaults in repayment of short-term borrowings and Interest (overdue) as at March 31, 2015 are as under</b>			
(Amount in ₹)			
Lender/period of delays	Principal	Interest	Total
2013-14	59,41,85,997	1,88,77,296	61,30,63,293
Apr-14	-	1,46,91,127	1,46,91,127
May-14	-	1,53,67,479	1,53,67,479
Jun-14	3,10,00,000	1,50,84,093	4,60,84,093
Jul-14	15,02,10,600	1,57,85,356	16,59,95,956
Aug-14	-	1,82,10,673	1,82,10,673
Sep-14	-	1,80,99,830	1,80,99,830
Oct-14	-	1,88,22,980	1,88,22,980
Nov-14	-	1,86,17,417	1,86,17,417
Dec-14	-	1,95,97,273	1,95,97,273
Jan-15	-	1,97,42,949	1,97,42,949
Feb-15	-	1,80,80,919	1,80,80,919
Mar-15	50,00,000	2,03,62,816	2,53,62,816
<b>Total</b>	<b>78,03,96,597</b>	<b>23,13,40,147</b>	<b>1,01,17,36,744</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

		(Amount in ₹)		
Particulars	As at 31st March, 2015	As at 31st March, 2014		
<b>9. Trade payables (Refer Note no. 25, 27, 49 and 52)</b>				
- Secured	-	21,25,00,000		
- Unsecured	22,00,66,820	87,69,76,776		
<b>Total</b>	<b>22,00,66,820</b>	<b>1,08,94,76,776</b>		
<b>10. Other current liabilities</b>				
Current maturities of long-term borrowings (Refer note no. 6)	3,07,20,48,434	2,16,44,62,004		
Current maturities of finance lease obligations (Refer note no. 6)	3,35,824	2,06,793		
Interest accrued and due on Borrowings	3,10,57,18,173	50,63,40,138		
Unclaimed dividend	11,89,870	11,89,870		
Employees Dues (Including full and final settlement dues of ₹ 5,24,02,547/-)	8,68,90,836	12,21,03,426		
Statutory dues	27,71,18,077	42,25,84,250		
Trade advances received	1,45,13,615	2,24,28,828		
Interest on Delayed payment of Statutory Dues	8,14,82,611	9,74,55,195		
Deposit received	2,63,26,090	2,50,90,081		
Creditors for (Refer Note no. 26, 27 and 52)				
- Capital expenses	1,15,19,80,539	72,95,53,847		
- Expenses	14,45,94,340	7,59,41,520		
Others	2,99,416	81,326		
<b>Total</b>	<b>7,98,24,97,825</b>	<b>4,18,74,37,278</b>		
(Amount in ₹)				
Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>11. Provisions</b>				
Employee benefits (Gratuity and Leave encashment)	44,87,814	1,21,44,288	1,50,35,438	1,41,84,142
Mark to Market on derivative contracts:	-	-	-	-
With Axis Bank (Refer Note no. 47)	-	-	23,84,63,891	21,61,32,310
With ING Vysya Bank (Refer Note no. 47)	-	-	17,99,43,021	12,30,25,103
	-	-	41,84,06,912	33,91,57,413
Provision for tax	-	-	15,05,000	86,52,176
Others	-	-	3,65,12,317	7,72,11,164
<b>Total</b>	<b>44,87,814</b>	<b>1,21,44,288</b>	<b>47,14,39,667</b>	<b>48,92,04,893</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International Limited)  
Notes to Consolidated Financial Statements

(Amount in ₹)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>13. Loans and advances (Refer Note no. 27 and 48)</b> (unsecured considered good unless otherwise stated)				
Capital advances				
- Considered Good	15,63,33,465	16,73,15,100	-	-
- Considered Doubtful	-	1,46,06,800	-	-
	15,63,33,465	18,19,21,900	-	-
Less : Provision for doubtful capital advance	-	(1,46,06,800)	-	-
	15,63,33,465	16,73,15,100	-	-
Share Application Money Paid	-	-	-	10,00,000
Deposits	7,48,80,805	2,20,96,951	-	-
Advance recoverable in cash or kind	6,31,03,882	12,41,55,776	24,22,81,594	21,94,92,935
Gratuity Funded Balance (Net)	-	-	33,94,921	19,23,196
Balances with Government authorities				
- Direct taxes (net of provisions)	21,63,64,978	19,14,38,121	4,71,20,290	4,98,75,960
- Indirect taxes (Refer Note no. 53)	20,51,665	-	34,22,19,384	30,36,38,049
Prepaid expenses	14,24,410	15,66,009	18,68,161	53,49,358
Staff advances	-	-	2,00,969	10,15,000
Claims receivable	-	-	-	3,55,05,624
<b>Total</b>	<b>81,41,59,208</b>	<b>80,65,72,967</b>	<b>63,70,85,319</b>	<b>61,78,00,123</b>
<b>14. Other assets</b>				
Interest receivable on fixed deposits	-	-	4,79,275	1,94,577
Others	-	-	4,36,825	-
Margin money deposits with banks having original maturity period of more than 12 months (Refer note no. 17)	70,84,746	1,22,03,003	-	-
<b>Total</b>	<b>70,84,746</b>	<b>1,22,03,003</b>	<b>9,16,100</b>	<b>1,94,577</b>

(Amount in ₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>15. Inventories</b>		
Packing Materials	41,97,644	46,33,621
<b>Total</b>	<b>41,97,644</b>	<b>46,33,621</b>
<b>16. Trade receivables (Refer Note no. 27 and 52)</b> (unsecured considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	17,67,09,657	10,44,85,198
Considered doubtful	19,59,415	1,40,04,829
	17,86,69,072	11,84,90,027
Other debts - considered good	4,24,03,159	73,61,17,991
	22,10,72,231	85,46,08,018
Less : Provision for doubtful debts	19,59,415	1,40,04,829
<b>Total</b>	<b>21,91,12,816</b>	<b>84,06,03,189</b>

(Amount in ₹)

Particulars	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>17. Cash and bank balances</b>				
Cash and cash equivalents	-	-	4,21,59,057	9,67,28,815
Balances with banks in current accounts	-	-	24,61,944	30,56,481
Cash on hand	-	-	4,46,21,001	9,97,85,296
Other bank balances				
Balances with bank in unclaimed dividend accounts	-	-	12,38,328	12,38,328
Margin money deposits with banks having original maturity period of more than 12 months	70,84,746	1,22,03,003	1,56,54,584	-
	70,84,746	1,22,03,003	1,68,92,912	12,38,328
Less: Amount of deposits disclosed under other non-current assets (Refer Note no. 14)	(70,84,746)	(1,22,03,003)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,15,13,913</b>	<b>10,10,23,634</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)  
Notes forming part of the Consolidated financial statements

(Amount in ₹)

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>18. Revenue from operations</b>		
Revenue from:		
-Rail freight and related services	2,38,23,90,187	1,93,34,75,399
-Free Trade and Warehousing Zone operations	85,89,69,472	64,65,89,488
-Logistics operations	9,44,185	2,58,21,65,676
Other operating revenues - export benefits	-	33,42,017
<b>Total</b>	<b>3,24,23,03,844</b>	<b>5,16,55,72,580</b>
<b>19. Other Income</b>		
Interest Income	42,75,502	33,33,450
Exchange difference (net)	1,04,48,756	2,05,67,821
Sundry balances written back	5,79,64,052	10,70,49,400
Export Benefits	-	1,50,96,723
Excess Provision Written Back	-	90,27,818
Miscellaneous Income	56,22,049	4,41,13,153
<b>Total</b>	<b>7,83,10,359</b>	<b>19,91,88,365</b>
<b>20. Cost of operations</b>		
Rail freight and other operating charges	2,11,79,24,760	1,79,53,49,083
Free Trade and Warehousing Zone operations	17,31,10,114	16,29,80,114
Logistics operations	11,58,220	2,49,67,55,877
<b>Total</b>	<b>2,29,21,93,094</b>	<b>4,45,50,85,074</b>
<b>21. Employee benefits expense</b>		
Salary, Bonus and Allowances	26,40,51,012	38,90,60,575
Contribution to Provident and other funds	51,89,407	77,31,505
Staff welfare expenses	56,10,791	1,19,45,443
<b>Total</b>	<b>27,48,51,210</b>	<b>40,87,37,523</b>
<b>22. Finance costs</b>		
Interest expense:		
- Borrowing	3,98,46,48,278	3,54,05,92,164
- Others	4,34,32,509	8,95,55,651
Other borrowing costs	68,63,973	3,28,03,737
<b>Total</b>	<b>4,03,48,44,760</b>	<b>3,66,29,51,552</b>
<b>23. Other expenses</b>		
Lease Rent	4,75,86,438	8,84,47,000
Rates and Taxes	71,81,864	71,03,555
Insurance	72,88,877	2,45,74,724
Electricity charges	2,61,25,207	3,46,63,567
Repairs and Maintenance:		
- Building	96,72,810	99,18,501
- Others	1,30,94,875	1,79,94,113
Communication expenses	71,15,149	1,12,06,309
Travelling and Conveyance expenses	3,32,02,192	4,57,53,342
Vehicle expenses	92,51,757	1,09,44,095
Printing and Stationery	32,71,856	33,88,553
Bank and Other Charges	52,79,248	-
Legal and Professional fees	7,40,47,488	11,23,12,178
Security charges	3,30,48,489	4,01,23,153
Auditor's remuneration (Refer Note no. 36)	66,53,984	83,65,878
Advertisement and business promotion expenses	1,37,71,975	87,19,435
Provision for doubtful advance	5,74,079	1,46,06,800
Provision for doubtful debts	-	1,40,04,829
Loss on sale of fixed assets (net)	-	1,16,66,428
Sundry balances written off (net)	89,59,823	-
Miscellaneous expenses	5,40,97,557	17,58,67,217
<b>Total</b>	<b>36,02,23,668</b>	<b>63,96,59,677</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. Contingent Liabilities not provided for in respect of:

Sr. no.	Particulars	(Amount in ₹)	
		2015	2014
(a)	Disputed Income tax demands	14,05,53,059	19,91,23,134
(b)	Claims against the group not acknowledged as debts	55,15,96,132	51,88,72,956
(c)	Guarantees/ Letter of credit issued by banks (net of liabilities provided)	—	2,44,00,000
(d)	Custom duty on pending export obligation against import of capital goods.	26,86,97,480	25,01,04,211
(e)	Disputed MVAT demand	72,22,914	77,22,914
(f)	Security Deposits	—	26,240
(g)	Disputed Sales Tax demand	20,51,279	—
(h)	Disputed Local Body Tax demand	1,60,33,355	—
(i)	Right to recompense by Secured Lenders	1,42,02,00,000	96,96,00,000

## 25. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital and other account and not provided for (net of advances paid) is ₹52,82,42,888/- (P.Y. ₹4,20,78,000/-).

## 26. MSME Act - Creditors

The Group has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the year-end together with interest payable as required under the said Act have not been given. This has been relied upon by the Auditors.

## 27. (a) Management's Opinion – Current Assets and Liabilities

In the opinion of the Management, Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realized/paid in the ordinary course of business. Provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

## (b) Confirmations

The Group has sought confirmation of balances as on March 31, 2015 in respect of Trade Receivables, Trade Payables, Advances and Loans/Credit facilities from Banks/Financial Institutions. However, certain Trade Receivables, Trade Payables and Loans/Credit facilities from certain Banks/Financial Institutions are subject to confirmation and reconciliation. The differences, if any, will be adjusted on final reconciliation/determination.

## 28. Prior Period Adjustments(Included in Statement of Profit and Loss)

Particulars	(Amount in ₹)	
	2015	2014
Refund of BMC Taxes	—	(81,36,333)
Wagon Lease Rent	37,34,828	—
Rates and Taxes	92,85,203	—
Interest Expense	2,24,54,794	—
Reversal of Revenue of Prior years (Refer note no.(b)below)	—	1,49,85,26,005
Software Maintenance Expenses	—	9,19,585
Other Expenses	—	64,538
Net prior period expenses/(income)	3,54,74,825	1,49,13,73,795

## Notes:

- Figures in brackets denote items of Income nature.
- Represents reversal of invoices raised in foreign currency on certain clients (the clients) of one of subsidiary for the services agreed to be rendered up to financial year(s) ended 31.03.2013, based on subsidiaries agreement(s) with them, as agreed services could not be availed off by the said clients due to certain regulatory requirement having not been fulfilled.

The said subsidiary is advised that the relevant provisions of Foreign Exchange Management Act, 1999 (FEMA Act) requiring regulatory approvals as regards write off of book debts due from clients are not applicable in case of such reversals, as the clients did not avail off agreed services and consequently, the said subsidiary did not have enforceable claims to recover such debts.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. Details of Exceptional Items (net) are as under:

Sr. No.	Exceptional Items	(Amount in ₹)	
		2015	2014
(a)	Waiver of Interest	—	(14,17,07,721)
(b)	Mark to Market Losses written off	7,92,49,269	37,09,82,477
(c)	Ancillary borrowing costs written off	—	21,46,02,226
(d)	Leasehold Improvements written off	1,37,90,537	1,11,47,526
(e)	Profit/(Loss) on sale of Assets (net)	—	(1,39,54,022)
(f)	Write back of Managerial Remuneration	—	(3,40,75,827)
(g)	Profit on sale of a Investment by a subsidiary	—	(22,01,280)
(h)	Bad Debts Written Off	6,45,37,408	1,71,05,13,479
(i)	Corporate Debt Restructuring Fees	—	6,47,76,063
(j)	Write off of Capital Work in Progress	2,22,82,031	4,65,30,812
(k)	Excess Provision Written back	(2,07,06,867)	—
(l)	Write back of Interest	(2,10,91,355)	—
(m)	Fixed Assets Written Off	2,63,32,826	—
(n)	Capital Advance Written Off	1,14,00,000	—
(o)	Unpaid balances written back	(1,18,32,264)	—
(p)	Provision for Interest on TDS written back	(5,53,84,301)	—
(q)	TDS Receivable Written off	4,043	—
	<b>Total</b>	<b>10,85,81,327</b>	<b>2,12,66,95,433</b>

Note: Figures in brackets denote items of income nature.

## 30. a. Derivative contracts entered into by the Group for hedging purpose and outstanding as at March 31, 2015 are as under:

Balances	Foreign currency amount			Equivalent amount (In ₹)	
	Currency	2015	2014	2015	2014
Long-term Borrowings**	USD	2,16,09,091	5,18,07,026	1,12,39,50,000	2,77,26,60,000

(\*\*Refer Note No. 47)

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

Balances	Foreign currency amount			Equivalent amount (In ₹)	
	Currency	2015	2014	2015	2014
Bank balances	USD	5	5	317	314
Receivables	USD	42,81,609	27,38,074	26,39,88,970	16,18,25,201
	EUR	77,592	45,058	51,52,019	36,65,629
Payables	USD	71,566	83,557	44,12,784	49,47,378
	EUR	3,609	12,475	2,39,435	10,14,581
	JPY	—	5,59,423	—	3,21,500
	HKD	—	2,543	—	18,917

## 31. Disclosure pursuant to Accounting Standard 17 – Segment Information

## Primary Segment Information

The Group operates in two primary reportable business segments, i.e. "Free Trade and Warehousing Zone/Distripark Operations" and "Rail Transport Operations" and one geographical segment i.e. India as per Accounting Standard 17 – "Segment Reporting".

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	FTWZ /Distripark Operations	Rail Transport Operations	Unallocated	Total
<b>Segment Revenue</b>				
External sales	85,89,69,472 (64,65,89,488)	2,38,23,90,187 (1,93,34,75,399)	9,44,185 (2,58,55,07,893)	3,24,23,03,844 (5,16,55,72,580)
Other Income	5,99,04,093 (4,45,08,049)	1,53,11,157 (2,70,39,853)	30,95,110 (12,76,40,663)	7,83,10,359 (19,91,88,365)
<b>Total Revenue</b>	<b>91,88,73,585</b> <b>(69,10,97,537)</b>	<b>2,39,77,01,344</b> <b>(1,96,05,15,052)</b>	<b>40,39,295</b> <b>(2,71,31,48,356)</b>	<b>3,32,06,14,203</b> <b>(5,36,47,60,945)</b>
<b>Segment result</b>	<b>17,04,81,540</b> <b>((-)25,98,88,885)</b>	<b>(-)25,98,27,989</b> <b>((-)40,65,98,644)</b>	<b>(-)52,82,41,556</b> <b>((-)30,75,45,424)</b>	<b>(-)61,75,88,006</b> <b>((-)97,40,10,753)</b>
Interest expense				4,03,48,44,760 (3,68,29,51,552)
<b>Less: Exceptional Item</b>				<b>10,85,81,327</b> <b>(2,12,65,95,433)</b>
<b>Less: Prior Period Items</b>				<b>3,54,74,825</b> <b>(1,49,13,73,795)</b>
Tax expense/(-) Credit				(-)5,65,18,781 (20,73,62,981)
<b>(-)Loss after tax</b>				<b>(-)4,74,00,70,136</b> <b>((-)8,46,22,94,514)</b>
<b>Other Information</b>				
<b>Segment assets</b>	<b>16,24,33,88,256</b> <b>(31,87,08,68,351)</b>	<b>6,65,49,09,857</b> <b>(7,01,01,49,535)</b>	<b>27,84,68,46,639</b> <b>(13,19,98,19,042)</b>	<b>50,84,51,44,752</b> <b>(52,08,08,36,928)</b>
<b>Less: Elimination</b>				<b>13,19,42,50,343</b> <b>(12,69,88,34,114)</b>
<b>Total Assets</b>				<b>37,65,08,94,409</b> <b>(39,38,20,02,814)</b>
<b>Segment liabilities</b>	<b>11,35,95,21,245</b> <b>(24,17,71,25,623)</b>	<b>8,35,28,80,531</b> <b>(5,66,64,85,157)</b>	<b>19,70,78,72,302</b> <b>(5,44,38,11,253)</b>	<b>37,41,98,74,079</b> <b>(35,28,74,22,033)</b>
<b>Less: Elimination</b>				<b>1,99,81,97,720</b> <b>(1,60,47,26,725)</b>
<b>Total Liabilities</b>				<b>35,42,16,76,359</b> <b>(33,68,28,95,308)</b>

**32. Capital Expenditure:****(a) Fixed Assets**

In view of future business plans of the Group as referred to in Note No.40, in the opinion of the Management, the carrying values of the Fixed Assets of the Group are not lower than their recoverable amounts and hence, no provision for impairment of Fixed Assets is called for.

**(b) Capital work-in-progress as at the year-end of ₹5,59,71,57,660/- (P.Y.: ₹5,62,04,80,843/-) Includes:**

(i) Pre-operative expenses of ₹1,40,55,09,168/- (P.Y.: ₹1,40,55,09,168/-). Details of Pre-operative expenses capitalised/ written off includes -

Particulars	2015	2014
<b>Expenditure up to previous year</b>	<b>1,40,55,09,168</b>	<b>1,44,38,76,005</b>
Less : Amount allocated to fixed assets capitalized during the year	—	3,25,66,728
Less : Amount Written off during the year	—	56,00,109
<b>Balance at the end of year</b>	<b>1,40,55,09,168</b>	<b>1,40,55,09,168</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (II) The Group has put on hold further capital expenditure and incurrence of other expenses in connection therewith due to non-optimum utilization of the existing capacity as also non-availability of funds for incurring the balance expenditure. The Management of the Group expects that in near future, the Group shall be able to tie up business agreements as also the required funds which will enable it to complete the Project Work- In- Progress.

## 33. Related party disclosures, as required by Accounting Standard 18 "Related Party Disclosures" as given below:

- **List of entities where control exists**  
The list of subsidiary companies is disclosed in note 2 (iv)(b) above.
- **Key management personnel**  
Mr. Ajay S Mittal – Chairman and Managing Director  
Mrs. Archana A Mittal – Joint Managing Director  
Mr. Subhrarabinda Birabar – Chief Executive Officer (w.e.f. 02.02.2015)  
Mr. Ranjit Ray – Chief Executive Officer of Rail Operations  
Mr. Vaibhav Bakhare – Company Secretary of Holding Company (w.e.f. 14.11.2014 to 31.03.2015)  
Ms. Savita Dalal – Company Secretary of a subsidiary  
Mr. Sandesh Chonkar – Managing Director of Arshiya Northern FTWZ Limited (Resigned w.e.f. 21.08.2013)  
Mr. Suhas Thakar – Executive Director (w.e.f. 01.06.2013 to 31.03.2014)  
Mr. Shyam Rathi – Chief Financial Officer (Resigned w.e.f. 14/11/2014)
- **Relative of Key Management Personnel**  
Mr. Ananya Mittal – Management Trainee (Business Development) – w.e.f. 01-04-2013
- **Enterprises owned or significantly influenced by key management personnel or their relatives**  
Bhushan Steels Limited, Mega Management Services Private Limited, Arshiya Lifestyle Limited and Welldone Software Consultancy Private Limited.

**Note:**

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

The nature and amount of transactions with the above related parties are as follows:

(Amount in ₹)

	Related parties		Total
	Key Management Personnel and their relatives	Enterprise owned or significantly influenced by Key Management Personnel or their relatives	
Revenue from operations	– (–)	– (56,68,03,194)	– (56,68,03,194)
Remuneration	1,89,03,711 (1,80,78,816)	– (–)	1,89,03,711 (1,80,78,816)
Recovery of Remuneration	– (5,08,80,229)	– (–)	– (5,08,80,229)
Loans and advances taken	24,98,95,874 (79,09,01,523)	– (–)	24,98,95,874 (79,09,01,523)
Loans and advances taken repaid /adjusted	6,38,36,243 (48,70,41,363)	– (–)	6,38,36,243 (48,70,41,363)
Issue of Equity Shares on conversion of warrants	27,49,00,000 (76,12,50,000)	– (–)	27,49,00,000 (76,12,50,000)
Money received against warrants	– (20,00,62,500)	– (–)	– (20,00,62,500)
Issue of equity shares against loans taken	1,29,66,00,000 (–)	– (–)	1,29,66,00,000 (–)
Share Application Money given	– (–)	3,00,000 (10,00,000)	3,00,000 (10,00,000)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Share Application Received back	-	13,00,000	13,00,000
	(-)	(-)	(-)
Security Deposit given	-	5,50,00,000	5,50,00,000
	(-)	(-)	(-)
<b>Outstanding balances</b>			
Security Deposit given	-	5,50,00,000	5,50,00,000
	(-)	(-)	(-)
Loans, advances and deposit received	2,76,83,894 (1,13,82,04,264)	- (-)	2,76,83,894 (1,13,82,04,264)
Monies received against warrants	27,49,00,000 (-)	- (-)	27,49,00,000 (-)
Advances from Customer	-	-	-
	(-)	(4,08,415)	(4,08,415)
Share Application Money given	-	-	-
	(-)	(10,00,000)	(10,00,000)

Note: The following transactions constitute more than 10% of the total related party transactions of same type:

		(Amount in ₹)	
Nature of transaction	Name of the Party	2015	2014
Revenue from Operations	Bhushan Steels Limited	-	56,68,03,194
Remuneration	Mr. Subhra Birabar	19,03,332	-
	Mr. Valbhav Bakhare	15,89,019	-
	Mr. Shyam Rathi	42,86,879	56,03,680
	Mr. Suhas Thakar	-	1,14,58,469
	Mr. Sandesh Chonkar	-	10,16,667
	Mr. Ranjit Ray	1,05,12,239	-
	Mrs. Savita Dalal	8,12,242	-
Recovery of Managerial Remuneration	Mr. Ajay S Mittal	-	3,40,75,827
	Mrs. Archana A Mittal	-	1,87,84,402
Loans and Advances taken	Mr. Ajay S Mittal	2,50,00,000	17,27,34,331
	Mrs. Archana Mittal	22,48,95,874	61,81,67,192
Loans and Advances taken repaid/adjusted	Mr. Ajay S Mittal	2,23,71,600	-
	Mrs. Archana Mittal	4,14,64,643	40,28,22,195
	Mr. Ananya Mittal	-	6,42,19,168
Issue of equity shares on conversion of warrants	Mr. Ajay S Mittal	20,60,25,000	50,02,50,000
	Mrs. Archana Mittal	6,88,75,000	26,10,00,000
Money received against warrants	Mr. Ajay S Mittal	-	43,12,500
	Mrs. Archana Mittal	-	19,57,50,000
Issue of equity shares against loans taken	Mr. Ajay S Mittal	41,34,24,680	-
	Mrs. Archana A Mittal	88,31,75,320	-
Share Application money given	Mega Management Services Private Limited	3,00,000	10,00,000
Share Application money received back	Mega Management Services Private Limited	13,00,000	-
Security Deposit given	Welldone Software Consultancy Private Limited	5,50,00,000	-
<b>Outstanding balances</b>			
Security Deposit given	Welldone Software Consultancy Private Limited	5,50,00,000	-
Loans and advances taken	Mr. Ajay S Mittal	31,383	41,08,27,664
	Mrs. Archana Mittal	2,76,32,511	72,73,76,600
Money received against warrants	Mr. Ajay S Mittal	-	20,60,25,000
	Mrs. Archana Mittal	-	6,88,75,000
Advances from Customers	Bhushan Steels Limited	-	4,08,415
Share Application money given	Mega Management Services Private Limited	-	10,00,000



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. Disclosure pursuant to Accounting Standard 19 – Leases:

## (a) Finance Lease:

The Group has acquired vehicles under finance lease. Details of lease rentals payable are as follows:

(Amount in ₹)

	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payment	4,22,304 (2,16,720)	6,68,648 (10,90,952)	– (–)
Less: Finance charges payable in future	86,507 (8,827)	56,835 (1,43,316)	– (–)
Present value of the lease rentals	3,35,797 (2,06,793)	6,11,813 (9,47,636)	– (–)

## (b) Operating Lease:

In respect of assets taken on cancellable operating lease

The Group has taken certain offices and equipments on cancellable operating lease, which are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such lease are ₹ 7,00,45,108/- (P.Y.: ₹ 6,05,70,897/-). Total Operating Lease rental payments in respect of operating leases recognised in the Statement of Profit & Loss for the year is ₹ 4,75,86,438/- (P.Y.: ₹ 8,84,47,000/-).

## 35. Earnings per share has been computed as under:

	2015	2014
(Loss) after tax (Amount in ₹)	(4,74,00,89,133)	(8,46,22,94,512)
Weighted average number of shares (Numbers)	10,69,22,623	6,19,22,623
Nominal value per share (Amount in ₹)	2	2
Earnings per share – Basic and diluted (Amount in ₹)	(44.33)	(136.66)

## 36. Payment to Auditors:

(Amount in ₹)

	2015	2014
<b>For Standalone</b>		
Audit Fees	33,00,000	35,44,728
Other Service	–	6,00,000
Certification Fees	23,400	67,978
<b>For Subsidiaries</b>		
Audit Fee	32,80,388	27,43,554
Other Services	23,500	14,00,000
Out of Pocket Expenses	26,696	9,618
<b>Total</b>	<b>66,53,984</b>	<b>83,65,878</b>

## 37. Managerial Remuneration:

(Amount in ₹)

Particulars	2014-15	2013-14
Salaries and Allowances	–	82,32,500
Contribution to Provident Fund	–	7,800
Retirement benefits	–	42,34,836
<b>Total</b>	<b>Nil</b>	<b>1,24,75,136</b>

In view of absence of profits as also Holding Company not being able to repay its debts and interest payable thereon to lenders, the remuneration paid/provided for F.Y. 2013-14 to Mr. Suhas Thakar, Ex-Executive Director, turned out to be in excess of limits prescribed under section 198 read with Schedule XIII of the Companies Act, 1956. The Holding Company has sought approval from the Central Government during financial year 2014-15 for payment of excess remuneration and the approval is still awaited in this regard.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**38. Corporate Debt Restructuring (CDR)**

**38.1** During the previous year, Secured Lenders (Banks) of the Group have approved the restructuring package under "Corporate Debt Restructuring Package" (CDR), which Inter-alias provided for:

- (a) (i) Reschedulement of the Principal amounts of the loans and dates thereof.
- (ii) Funding of unpaid interest on the Term Loans ranging from October, 2012 to September, 2014.
- (iii) Waiver of all liquidated damages/penal charges/penal interest/excess interest i.e. in excess of documented rate of all the facilities from the cut-off date 1<sup>st</sup> October, 2012 till the implementation of the package.
- (b) Secured Lenders have a right to recompense.

**38.2** This year, the Group has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Group's borrowings becoming "Non Performing Assets" (NPA's) with the Banks.

**38.3** Such defaults entitle the CDR lenders to reverse the waiver/sacrifices granted by them, which is estimated to be ₹68,67,00,000/- as on 31<sup>st</sup> March, 2015.

**38.4** During the year, certain lenders i.e. State Bank of India (SBI), State Bank of Patiala (SBP), State Bank of Travancore (SBT) and South Indian Bank who were part of the "Corporate Debt Restructuring" (CDR) have assigned their respective outstanding loans and accrued interest thereon in favor of Edelweiss Asset Reconstruction Company (EARC) on the same terms and conditions as applicable to original lenders.

**39. Provision for Interest**

The Group has provided interest for the year:

- (a) In respect of loans from banks, on the basis of statements received from them and in absence thereof, as per the concessional rates (excluding penal interest) as mentioned in Letter Of Approval (LOA) under the CDR.
- (b) In respect of loans assigned to EARC, on the basis of balance confirmations received from them.

**40. Future Business Plans**

- (a) The Group's revenue and margins from Rail operations have improved during the year on account of stabilization of Rolling stock, operational efficiencies and expanded service offerings.
- (b) The group has an established tie-up with key metal producers (contract period between 3-5 years) for its container cargo movement operations in India.
- (c) The favorable consideration of the Group's representation at various levels for rationalization of haulage charges is expected to enhance its revenue and margins.
- (d) The Management of the Company has taken steps for conversion of Industrial and Distribution Hub (IDH) into Inland Container Depot (ICD), which will attract more number of containers and will enable the Group to explore revenue streams with higher margins. The Group has obtained an approval as per clause (aa) of sub-section (1) of section 7 of Customs Act, 1962 (52 of 1962), for Inland Container Depot facility vide notification no. 36/2015-Customs (N.T.) dated 7th April, 2015, the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India. The Group expects to complete all regulatory formalities and commence operations in the Financial Year 2015-16.
- (e) Infusion of fund by promoters through subscribing of equity capital and providing interest free unsecured loans.
- (f) Expanding the business volumes.

The above steps shall enable the management to improve Group's Net Worth and its ability to discharge the debts/liabilities of the group in near future. In view of foregoing, the Group's financial statements have been prepared on a "going concern basis".

**41. Tax Deducted at Source**

During the year:

- (a) The group had deducted income tax at source (TDS) aggregating to ₹16,45,88,243/- during the earlier years from the amounts payable to various parties. The group has not paid the said TDS to the government on assumption that such parties would have paid their income tax dues on the income declared by them in the respective years. Accordingly, during the year, the group has transferred an amount of ₹16,45,88,243/- back to the respective parties.
- (b) The Group has written back an aggregate amount of ₹13,91,416/- representing tax deducted at source on the premise that since the corresponding liability is not payable to the parties, the tax deducted is also not payable.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (c) The Group has written back an aggregate amount of ₹5,53,84,301/- representing interest on unpaid tax deducted at source provided in earlier years on the premise that since the corresponding tax deducted is not payable as mentioned in Note no. (a) & (b) above, interest thereon is not payable.
- 42. Containers taken on Lease**  
Rail freight and other operating charges include ₹ 2,39,04,574/- in respect of operating lease for containers in terms of the settlement with the lessor of the containers.
- 43. Interest on Secured Creditors**  
An amount of ₹ 2,10,91,355/- representing interest provided on Secured Creditor in the earlier years has been written back in terms of settlement reached with the party during the year.
- 44. Depreciation**  
Consequent to enactment of Companies Act, 2013 (the Act) and its applicability for accounting period commencing on or after 1st April, 2014, the Group has re-worked depreciation with respect to the useful lives of fixed assets prescribed by Part 'C' of Schedule II to the Act. Where the remaining useful life of asset is nil, the carrying amount of the assets after retaining the residual value, as at 1st April, 2014 amounting to ₹ 2,53,96,560/- has been adjusted to the balance of Surplus in Statement of Profit and Loss. In other cases, the carrying values have been depreciated over the remaining useful lives of the assets and recognised in the Statement of Profit and Loss. As a result, the charge for depreciation is higher by ₹ 2,82,3,28,352/- for the year ended 31st March 2015.
- 45.** The Group is of the view that the provisions of Section 185 of the Companies Act, 2013 as regards loans/guarantees granted/received are not applicable, as the same are provided/received in the normal course of business.
- 46.** Outstanding 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. Adjustments, if any, shall be made in the accounts of the year in which such differences are crystallised.
- 47. Mark to Market Losses:**  
**Axis Bank**  
In respect of Derivative contracts assigned to foreign currency assets and liabilities, an amount of ₹ 2,23,31,581/- in respect of MTM losses upon determination of fair market value of derivatives entered into by the Company has been charged to the Statement of Profit and Loss. The Group is of the view that MTM loss has to be worked out taking into account the spot exchange rate(s) on the reporting date as it is committed to continue derivative contracts till their maturity and hence, applying the fair market values presuming that the derivative contracts would be cancelled on the reporting date, shall not reflect the correct financial position. However, the Bank which has entered into derivative contracts with the Group has intimated that, the loss on account of MTM is ₹ 36,47,77,182/- as upto 31st March, 2015 as against the amount of ₹ 23,84,63,890/- determined as per the Company's view.
- ING Vysya Bank**  
In respect of derivative contracts entered into by the Group with ING Vysya Bank (now amalgamated with Kotak Mahindra Bank Limited w.e.f.1<sup>st</sup> April, 2015) the contracts have been prematurely terminated by the Bank, which is disputed by the Group.
- However in the meantime, pending dispute, the Group has made provision on account of MTM losses amounting to ₹ 17,99,43,021/- as upto 31<sup>st</sup> March, 2015, as per past practice of providing MTM losses taking into account the spot exchange rate(s) on the reporting date.
- 48. Other Advances**  
Other Advances includes ₹61,66,529/- being cash seized by the Income Tax Department at the time of search on 13<sup>th</sup> June, 2014. The company shall be lodging necessary claim for refund of the same as according to it, the said cash on hand was duly accounted for in its books of accounts and tallied with balance on hand as on date of search.
- 49. Proceedings against Group**  
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 Group in those proceedings and not acknowledged as debts. It is not possible at this juncture to estimate the financial implications of such claims.
- 50. Scheme of Amalgamation of Arshiya FTWZ Limited and Arshiya Domestic Distripark Limited**  
The Scheme of Amalgamation of Arshiya FTWZ Limited and Arshiya Domestic Distripark Limited with the Holding Company became effective from 4<sup>th</sup> January, 2013. The entire undertaking of the transferor companies including all assets, liabilities and reserves vested in the Holding Company on the appointed dated, i.e.1<sup>st</sup> April, 2012 for which

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

necessary impact had been given in the accounts for the year ended 31<sup>st</sup> March, 2013. However, land belonging to Arshiya Domestic Distripark Limited has yet not been transferred in the name of the Holding Company.

## 51. Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits

## a. Brief descriptions of the plans

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

## b. Defined benefit plan – Gratuity (Funded)

Particulars	2015	2014
<b>I. Actuarial assumptions</b>		
Discount rate	7.80%	9.29%
Rate of return on plan assets	9.00%	8.70%
Future salary rise	7.00%	7.00%
Attrition rate	15.00%	10.00%
<b>II. Change in defined benefit obligations</b>		
Liability at the beginning of the year	1,69,61,484	2,41,23,879
Interest cost	15,56,533	19,29,910
Current service cost	45,52,281	74,07,067
Benefits paid	(4,13,077)	(14,38,846)
Actuarial (gain)/loss on obligations	(1,10,29,633)	(1,50,60,547)
Liability at the end of the year	1,16,27,568	1,69,61,464
<b>III. Fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	76,62,406	91,01,252
Expected return on plan assets	6,48,660	7,91,808
Benefits paid	(4,13,077)	(14,38,846)
Actuarial gain/(loss) on plan assets	25,81,653	(7,91,808)
Fair value of plan assets at the end of the year	1,04,79,642	76,62,406
<b>IV. Actual return on plan assets</b>		
Expected return on plan assets	6,48,660	7,91,808
Actuarial gain/(loss) on plan assets	25,81,653	(7,91,808)
Actual return on plan assets	32,30,313	-
<b>V. Liability recognised in the Balance Sheet</b>		
(Liability) at the end of the year	(1,16,27,568)	(1,69,61,464)
Fair value of plan assets at the end of the year	1,04,79,642	76,62,406
(Liability) recognised in the Balance Sheet	(11,47,926)	(92,99,058)
<b>VI. Percentage of each category of plan assets to total fair value of plan assets</b>		
Insurer managed funds	100%	100%
<b>VII. Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	45,52,281	74,07,067
Interest cost	15,56,533	19,29,910
Expected return on plan assets	(6,48,660)	(7,91,808)
Net actuarial (gain)/loss to be on obligation	(1,36,11,286)	(1,42,68,739)
Expense recognised in Statement of Profit and Loss	(81,51,132)	(57,23,570)
<b>VIII. Balance Sheet reconciliation</b>		
Opening net liability	92,99,058	1,50,22,627
Expenses as above	(81,51,132)	(57,23,570)
Employers Contributions	-	7,85,980
Net Transfers from Other Companies	-	(7,85,979)
Closing net liability	11,47,926	92,99,058
<b>IX. Expected employers contribution in next year</b>		
As per actuarial valuation report	13,43,780	97,21,027
<b>X. Experience adjustments</b>		
On plan liability (gain)/loss	(1,01,06,647)	(1,40,79,767)
On plan asset (loss)/gain	25,81,653	(7,91,808)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note: The above information is in respect of Holding Company and its Subsidiary Companies viz Arshiya Northern FTWZ Limited, Arshiya Industrial & Distribution Hub Limited, Arshiya Supply Chain Management Private Limited and Arshiya Rail Infrastructure Limited.

## c. Leave Encashment (unfunded):

(Amount in ₹)		
Particulars	2015	2014
<b>I. Actuarial assumptions</b>		
Discount rate	7.80%	9.29%
Future salary rise	7.00%	7.00%
Attrition rate	15.00%	10.00%
<b>II. Change in defined benefit obligations</b>		
Liability at the beginning of the year	1,03,37,675	2,30,97,366
Interest cost	8,32,821	18,47,790
Current service cost	27,66,272	48,60,330
Benefits paid	(27,45,923)	(1,53,94,014)
Actuarial (gain)/loss on obligations	(30,73,479)	(40,73,798)
Liability at the end of the year	81,17,367	1,03,37,675
<b>III. Liability recognised in the Balance Sheet</b>		
Liability at the end of the year	81,17,367	1,03,37,675
Liability recognised in the Balance Sheet	81,17,367	1,03,37,675
<b>IV. Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	27,66,272	48,60,330
Interest cost	8,32,821	18,47,790
Net actuarial (gain)/loss	(30,73,479)	(40,73,798)
Expense recognised in Statement of Profit and Loss	5,25,614	26,34,322
<b>V. Balance Sheet reconciliation</b>		
Opening net liability	1,03,37,675	2,30,97,366
Expenses as above	5,25,614	26,34,322
Benefits Paid	(27,45,923)	(1,53,94,014)
Closing net liability	81,17,366	1,03,37,675
<b>VI. Experience adjustments:</b>		
On plan liability (gain)/loss	(30,45,785)	(34,24,342)

Note: The above information is in respect of Holding Company and its Subsidiary Companies viz Arshiya Northern FTWZ Limited, Arshiya Industrial & Distribution Hub Limited, Arshiya Supply Chain Management Private Limited and Arshiya Rail Infrastructure Limited.

## 52. Logistics Operations

During the year, the Group has decided to phase out its logistics operations. The Book Debts and Trade Payables aggregating to ₹ 57,75,28,915/- and ₹ 61,66,84,399/- respectively of which ₹ 57,20,31,603/- and ₹ 57,05,06,058/- respectively have been assigned on 30th June, 2014.

## 53. Indirect Taxes Receivable

- (i) As per the notification dated 16th May, 2013, issued by the government of Maharashtra, MVAT exemption/refund is available to SEZ Developer after 15th October, 2011 (Record date). However, the Group has claimed refund of ₹ 17,43,34,100/- in respect of transactions prior to record date. The Group is of the view that the state government has exempted it from local taxes, levies and duties on goods required for authorized operations by a Developer vide GR dated 12th October, 2001 passed by Industries, Energy and Labour Department, Government of Maharashtra. The Group has filed a writ petition in the High Court of Bombay challenging the constitutional validity of MVAT on various grounds and has claimed refund of ₹ 17,43,34,100/- which is pending hearing and disposal. Accordingly, these financial statements reflect a sum of ₹ 17,43,34,100/- as refund receivable on account of MVAT. In case the refund is not granted, the necessary adjustment entries shall be recorded in the year in which finality is reached.

- (ii) In respect of one of the subsidiaries, Other Loans and Advances include:

- (a) Refunds receivable in respect of VAT, Service Tax, Local Entry Tax and Service Tax in respect of prior years aggregating to ₹ 1,42,70,271/- as claimed by the subsidiary for which Orders are awaited.
- (b) Refund of Service Tax in respect of Financial Year 2010-2011 for ₹ 42,10,469/- for which appeal is pending with Commissioner of Appeals, Central Excise.
- (c) Refunds of Excise Duty, VAT and CST aggregating to ₹ 1,70,24,884/- for the Financial Year 2010-11 for which the appeals are pending with the respective Appellate Tribunals.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Management is of the view that the refunds claimed as above are considered good for recovery.

**54. Taxation**

- (i) The Tax provision if applicable is computed in accordance with the Tax Law of India and the respective countries in which the subsidiaries operate.
- (ii) In view of substantial losses incurred as also uncertainty of the period by which the said losses expected to be recoup the group has not recognised Deferred Tax Asset.

**55. Scheme of Amalgamation of Subsidiaries**

- (a) The Board of Directors of the Arshiya Northern FTWZ Limited and Arshiya Industrial & Distribution Hub Limited (amalgamating companies) approved their amalgamation with Arshiya Transport And Handling Limited (amalgamated company). The Board of Directors of Holding Company in capacity as shareholders of respective Subsidiaries Company have given their approval to the said Scheme.
  - (b) The Scheme Inter-alia provides that:
    - (i) On and from 01.01.2014 (the appointed date), the entire businesses and the whole of the undertakings of the Company as "Going Concern" with all assets, properties and liabilities shall stand transferred and vested in the amalgamated company.
    - (ii) Issue and allotment by the amalgamated company of 1 (one) fully paid equity share of ₹ 10/- each for every equity share of ₹ 10/- each held by the shareholders of the amalgamating companies as consideration.
    - (iii) Transactions between the appointed date and effective date of the amalgamating companies shall be for and on behalf of the amalgamated company.
  - (c) The Scheme has been filed with Hon. High Court of Bombay on 27.03.2014 and is pending for approval.
56. Previous year's figures have been regrouped/ & reclassified wherever necessary to conform to those of current year's classification/disclosures.

Signatures to Notes forming part of Financial Statements

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

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

Mukul Patel  
Partner  
Membership No. 032489

Ajay S Mittal  
Chairman and Managing Director  
DIN: 00226355

Archana A Mittal  
Joint Managing Director  
DIN: 00703208

Place: Mumbai  
Date: 15<sup>th</sup> May, 2015



## Arshiya Limited

(Formerly known as Arshiya International Limited)  
CIN: L27320MH1981PLC024747

Reg Off: Unit No. A1, 4th Floor, Chenergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai - 400025  
Tel: +91 22 42305400/01 Fax: +91 22 4230 5555 E-mail: info@arshiyalimited.com Website: www.arshiyalimited.com

### ATTENDANCE SLIP THIRTY FOURTH ANNUAL GENERAL MEETING

I/We hereby record my/ our presence at the 34<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 10<sup>th</sup> July, 2015 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.

Name and Address of the Shareholder(s)		
If Shareholder(s) please sign here	If Proxy, please mention name and sign here	
	Name of Proxy	Signature

#### Voting through Electronic means

EVEN (E Voting Even Number)	USER ID	Password/PIN

#### Notes:

- (1) Shareholders / Proxy holders as the case may be are requested to produce the attendance slip duly signed at the Meeting entrance.
- (2) Members holding shares in physical form, are requested to advise change in their address, if any, to the Registrar & Share Transfer Agent, Big Share Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakl Vihar Road, Sakl Naka, Andheri (East), Mumbai- 400072





Regd. Off: Unit No. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai - 400025  
Tel: +91 22 42305400/01 Fax: +91 22 4230 5555 E-mail: info@arshiyalimited.com Website: www.arshiyalimited.com

**PROXY FORM**  
(Form MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and  
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Regd. Folio No.	:	*DP ID	:
No. of Shares held	:	*Client ID	:

I/We, being the member (s) of .....shares of the above named company, hereby appoint

1. Name & Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

2. Name & Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

3. Name & Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

and whose signatures are appended below as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the Thirty Fourth Annual General Meeting of the Company, to be held on Friday, the 10<sup>th</sup> day of July, 2015 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018 and at any adjournment thereof in respect of resolutions are indicated below:

\*\*I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No	Resolutions	Optional	
		For	Against
	<b>Ordinary Business</b>		
1	Adoption of Annual Accounts of the Company as on March 31, 2015 (Ordinary Resolution)		
2	Re-appointment of Mrs. Archana A Mittal (DIN:00703208) who retires by rotation (Ordinary Resolution)		
3	Re-appointment of M/s. M. A Parikh & Co., Chartered Accountants, as Statutory Auditors of the Company and fixing their remuneration (Ordinary Resolution)		
	<b>Special Business</b>		
4	Ratification of Remuneration to Cost Auditor (Ordinary Resolution)		
5	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 (Special Resolution)		
6	Payment of remuneration to Major Suhas Thakur (Retd.) as executive Director of the Company (Special Resolution)		
7	Waiver from recovery of excess managerial remuneration paid to Major Suhas Thakur, (Retd.) as executive director of the company for the period from 01.06.2013 to 31.03.2014 (Special Resolution)		

\*Applicable for investors holding shares in Electronic form.

\*\*This is only optional Please put a ✓ in the appropriate column against the resolutions indicated in the Box. Alternatively you may mention the number of shares in the appropriate column in respect of which you would like your proxy to vote, if you leave all the columns blank against any or all the resolutions your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp  
Re. 1/-

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited either at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 2) A proxy need not be a member of the company.
- 3) In case the appointer is a body corporate the proxy form should be signed under its seal or be signed by an office or an attorney duly authorized by it and an authenticated copy of such authorization should be attached to the proxy form.
- 4) A person can act as a proxy on behalf of such number of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. Further a member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as a proxy and such person shall not act as a proxy for any other person or Member.
- 5) In case of joint holders the signature of any one holder will be sufficient but names of all the joint holders should be stated.



## NOTES

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## NOTES

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if undelivered, please return to:

**Corporate Office**

**Arshiya Limited**

302, Level 3, Ceejay House

Shiv Sagar Estate, F Block,

Dr. A.B. Road, Worli,

Mumbai - 400 018