2014

Arshiya

Complex is simple

Arshiya Limited

ANNUAL REPORT 2013-2014

CONTENTS

CORPORATE INFORMATION

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Joint Managing Director

Ashish Bairagra
Non- Executive Independent Director

Rishabh Shah
Non- Executive Independent Director

Mukesh Kacker
Non- Executive Independent Director

G. Raghuram
Non- Executive Independent Director

Suhas Thakar
Executive Director
(Resigned w.e.f 31.03.2014)

Sandesh Chonkar
Executive Director
(Resigned w.e.f 21st August, 2013)

James Beltran
Non – Executive Independent Director
(Regsined w.e.f 6th September, 2013)

Registered Address:
402, Level 4,
Ceejay House, Shiv Sagar Estate,F Block, Dr. Annie Besant Road,Worli, Mumbai – 400018

w.e.f. 1st August 2014 the Company has shifted its Registered Office to:
Unit No A1, 4th Floor, Cnergy,
Appa Saheb Marathe Marg,
Prabhadevi Mumbai - 400 025

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
KarurVysya Bank
Laxmi Vilas Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Mysore
State Bank of Travancore
Syndicate Bank
Tamilnad Mercantile Bank
UCO Bank

Auditors
M. A. Parikh& Co.
Firm Reg No. 107556W
Address: Yusuf Bldg, 2nd Floor,
43 Mahatma Gandhi road,
Fort, Mumbai – 400001
maparikh@eth.net

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 4043 0200
Fax: +91 22 2847 5207
E Mail: info@bigshareonline.com
Website: www.bigshareonline.com

Arshiya
Complex is simple

ARSHIYA LIMITED

CIN: L2732MH1981PLC024747

Reg Off: 402, Level 4, Ceejay House, Shiv Sagar Estate, F Block, Dr. Annie Besant Road, Worli, Mumbai – 400018
Tel : +91 22 4230 5500 **Fax:** +91 22 4230 5555 **E Mail :** info@arshiyalimited.com **Website:** www.arshiyalimited.com

NOTICE

NOTICE IS HEREBY GIVEN THAT the 33rd Annual General Meeting (AGM) of the members of Arshiya Limited is scheduled to be held on Wednesday, 10th September, 2014 at 3.00 p.m. at Hall of Culture, (Nehru Centre), Worli, Mumbai – 400018 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement sof the Company for the financial year ended 31st March, 2014 and reports of the Board of Directors and of the Auditors thereon.

2. To appoint a Director in place of Mr. Ajay S Mittal (DIN 00226355), who retires by rotation and being eligible offers himself for Re-appointment

3. To appoint Auditors and to fix their remuneration by passing the following resolution as an Ordinary Resolution with or without modification(s):-

   "**RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. M. A. Parikh & Co; Chartered Accountants (Firm Registration No. 107556W) be and are hereby re-appointed as statutory auditors of the Company to hold office for a period of 3 (three) years for auditing the accounts of the Company from the financial years 2014-15 to 2016-17 (subject to ratification of the appointment by the members at every annual general meeting to be held during the period) at such remuneration as shall be fixed by the Board of Directors.

SPECIAL BUSINESS:

4. To appoint Prof. G. Raghuram (DIN: 01099026), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** pursuant to the provisions of Sections149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Prof. G. Raghuram (DIN: 01099026), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from September 10, 2014 up to September 09, 2019."

5. To appoint Mr. Ashish Bairagra (DIN: 00049591), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** pursuant to the provisions of Sections149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ashish Bairagra (DIN: 00049591), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from September 10, 2014 up to September 09, 2019."

6. To appoint Mr. Rishabh Shah (DIN: 00694160), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"**RESOLVED THAT** pursuant to the provisions of Sections149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rishabh Shah (DIN: 00694160), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from September 10, 2014 up to September 09, 2019."

7. To appoint Mr. Mukesh Kacker (DIN: 01569098), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** pursuant to the provisions of Sections149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Mukesh Kacker (DIN: 01569098), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from September 10, 2014 up to September 09, 2019."

8. To authorize the Board to create charges on the assets of the Company and in this regard to consider and if thought fit to pass following resolution as special resolution.

   "**RESOLVED THAT** in supersession of resolutions passed at the Annual General Meeting of the Company held on 24th September, 2008 and earlier on the subject matter and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Act (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board") to mortgage and/or charge any of its assets, movable and/or immovable, wherever situated, both present and future, which are eligible for being offered as security for the current and future borrowings by the Company, to the extent of the borrowing powers of the Company at any point of time, in favour of one or more secured lenders being banks, financial institutions, body corporates, or other persons and / or of one or more security trustees representing the secured lenders, on such terms and conditions at such time(s) and in such form and manner and with such ranking as to priority as the Board in its absolute discretion may think fit.

   RESOLVED FURTHER THAT the Board or person(s) as may be authorized by the Board be and is/are hereby authorized to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions and at such time(s)/tranch(es) as may be decided by the Board in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution."

9. To authorize the Board to Borrow funds on behalf of the company and in this regard to consider and if thought fit to pass following resolution as special resolution.

   "**RESOLVED THAT** in supersession of resolutions passed at the Annual General Meeting of the Company held on 24th September, 2008 and earlier on the subject matter and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter called "the Board") to borrow any sum or sums of money, from time to time, at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) for a sum not exceeding rupees 5000 crores (Rupees five thousand crores only) and that the Board be and is hereby empowered and authorised to arrange and fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.

   "**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board of Directors of the Company and/ or Committee of Directors constituted for this purpose be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investments or loans made or guarantees given or securities to be provided and further to do all Such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith."

10. Increasing the limits to make loans or investments and to give guarantees or to provide security in connection with a loan made under Section 186 of Companies Act, 2013. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

    "**RESOLVED THAT** pursuant to Section 186 of the Companies Act, 2013 and rules framed thereunder as amended from time to time and other applicable provisions of the Companies Act, 1956 & 2013 (including any amendment thereto or re-enactment thereof for the time being in force), if any, the consent of the members be and is hereby accorded to the Board of Directors to make any loans or investments and to give any guarantees or to provide security in connection with a loan made by any other person to, or to any other person by, a body corporate as the Board of Directors may think fit, for an amount not exceeding Rs. 5,000 Crore (Rupees Five Thousand Crores only) notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of Companies Act, 2013 as in their absolute discretion deem beneficial and in the interest of the Company."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors of the Company."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board of Directors of the Company and/ or Committee of Directors constituted for this purpose be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investments or loans made or guarantees given or securities to be provided and further to do all Such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith."

For and on Behalf of the Board

Ajay S Mittal
Chairman & Managing Director
DIN: 00226355

Date: 30th July, 2014
Place: Mumbai
Registered office: 402 Level 4, Ceejay House,Shiv Sagar Estate, F Block, Dr. Annie Besant Road, Worli, Mumbai – 400018

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 is annexed hereto in respect of Item Nos. 4 to 10 of the Notice.

4. The details of Directors proposed for appointment / re-appointment under Item Nos. 2 and 4 to 7 of the Notice, as per requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are provided in the explanatory statement and annexure to the notice.

5. The Notice of the 33rd Annual General Meeting and instructions for e-voting, along with the Attendance Slip and Proxy Form and the copies of the Annual Report for 2013- 14 is being sent by electronic mode to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 are being sent in the permitted mode.

6. 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:grev.redressal@arshiyalimited.com

7. The Notice of the 33rdAnnual General Meeting and the Annual Report will be available on the website of the Company www.arshiyalimited.com

8. All the documents referred to in this Notice, as well as the Notice and the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.

9. 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.

10. Members are requested to bring their copy of the Annual Report at the meeting.

11. 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.

12. 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.

13. The Register of Members and Share Transfer Books will remain closed from Monday, the 8th August, 2014 to Wednesday, the 10th August, 2014 (both days inclusive).

14. 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.

15. Members are requested to send all the correspondence concerning registration of transfers, transmissions, sub-division, consolidation of share certificates or any other share related matters to M/s. Bigshare Services Pvt. Ltd, Registrar & Share Transfer Agents, E/2 Ansa Industrial Estate, Saki Vihar Road, Andheri (East), Mumbai-400072.

16. 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.

17. Non-resident Indian Members are requested to inform M/s Bigshare Services Pvt. 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 and address of the bank with pin code number.

18. 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 th the Company as on 7th August, 2013 (date of last Annual General Meeting) on the website of the Company (www.arshiyainternational.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 (Rs)	Due Date of the proposed transfer to the IEPF
10.09.2007	2006-07	2.50	21st October, 2014
24.09.2008	2007-08	0.80	5th November, 2015
29.09.2009	2008-09	0.80	10th November, 2016
24.09.2010	2009-10	1.00	28th October, 2017
20.09.2011	2010-11	1.20	1st November, 2018
18.09.2012	2011-12	1.40	29th October, 2019

19. Members who have not encashed the Dividend Warrants for the above years are requested to write to the Company for revalidation of Dividend Warrants before such unclaimed dividend is transferred to the Investor Education and Protection Fund, are requested to write to the Company's Registrar and Transfer Agents, Bigshare Services Private Limited, immediately. 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.

20. 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.

21. The Company also request you to update your email address with your Depository Participant to enable us to send you the quarterly reports and other communications via email.

22. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only.

23. 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.

24. The voting through electronic means will commence on Tuesday, September 2, 2014 at 09:00 a.m. and will end on Thursday, September 4, 2014 at 06:00 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) for e-voting of August 7, 2014 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.

25. The Company has appointed Mr. Manoj Mimani, Practising Company Secretary to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

26. 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.

27. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Manoj Mimani, Practicing Company Secretary, (Membership No. ACS No.17083), at the Registered Office of the Company not later than Tuesday, September 2, 2014 (6.00 p.m. IST).Ballot Form received after this date will be treated as invalid.

28. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to grev.redressal@arshiyalimited.comby mentioning their Folio / DP ID and Client ID No.

29. 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.

30. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.arshiyalimited.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the Thirty Third AGM of the Company on September 10, 2014 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

31. 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(ies) who are authorized to vote, to the Scrutinizer through e-mail rmimani222@gmail.comor arshiyainfoevoting@arshiyalimited.comwith a copy marked to 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.

(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. (ii) to Sl. No. (xiii) above, to cast vote.

EXPLANATORY STATEMENT AS PER SECTION 102 OF COMPANIES ACT 2013.

For Item No. 4

Prof. Ganesan Raghuram aged about 59 years holds Bachelors Degree in Technology, (B.Tech) from Indian Institute of Technology Madras, Post Graduate Diploma in Management from Indian Institute of Management Ahmedabad, and is Doctorate from Kellogg Graduate School of Management , Northwestern University, and Evanston, Illinois, USA Decision Sciences .

Prof. Raghuram is Professor of the Indian Institute of Management (IIM), Ahmedabad. His specialization comprises Transportation Policy and Management, Infrastructure and Service Systems, Supply Chain and Logistics Management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations. He is also authored five books on Logistics and Supply Chain Management, Infrastructure Development and Financing - Towards a Public-Private Partnership and Shipping Management, besides several case studies, contributions in Journals and other publications and over 300 paper presentations before several academic and industrial forums in India and abroad. He was also the President of Operational Research Society of India and is a member of boards and government committees related to infrastructure and logistics. He is a Fellow of the Operational Research Society of India and Charted Institute of Logistics and Transport. He has been visiting faculty at universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several institutions across India.

Prof. Raghuram has also held several prestigious positions as Vice Chancellor of Indian Maritime University, a central university by the Government of India, Dean (Faculty), Indian Institute of Management, Ahmedabad, Indian Railways Chair Professor, Assistant Professor, AB Freeman School of Business, Tulane University, New Orleans, Louisiana, USA and a Lecturer with Kellogg Graduate School of Management amongst others.

He joined the Board of Directors of the Company in the year 2007.The details of the directorships and memberships in committees of other companies held by him are provided in Annexure I to the notice.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Section 149 and section 152 of the Companies Act, 2013, inter alia specifies that:
(a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of special resolution by the Shareholders in General Meeting; and (b) An Independent Director shall not be liable to retire by rotation at the annual general meeting.

The new provisions further provide that the Independent Directors shall give a confirmation of independence and meeting of the prescribed criteria, as mentioned in section 149(6) of the Companies Act, 2013. Prof. Raghuram is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, In terms of section 149 and other applicable provisions of the Companies Act, 2013, Prof. Raghuram being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto September 9, 2019.

The Company has received from Prof. Raghuram : (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act.

In the opinion of the Board, Prof. Raghuram fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Prof. Raghuram as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Prof. Raghuram as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Prof. Raghuram himself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.4 for your consideration and approval.

For Item No. 5

Mr. Ashish Bairagra, aged about 35 years, is Bachelor in Commerce and is practicing Chartered Accountant. Mr. Bairagra has extensive experience in handling internal audits, statutory audits, management audits, tax advisory and business advisory assignments. His areas of specialisation include International Taxation, Transfer Pricing, Valuation, Due Diligence, PE and VC Funding and Cross Border Business Structuring. He is a Partner of M. L. Bhuwania & Co., Chartered Accountants, which is an independent member of Geneva Group International (GGI). He is also the Regional Chairperson - Asia of the International Taxation Practice Group (ITPG) of GGI.

He joined the Board of Directors of the Company in the year 2005.The details of the directorships and memberships in committees of other public companies held by him are provided in Annexure I to the notice.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Section 149 and section 152 of the Companies Act, 2013, inter alia specifies that:
(a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of special resolution by the Shareholders in General Meeting; and (b) An Independent Director shall not be liable to retire by rotation at the annual general meeting.

The new provisions further provide that the Independent Directors shall give a confirmation of independence and meeting of the prescribed criteria, as mentioned in section 149(6) of the Companies Act, 2013. Mr Ashish Bairagrais a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Ashish Bairagrabeing eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto September 9, 2019.

The Company has received from Mr Ashish Bairagra: (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act.

In the opinion of the Board, Mr Ashish Bairagra fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr Ashish Bairagraas an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr Ashish Bairagraas an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Ashish Bairagra himself is concerned or interested in the resolution.

For Item No. 6

Mr. Rishabh Shah aged about 43 years, holds a Bachelors Degree in Arts and Law. Mr. Shah is a practicing legal counsel and a legal consultant who advises on several areas of civil law, in particular, commercial documentation, property documentation, various areas of banking, commercial contracts, company restructuring and securities law. Banking and Corporate law and litigation being his areas of specialisation. He has over 20 years of experience representing major corporations as legal counsel.

He joined the Board of Directors of the Company in the year 2005.The details of the directorships and memberships in committees of other companies held by him are provided in Annexure I to the notice.

He holds 7,955 equity shares of the Company.

The Company has received from Mr. Rishabh Shah: (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act.

In the opinion of the Board, Mr. Rishabh Shah fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Rishabh Shah as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rishabh Shahas an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Rishabh Shahhimself is concerned or interested in the resolution.

For Item No. 7

Mr. Mukesh Kacker aged about 57 years holds a Bachelors Degree in Science (Physics, Mathematics & Statistics), a Masters Degree in Arts (Political Science) from Allahabad University and also a Masters Degree in Economics (Public Policy) from Harvard University, USA. He is an IAS Officer of the1979 batch.

Mr. Kacker had almost three decades of experience of working in the Government as an I.A.S. officer before he opted for voluntary retirement in 2007 to work in the areas of infrastructure and finance, and has held important senior positions, both in policy formulation roles as well as in executing capacities. As Member, National Highways Authority of India (NHAI), he was in the vanguard of personnel leading India's highways revolution and was instrumental in planning and executing a major portion of the Golden Quadrilateral. As Joint Secretary (Petrochemicals), he drafted the National Policy on Petrochemicals and conceptualized the poicy on Investment Regions anchored by big Petrochemical units. In his state cadre of Madhya Pradesh, He has held various positions including Secretary to the Government, Managing Directors of two state Public Sector Undertakings and Secretary to the Chief Minister.

In view of his experience in the infrastructure sector, the Government of India inducted him as Member, Task Force on Infrastructure Development and Mega Projects. Mr. Kacker has also served as Director General of CUTS Institute for Regulation and Competition (CIRC).

He is the founder-promoter of Kacker & Daughter Infrastructure Consultancy Services Ltd. Currently he is the Non-Executive Chairman of Indus Concessions India Pvt. Ltd., a Spanish multi-national working in the field of highways construction. Mr. Kacker is also an Independent Director on the Board of Capri Global Capital Ltd., a non-banking-finance company (NBFC).

He joined the Board of Directors of the Company in the year 2009. The details of the directorships and committees of other companies held by him provided in Annexure I to the notice.

In the opinion of the Board, Mr. Mukesh Kacker fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Company has received from Mr. Mukesh Kacker: (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act.

In the opinion of the Board, Mr. Mukesh Kacker fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Mukesh Kacker as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mukesh Kacker as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Mukesh Kacker himself is concerned or interested in the resolution

Item No.8

The shareholders of the Company have provided their consent to the Board of Directors of the Company by way of Ordinary Resolution(s) under section 293(1) (a) of the Companies Act, 1956 dated 24th September, 2008 for creation of security/charge over the assets of the Company in favour of banks, financial institutions, other lenders and security trustee for securing the amounts borrowed/to be borrowed from the secured lenders and interest and other dues payable to the said lenders. Section 180(1)(a) of the Companies Act, 2013, effective from 12th September, 2013, provides to the effect that the Board of Directors of the Company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of any of such undertakings except with the consent of the Company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under section 180(1)(a) and other applicable provisions of the Companies Act, 2013 as set out in Item No. 8 of the Notice to enable the Board of Directors to mortgage and/or charge any of the Company's assets for the current and future borrowings by the Company, to the extent of the borrowing powers of the Company at any point of time, in favour of any bank(s) orbody(ies) corporate or person(s) or financial institution(s) or security trustee.

The Directors commend the Resolution at Item No. 8 of the Notice for the approval by the members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 8 except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company in the Resolution set out at Item No. 8.

Item No.9

At the Annual General Meeting of the Company held on September 24, 2008, the members of the Company had, by way of Ordinary Resolution, in pursuance of the provisions of Section 293(1) (d) of the Companies Act, 1956, accorded their consent to the Board of Directors of the Company to borrow any sum or sums of money, from time to time, for the purpose of the business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) for a sum not exceeding Rs. 5,000 Crores (Rupees five thousand Crores).

Section 180(1)(c) of the Companies Act, 2013, effective from 12th September, 2013, provides to the effect that the Board of Directors of the Company shall not borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) apart from temporary loans obtained from the Company's bankers in the ordinary course of business except with the consent of the Company accorded by way of a Special Resolution.

The Directors recommend the Resolution at Item No. 9 of the Notice for the approval by the members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company in the Resolution set out at item No. 9.

For Item No. 10

To aid the financial requirements of its subsidiary companies, the Company makes investments and gives loans tothe subsidiary companies as and when needed. The Company also provides corporate guarantees on behalf of its subsidiary companies to the banks/financial institutions for the financial assistance provided by them.

As per Companies Act 2013, a Company can give a loan to bodies corporate or give any guarantees or make investments in the securities of any other body corporate with the approval of the Board of Directors if the same is within the permissible limit of either 100% of free reserves or 60% of the paid up share capital and free reserves.

Inter-corporate loans, investments can be made and Corporateguarantees beyondthe aforesaid limits by Company required an approval from its members by a Special resolution.

Since the amount of existing investments/loans/ corporate guarantees made by the Company including the proposed financing arrangement that may be engaged by the subsidiary companies, exceed the prescribed limit, this approval is sought to enable the Board of Directors with powers for making further investments/ loans/ guarantees and providing securities, whenever required on need basis up to an amount of Rs.5000 Crore.

Approval of shareholders of the Company is sought to authorise the Board of Directors to make the Investments/ loans/ Corporate Guarantees as may be required from time to time within the aforesaid limit. These investments, loans, guarantees and securities are made / proposed to be made out of own /surplus funds internal accruals / borrowed funds, the objective of which is optimum utilization of funds of the Company and also to achieve long term strategic and business objectives. The investments, loans, guarantees and securities will be made on terms and conditions most beneficial to the Company and at prevailing market rates. The Directors are satisfied that this resolution would be in the interest of the Company and its members and accordingly recommend the Resolutions for your approval.

Your Directors recommend the Resolution in item no. 10, as a Special Resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

ANNEXURE I TO NOTICE

Name of the Director	Directorship held in other companies	Committee position held in other companies	
		Name of the Committee	**Name of the Company**
Prof G. Raghuram	• NABARD Consultancy Services Pvt Limited • Indian Register of Shipping • Adani Ports and Special Economic Zone Limited • Hindustan Petroleum Corporation Limited • Vidya Vardhini Education Foundation • DARCL Logistics Limited • Take Solutions Limited • Alcock Ashdown (Gujarat) Limited	Audit Committee	• Adani Ports and Special Economic Zone Limited - Member • Hindustan Petroleum Corporation Limited -Member • Indian Resister of Shipping- Member
		Remuneration Committee	• DARCL Logistics Limited - Member
		CSR & Sustainability Development Committee	• Hindustan Petroleum Corporation Limited -Member
		Shareholders/Investors' Grievances Committee	• Adani Ports and Special Economic Zone Limited - Member • Hindustan Petroleum Corporation Limited -Member
Mr. Ashish Bairagra	• ACM Shipping India Limited • Mauve Consultancy Services Limited • MLB Advisory Services Limited • Arshiya Rail Infrastructure Limited	Audit Committee	• Arshiya Rail Infrastructure Limited- Chairman
Mr. Ajay S Mittal	• Arshiya Rail Infrastructure Limited • Arshiya Rail Siding and Infrastructure Limited • Arshiya Transport and Handling Limited • Arshiya Industrial & Distribution Hub Limited • Arshiya Northern FTWZ Limited • Arshiya Lifestyle Limited • Mega Custodial Services Limited • Mega Fin (India) Limited • Mega Capital Broking Private Limited • Rudradev Properties Private Limited • Castlelino Consultancy Private Limited	Audit Committee	• Mega Fin (India) Limited.- Member • Arshiya Industrial & Distribution Hub Limited.- Member • Arshiya Rail Infrastructure Ltd.- Member • Arshiya Northern FTWZ Limited. -Member
		Shareholders Grievances	• Mega Fin (India) Limited. - Member
		Remuneration Committee	• Arshiya Industrial & Distribution Hub Limited.- Chairman • Arshiya Rail Infrastructure Limited.-Member • Arshiya Northern FTWZ Limited. -Member
Mr. Mukesh Kacker	Capri Global Capital Limited	NIL	
Mr. Rishabh Shah	NIL	NIL	

DIRECTORS' REPORT

To
The Members of
Arshiya Limited

Your Directors are pleased to present the 33rd Annual Report together with the Audited Accounts for the financial year ended 31st March, 2014.

FINANCIAL PERFORMANCE

A) SUMMARIZED FINANCIAL RESULTS- ARSHIYA LIMITED

(Rs. in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Income from operations and other Income	31,654.86	72,432.06
Expenditure	48,974.28	70,337.45
Profit/(Loss) Before Depreciation & Tax	(17,319.42)	2094.61
Depreciation	1,958.10	1,990.83
Profit/(Loss) Before Tax & Exceptional Items	(19,277.52)	103.78
Exceptional Items (Net)	10,667.35	1,542.95
Prior period Items(Net)	(81.36)	——
Provision for Taxation	(95.83)	(38.67)
Profit/(Loss) After Tax	(29,767.68)	(1,400.50)
Balance brought forward	(29,767.68)	(1,400.50)
Amount adjusted pursuant to scheme of amalgamation	——	(7646.06)
Amount available for Appropriation	(29,767.68)	(1,400.50)
Balance carried to Balance Sheet	(29,767.68)	(1,400.50)

B) SUMMARIZED CONSOLIDATED FINANCIAL RESULTS - ARSHIYA LIMITED AND ITS SUBSIDIARIES

(Rs. in lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Income from Operations and other Income	53,647.61	114,643.56
Expenditure	100,017.23	127,400.54
Profit/(Loss) Before Tax & Exceptional Items	(46,369.62)	(12,756.97)
Exceptional Item	21,265.95	542.77
Tax Expenses	2,073.63	(584.42)
Profit/(Loss) After Tax before Minority Interest	(84,622.95)	(12,715.32)
Less: Minority interest	-	-
Net Loss for the year	(84,622.95)	(12,715.32)

On a Consolidated basis your Company has recorded a loss during the previous year. The general overall slowdown in industrial growth and sluggish trend had its negative impact on your Company's operations. Besides, Your Company had to face various constraints in the day to day operations due to regulatory and other issues which have severely impacted the performance of the Company. The regulatory & operational hurdles impacting the operations of the company are as under:

- Stoppage of Transhipment of cargo from Mumbai Port to FTWZ
- Delays in Duty Drawback
- Non availability of Customs EDI System in FTWZ
- Import General Manifest (IGM) approvals for FTWZs
- Non recognition of Arshiya FTWZ as a port for import.

However, the Company has been consistently taking up these issues at the highest levels of Government and with the new Government in place, it is expected that the issues will be resolved sooner than later to enable smoother day to day operations and better performance.

In the meantime, several initiatives and measures to rationalise expenses, costs, improve effective utilisation of human & material resources to the optimum level have been taken.

Your Management considered it expedient to contain high finance costs so that cash flow can be channelised to operations for further productivity. To effectively service the borrowings and at the same time make the resources available for the day to day operations of the Company, your Management thought it advisable to undertake a Corporate Debt Restructuring (CDR) whereby the Company's obligations to pay interest and principal on borrowings has been deferred by availing certain concessions like moratorium etc. from the Bankers.

DIVIDEND:

In view of losses, the Directors regret their inability to recommend dividend for the financial year ended 31st March, 2014.

BUSINESS AND FUTURE OUTLOOK:

World class logistics infrastructure on a pan India basis, created by your Company provides for unified supply chain as an unique concept and serves as an one stop shop for all the needs of logistics.

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.

(I) Arshiya Rail & Rail Infrastructure:

Arshiya Rail Infrastructure started its operations in February 2009. Our unique model has resulted in Arshiya Rail being the second largest Private Container Train Operator (PCTO) in India. This company is operating total 20 container trains at present and mostly in domestic sector. The company stands atop with regard to freight transportation per annum among all PCTO.

(II) Arshiya Free Trade & 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 & 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 merchandise. 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 (ANFTWZ), a subsidiary has developed an FTWZ at Khurja to cater to the needs of North India. The state of the art railway siding at Khurja will further reduce the overall logistics cost between gateway ports and FTWZ/ICD.

Being a pioneer in FTWZ business in India, ANFTWZ 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.

(III) Arshiya Industrial & Distribution Hub:

Your Directors hereby inform you that the operations of AIDHL, a subsidiary has remained sluggish through out the year as its business model was based on implementation of Goods & Services Tax as also FDI in retail taking off. However, both the events have not happened and accordingly your Directors are hereby converting the AIDHL into sector specific SEZ pertaining to IT/ITES/Electronics/Hardware equipments etc. as also setting up an Inland Container Depot and proposes to merge this company into Arshiya Transport and Handling Limited another group company. The necessary Scheme of Amalgamation has been filed with the Hon'ble Bombay High Court and the approvals from concerned authorities have been applied for.

(IV) Arshiya Northern FTWZ Ltd. (ANFTWZ)

Your Directors hereby inform you that the operation of ANFTWZ have remained sluggish due to the regulatory issues being faced by the company and accordingly your Directors are hereby converting the ANFTWZ into sector specific SEZ pertaining to Chemicals/Pharmaceuticals/Bio-technology and proposes to merge this company into Arshiya Transport & Handling Ltd.another group company. The requisite Scheme of Amalgamation has been filed with the Hon'ble Bombay High Court and the approvals from concerned authorities have been applied for.

(V) Arshiya Supply Chain Management Private Limited

Arshiya Supply Chain Management Private Limited provides end-to-end supply & demand chain solutions and is committed to evolving end-to-end strategic solutions across supply chain management by using innovative technology.

Subsidiary Companies [As on 31st March, 2014]
As required under the listing agreements with Stock Exchanges, a consolidated Financial Statement of the Company and all its subsidiaries prepared in accordance with Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India (ICAI) giving details of financial resources, assets, liabilities, income, profits, etc. of the Company, its associates and subsidiaries, after elimination of minority interest as a single entity, is annexed. The statement pursuant to section 212(1)(e) of the Companies Act, 1956, containing details of subsidiaries of the Company forms part of the Annual Report.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India dated 8th February, 2011, the annual accounts and other documents of the Subsidiary Companies are not being attached with the Annual Report of the Company. The Annual Accounts of the above referred subsidiaries as at 31st March, 2014, and related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and the same will also be available for inspection by any Member of the Company/ its subsidiaries at the Registered Office of the Company. In addition, the Annual Accounts of the said subsidiaries will be made available for inspection at the Registered Office of the respective subsidiary companies.

PREFERENTIAL ALLOTMENT:

The Company had allotted 1,36,00,000 convertible warrants at Rs.145/- per warrant to promoters/ promoters group on preferential basis pursuant to the special resolution passed by the members of the Company at their meeting held on 18th October, 2012. These warrants have been converted into equity shares (in the ratio of 1 share for 1 warrant) of Rs. 2/- each at a premium of Rs.143/- per share in three tranches i.e. 53,00,000, 52,50,000 and 30,50,000 during the financial years 2014-2015, 2013-2014 and 2012-2013 respectively.

CORPORATE GOVERNANCE

Your 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.

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

DIRECTORS

Mr. Suhas Thakar - Executive Director ceased to be the director of the Company consequent to the superannuation w.e.f. 31st March, 2014. Mr. Sandesh Chonkar and Mr. James Beltran ceased to Directors consequent to resignation w.e.f. 21st August 2013 and 6th September 2013 respectively. Mr. Ajay S Mittal – Managing Director retire by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting. In accordance with the provisions of Sections 149 of the Companies Act, 2013 these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the notice ensuing Annual General Meeting of the company.

The Company has received declarations from all the Independent Directors of the Company confirming that, they meet the with the criteria of Independence as prescribed both under Section 149(6) of the Companies Act, 2013 & Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief details of the Directors proposed to be appointed / Re – appointed as required under Clause 49 of the Listing Agreement are provided in the notice of the Annual General Meeting forming part of this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, with regard to the Directors' Responsibility Statement, the Directors confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;

b) the selected accounting policies were applied consistently and the Directors 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 as at 31st March, 2014, and of the loss of the Company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, 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.

SECRETARIAL AUDIT REPORT

Your Company had engaged Mr. Manoj Mimani, Practising Company Secretary, to review Secretarial Compliance for the financial year ended 31st March, 2014. The Secretarial Compliance Certificate addressed to the Board of Directors of the Company forms part of this Annual Report. The Secretarial Compliance Certificate confirms that the Company has complied with the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with Stock Exchanges and all the Regulations of SEBI as applicable to the Company including SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

HUMAN RESOURCES

Human Resource Department of your company is instrumental in building employees capabilities through structured talent acquisition and its development through technical and need based training. For your Company, employees are the most valuable assets. Attracting, training, growing and retaining talented professionals continue to be the focus for Human Resources division of your Company. Pay for performance philosophy helps us in rewarding high performers thereby motivating talent and enhancing retention.

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 & Distribution Hub 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 provided in the storm water drainage system to allow ground water recharging
- Sewage treatment plant in all the facilities – Mumbai FTWZ, Khurja FTWZ as well as the Khurja Industrial and distribution Hub. Water treated in these plants is being re-utilized for watering of the landscaping.

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 'Arshiya 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 Sai 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 Sai Village and Panvel area, free of charge through a toll free number

Emergency Ambulance Service:

The Mumbai FTWZ at Sai Village, Panvel has a 24x7 emergency ambulance service dedicated for residents in the vicinity of Sai 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 Sai Village, Panvel, your Company has created additional capacity in its electrical infrastructure to enable supply of electricity to the surrounding villages.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are 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 the electricity consumption by minimizing heat loss in the HVAC system.

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 – Rs. **108,794,746/-**
- Foreign Exchange incurred – Rs. **11,999,650/-**

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about the employees, may write to the Company at Registered Office of the Company.

AUDITORS' REPORT

The observations in the Auditors Report are self explanatory and need no further explanations.

With respect to the comment of the Statutory Auditors in note 48(ii) to financial statement your Directors wish to clarify that the company is in process of making an application to the central Government in the respect and that the said executive director was a professional non-promoter Director of the Company.

Further notes to the financial statements, as referred in the Auditors Report, are self-explanatory and therefore do not call for any further comments and explanations under section 217(3) of the Companies Act, 1956.

AUDITORS

M/s M.A Parikh & Co., Chartered Accountants, Mumbai, Auditors of the Company, retire 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.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude 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

Ajay S Mittal
Chairman & Managing Director
DIN: 00226355

Place: Mumbai.
Dated: 9th July, 2014

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMIC OUTLOOK

In the year 2013-14, the global economy showed signs of revival after almost 4 years since the onset of the financial crisis. The recovery this time was different as developed economies consolidated while most emerging markets faced challenges to reviving growth. In the process, the financial system has emerged stronger while fiscal balances in the developed world are improving. The synchronized efforts of central banks and governments continued with record low interest rates and monetary stimulus measures. USA finally introduced a gradual taper of its stimulus which has so far not destabilised global financial markets. The remarkable turnaround in their fiscal balance due to steep expenditure cuts introduced earlier can once again be restored thus providing a fillip to growth. The European Union also made some recovery though an uneven one. The north, led by Germany, had a solid year, reducing unemployment and boosting living standards. Across the Mediterranean the pattern was more disappointing, with Italy, Spain, Portugal and Greece all enduring a year of rising unemployment, however, the numbers have started to improve. Europe and the euro are not out of trouble, but the acute phase of their difficulties may be past. The emerging and developing economies faced challenges to growth, with some easing in the second half of 2013. Investment weakness continues to hamper the economy with tightening of external funding and financial conditions. New investments have stagnated amid an erosion of business sentiment, unfavorable global environment and weak domestic demand. These economies were impacted by supply side constraints due to structural and policy bottlenecks leading in turn to high inflation and volatile exchange rates. In 2014, investment cycle is unlikely to pick up in a robust manner until business sentiment improves and credible signs of domestic demand revival are seen.

The sub-Sahara Africa region registered a strong growth of 4.8% in 2013 underpinned by investments in natural resources and infrastructure. Growth is projected to accelerate to about 5.5% in 2014 reflecting positive domestic supply-side developments and the strengthening in global recovery. Global growth is expected to be better in the current year, as the developed world consolidates further. In the advanced economies, risks to economic activity associated with very low inflation have come to the fore, especially in the euro area, where large output gaps have contributed to low inflation. Emerging market economies will have to tackle inflationary pressures and currency volatility in the short and medium-term as they attempt to revive growth. There is a risk of continuing tight financial conditions leading to a higher cost of capital leading to a further slowdown in investments. Also the recent geo-political risks may lead to a renewed bout of increased risk aversion in global financial markets.

Overview of Indian Economy:

The GDP growth of Indian economy was 4.7% in the year 2013-14. The economy has remained challenged as growth has been below 5% in the last 7 quarters between Q1, 2012-2013 to Q4, 2013-2014. The only exception in this period was Q2, 2013- 2014 when GDP grew by 5.2%. This slowdown coincided with a decline in savings, low and sluggish growth in fixed capital formation over successive quarters, persistently high inflation, low business confidence and particularly inadequate structural policy measures which have had a profound effect on potential growth. The year witnessed sustained high inflation and a highly volatile exchange rate in the first half of the year. The subsequent tightening of monetary policy effectively choked economic recovery. Domestically, structural reforms did not proceed at the pace expected by markets, as bottlenecks continued to hamper investment projects, particularly in the critical power sector. Since early September, external pressures have eased somewhat, in large part due to the postponement of "tapering" by the US Federal Reserve, which helped to stabilize global interest rates. This has led to a return of capital inflows. Simultaneously, the RBI took a number of measures to boost reserves, while the government has acted to reduce the current account deficit and shore up investor confidence. Indeed, the current account deficit has shrunk quite remarkably from a high of 4.7% of GDP in 2012-13 to 1.7% in 2013-14. As a result, the INR has recovered, and asset prices have moved higher. With the exception of agriculture, all the other sectors in the economy continued to remain weak in 2013-14. The industrial sector continued to lag and declined by 0.1%, a 22 year low. The entrenched stagnation in economic growth over two year's reflects a subdued investment and consumption demand which has resulted in contraction in production of manufacturing sector, capital goods and consumer durables in the current year. Also, growth in services sector which is the largest contributor to GDP remained almost stagnant at 6.2% in 2013-14 with growth decelerating in the trade, hotel, transport and communication sector. The only sub-sector that recorded a strong growth of 12.9% was financing, insurance and real estate. India's earlier consumption-lead growth story post 2008 continued to falter, with both private and government sector consumption decelerating in 2013-14. Growth in government consumption, which sharply picked up in the first quarter, remained subdued for the rest of the year as fiscal pressures intensified. Also, private final consumption expenditure which has the largest share of 60% in the GDP, slowed down further at 4.9% in 2013-14 from 5.0% in 2012-13. On the investment side, gross fixed capital formation declined by 0.1% in 2013-14 from an already negligible growth of 0.8% in 2012-13. However, it was the external sector that stemmed the rot, with a gradual recovery in the exports (8.4%) due to competiveness gains from weaker currency and pickup in demand in some advanced economies, and a contraction in imports (-2.6%) due to a sharp policy driven moderation in gold imports.

Global logistic industry outlook

Logistics is one of the most important basic industries for any economic growth as it is the management of the flow of products from the place of their origin to the place of their consumption, thus the industry also involves the integration of material handling, warehousing, packaging, transportation, shipping security, inventory management, supply chain management, procurement, and customs service.

The global logistics industry mainly comprises a complex range of freight and cargo related transportation sectors, such as shipping, warehousing, courier, and road / rail / air freight. According the report from CandM Research, the total global logistics market reached a value of about $4 trillion in 2013, representing an almost 10% of global GDP. The global transportation services market is fastest growing sector with more 7% year on year growth since 2011, now it is expected to generate revenue of 3.8% trillion in 2016. The US currently accounts for more than a 42% of global transportation services sector.

Over the next few years the global logistics market will see the growth in demand away from traditional Western economies to the emerging markets of China, India, other Asian economies, the Middle East and Latin America. However the size of the US and European logistics industries will still remain strong.

Some major market segments of global logistics industry

The global air transportation services industry has been experiencing a decline in growth rate since 2012, while the airline market is expected to reach £137 billion by 2017. After generated around $194 billion in 2011, the global rail freight industry will have an annually growth rate of more than 6% until 2015, and the industry growth will increase to a yearly rate of 8%, reaching $286 billion by 2016, predicted by MarketLine. The industry consumption volumes have remained the growth of 4% year on year. Road freight industry is so far the leading segment in the global logistics industry, representing over 74% of the overall industry in terms of value. The global road freight market is expected to top £2.2 trillion in 2015, which is a 28% increase over 5 years period since 2010. The US represents for 56% of the world road freight sector in terms of value. The global shipping industry is expected to surpass 730 million TEUs by 2017, according to Global Industry Analysts. Shipping containers is currently the major way of global trading, the market performance is boosted by the increasing demand of trade, investments in port terminal facilities, and the rising of global maritime transport networks. Over the next few years, the global shipping sector is expected to grow mainly due to the rising demand for oil and liquefied gas in Asian countries.

Domestic Industry Overview, Industry Structure & Developments

India's need for infrastructure creation in the logistics sector is striking. In just a decade India has seen its economic size more than double to $ 1.37 trillion (2012) and total foreign merchandise trade multiply from 20% of GDP (2000) to 42% of GDP (2012). This growth has been accompanied with a phenomenal rise in the volume of freight traffic movement over the period. However, logistics infrastructure and services in the country have arguably not developed at the same pace to support and further this growth. Going by global standards, the Indian logistics sector is characterized by concerns around higher costs, lower profitability, lack of adequate availability of trained manpower resources and lower adoption of technology in its processes. These concerns are also reflected in the drop in India's rank on World Bank's Logistics Performance Index (LPI), which measures a country's performance on six key criteria. Over the past five years, the country's LPI rank has fallen from 37 (2007) to 46 (2012) as its score has stagnated over the period while competing countries have improved on the same. India lags behind other major markets such as Brazil (41), China (26), US (9), and Germany (4). Particularly, India's rank on quality of trade and transport-related infrastructure (ports, railroads, roads and information technology), which is one of the six criteria, has deteriorated from 47 (2010) to 56 (2012). Congestion witnessed on roads and ports, longer dwell times on ports, longer overall transit times and overloading of trucks leading to faster deterioration of road infrastructure would reflect this.

For any economy, the logistics sector, encompassing transportation, warehousing, cargo consolidation and border clearances, would form the backbone of its trade, and associated economic activity and growth of key sectors. The cost of trading whether by sea, land or air forms a critical component of the final price of a commodity. An efficient logistics system reduces this cost, providing a competitive edge and propelling economic activity. As per a McKinsey study, inefficiencies in logistics infrastructure cost the Indian economy an extra $45 billion, about 4.3% of the GDP, every year. It warns that a 2.5 times growth in freight traffic demand by 2020 (compared with 2010 levels) will put further stress on India's infrastructure. However, such high demand prospects also present an opportunity for logistics industry players in India. The Emerging Market Survey, 2013, conducted by Transport Intelligence (Ti) ranks India as the second most attractive logistics market in the future after China, and its position has not changed over the past four years. As a fast growing economy with one of the largest consumer markets, industries such as automobile, pharmaceuticals, FMCG and retail will drive the demand for logistics in India in the future. Further impetus will come from the increasing emphasis on enhancing manufacturing and exports. The current stress on the logistics system and its performance suggests that one of the key issues is inadequacy of transportation logistics infrastructure.

In recent years, the Indian government has accorded high priority to this and allocated greater public budget to boost overall infrastructure spending. Planning Commission has budgeted for an initial infrastructure investment of Rs. 4.1 trillion (9.95% of GDP) over the 12th Five Year Plan (FYP) period (2012-2017) in order to sustain a real GDP growth rate of 9% over the period. This is almost double the amount proposed under the 11th Five Year Plan (2007-2012) in real terms. The government has opened up the sector to private investment to bring in better technology, operational efficiencies and other best practices. Initiatives have been taken to facilitate private participation and attract private, foreign and multilateral finance to the sector. Planning Commission estimates of mobilization of private investment during the 11th FYP indicate that out of the plan outlay for respective sectors, about 80% in Ports, 64% in Airports and 16% in Roads came through private sector. But global and domestic economic slowdown over the past two years has stymied overall infrastructure creation. Moreover, several issues have cropped up – some universal across sectors and others more specific to certain sub-sectors. On one hand, the gloomier macroeconomic conditions – slowing growth, rising inflation and interest rates have weighed on the risk appetite of lenders; on the other, such conditions have distressed developers, whose balance sheets felt greater stretch on account of low liquidity and cash flows compared with earlier years. This was further complicated by changes in project viability in many cases as initial traffic projections were deemed overestimated. Creation of infrastructure was also delayed on account of issues related to environmental clearances, land acquisitions as well as sector specific challenges that stalled financial closures for awarded projects or impacted investor interest for new projects.

Passenger and freight traffic on Indian Railways has seen a consistent increase during the period from FY 2006-07 to FY 2011-12 at a CAGR of 8.54% and 6.70% respectively. Comparatively, creation of infrastructure has not kept pace. Infrastructure addition took place at a snail's pace with CAGR for addition of line capacities and rolling stock over the same period being less than 5%. As a result, rail infrastructure has been facing stress and major routes face congestion and oversaturation. Particularly in the freight segment, from which Indian Railways (IR) earns nearly 70% of its revenue, IR has been losing market share to roads sector. Given that rail transportation forms is hugely important especially for transportation of major bulk commodities like coal, cement, food grains and iron ore, inadequate railway capacity expansions and modernisation could stymie future economic growth of the country. A McKinsey Study highlights the under-utilization of rail infrastructure as a means of transportation and points out that rail transport costs in India are about 70% more than that in the US12. It estimates that the share of rail in the freight market would decline to 25% over the next few years, if adequate investments are not made. Planning Commission, in its 12th FYP document, has also noted the scope for improvement in the productivity levels of IR in comparison to Chinese and Russian Railways.

Recognizing the potential, Ministry of Railways (MoR) set ambitious growth targets in the 11th and 12th FYPs and initiated policies to create opportunities for private participation. The targets for 11th FYP were set considerably higher than those achieved in 10th FYP and with focus on creation of infrastructure, these targets were achieved and, in fact, surpassed in certain categories. However, the throw forward of the projects was also quite high including projects for building up of 132 New Lines. Investment plans have been set at still higher levels for the 12th FYP emphasising completion of the big ticket Eastern and Western Dedicated Freight Corridors projects. Similar ambitious targets have been set for acquisition of rolling stock with more than 100,000 wagons and 25,000 coaches being planned to be acquired during FY 2012-13 to 2016-17. MoR targets to increase rail's freight market share by at least 2% during the period.

Traditionally, IR has depended on general budgetary support (GBS), market borrowings (EBR) and internal generation for financing its expenses and investments. During the 11th FYP, IR aimed for overall investments worth Rs. 2,332.9 billion to be financed largely through EBR and internal generation. However, internal generation for IR did not materialize to the desired extent, over this period, despite improvement in revenue-earning freight traffic, on account of increase in wages following the implementation of the Sixth Pay Commission. Much of the investment was financed through GBS and market borrowing through Indian Railways Finance Corporation. Indian Railways has been able to attract private investment at around 4% of its plan outlay. In line with the physical targets for acquisition of rolling stock and creation of rail infrastructure, Indian Railways is envisaged to require an investment of Rs. 5,192.2 billion over the 12th FYP.

The large upfront costs of setting up rail infrastructure, willingness to leverage efficiencies of private sector and the urgency of creating this infrastructure has led the government to open up the sector to private investment. One of the key initiatives included opening up of the container rail business for private investment in 2006-07. It allowed the entry of private container train operators who have until date brought in an investment of about Rs. 60 billion (based on an industry estimate) which includes rolling stock, terminal facilities, containers and a substantial amount of License Fee. This investment could arguably have been higher, had IR policy on container rail transportation been more supportive. IR has invited PPPs in manufacturing rolling stock and locomotives at two factories in Bihar. The Cabinet has approved setting up of these factories at Madhepura and Marhaura and these projects are likely to generate interest from leading international manufacturers.

Since the commencement of the 12th FYP period, several key policies have been announced in a bid to attract private investment in development of rail infrastructure. The most successful policy has been the one on Private Freight Terminals which has for the first time provided for private construction and operation of rail terminals on private land by third parties. In a very short period, over 40 PFTs have either already become operational or are in different stages of construction, approval, commissioning or notification. A draft policy on rail terminals at private ports was also announced. The Cabinet Committee on Infrastructure has approved the policy for private participation in rail connectivity and capacity enhancement projects, suggesting five generic models for private investment in rail infrastructure. It is understood that these have been developed keeping the concerns of the private sector in mind. Ministry of Railways (MoR) has also announced the new Automobile Freight Train Operation (AFTO) Scheme, 2013 to facilitate private participation in supply of special wagons. Furthermore, the Cabinet has approved the formation of a Rail Tariff Authority (RTA) which will recommend modifications to tariffs for freight and passenger segments to the Railway Board from time to time considering both input costs and volatile market conditions. Railway Board has requested approvals for foreign direct investment in projects such as the elevated rail corridor in Mumbai, the dedicated freight lines, port connectivity projects and station development for infrastructure construction and maintenance as well.

Interaction with the MoR reveals that some private players have expressed interest in port connectivity projects, and currently interactions are on to understand project viability and risk sharing. However, the appetite of developers for large infrastructure projects on PPP in the railway sector needs to be tested. Thus far, private investment in railways has not been as much as it has been in other infrastructure sectors. On account of factors such as requirement of high upfront investment, as well as lack of precedence of projects, policies and regulatory framework attractive for private investment, evaluating viability and risks for projects in railways is perceived to be harder. The proposed frameworks need to provide greater clarity on models within which private and public entities could participate. For instance, IR does not prefer private participation in train operations and it makes the monitoring of IR's operating performance on the concerned stretch difficult for the private investor. Private container train operators expect a level-playing field to be able to compete or collaborate with CONCOR and create a success story. Presently, the enthusiasm for PPPs or any private participation with IR appears to be low and would perhaps need to be tested going forward. On the whole, while the sector offers a major opportunity, more needs to be done in terms of sector governance, facilitation of private participants and opening up of Indian Railways to attract private participation. More than 90% of India's international trade volumes are carried through the sea route, making ports one of the most critical components of India's freight value chain. Total traffic handled at major and non-major ports of India increased to 933 million tonnes. Over the years, share of major ports has come down in the overall port traffic with the current levels being around 60%. Infrastructure for both major and non-major ports has attracted significant investment in recent years, augmenting overall port capacity to 1.3 billion tonnes. However capacity additions at major ports have been limited and coupled with better efficiency and product mix at non-major ports have allowed the shifting of cargo volumes from major to non-major ports specially private ones like Mundra and Dhamra ports. However, improvements in efficiency of port operations have been mixed. While average output per ship berth day has improved, the average turnaround time and average pre-berthing detention time have deteriorated from 2006-07 levels. Average capacity utilization at major ports is around 72%. As the global economy revives, pressure on the port infrastructure can be expected to increase.

To be able to address the anticipated traffic by FY 2016-17, significant capacity additions have been planned over the 12th FYP. Overall port capacity is expected to be increased from its present level of 1.3 billion tonnes to 2.3 billion tonnes. The existing capacities are more targeted towards liquid bulk / POL and Containerized movements. It may also be important to add specialized facilities for bulk commodities such as imported coal to enable handling of larger quantities of the same. Restriction of iron ore exports has led to release of certain capacities at ports handling such traffic specially Mormugao and Paradip. Depending upon future regulations around this movement and demand for iron & steel, the traffic for coal and iron ore could increase. Capacity enhancements have been planned at both major and non-major ports with certain non-major Greenfield ports having been planned. However, Greenfield non-major ports planned by the State governments have been delayed on account of slow land acquisition, security and environment clearances.

Key augmentations planned by major ports include deepening of berths, construction of jetties and rail/ road connectivity. The 12th FYP stresses on increasing the share of containerised cargo at ports in order to capture a greater share of international trade. Shipping companies have focused on setting up captive facilities as well since these are relatively more insulated from the fluctuations in international demand and offer a cushion in the current economic scenario.

There is a huge scope for capacity creation and efficiency improvement to ensure improvement on a 'logistics performance index' (time and cost). The government and respective authorities must facilitate private sector participation. Over the past two years, environment clearances and land acquisition emerged as key issues that coupled with economic slowdown jeopardised projects under implementation / reaching financial closure, which adversely affected investor sentiment. The economic slowdown significantly changed viability of many projects across sectors, partly because of aggressive bidding by private sector on some projects. This experience must be leveraged to put in place mechanisms that ensure project risks are identified and project viability and traffic projections are assessed objectively before the award of project. Also, steps must be taken to address any major project viability risks that materialise, before they begin to affect the larger investment sentiment and/or create several project delays. Furthermore, there is a requirement of continuously evolving the risk sharing framework between the private sector and the government. While the PPP frameworks for roads and ports sectors are at an advanced stage of development, having undergone several rounds of revision, there are likely to be areas for continued focus. For instance, in the Roads sector, renegotiation of certain provisions under the concessions are being sought by the private sector to make the project development viable after bidding (for instance, allowing back-ending of payments of premium). Proposed revision in the guidelines for setting of tariff for major ports is expected to allow greater role of competitive forces in tariff determination and to providing a level playing field between major and non-major ports. For other sectors PPP framework development would need to be focused on. Private investment in creation of rail infrastructure could take-off subsequent to the private sector participation policies announced by Ministry of Railways, provided the concession agreements for the same are also finalized and notified. Development of air cargo complexes on PPP basis is presently getting bundled as part of the overall airport development and may need separate focus – especially in as far as it contributes to storage / movement of specialized (perishable) cargo. Time has also come that an integrated approach is adopted to plan investments in the sector. For example, while greater private participation is resulting in rapid port capacity expansion, adequate evacuation infrastructure i.e. roads and railways need to be built to transfer goods between the hinterland and ports. Similarly, railway infrastructures needs to be developed faster, and the existing network strengthened on major freight routes, as roads get congested quickly with passenger as well as freight traffic despite rapid expansion. Planning and implementation in these sectors must be undertaken in a coordinated manner to ensure that economic value is actually created.

Outlook

The total warehousing space requirement in India is expected to grow at a CAGR of 9% form an estimated 919mn sq. ft. in 2014 to 1439 n Sq.ft by 2019. There are three main sectors which drive warehousing space in India, namely Manufacturing, consumption and EXIM. The highest growth of the three sectors is expected to be in the EXIM sector which is expected to grow at a CAGR of 13% from an estimated requirement of 211mn sq. ft in 2014 to a projected requirement of 386 Mn.Sq.ft in 2019. India's containerized traffic in TEUs has grown at an annual average grown rate of 11% fueling robust demand in logistics infrastructure.

ARSHIYA'S BUSINESS OFFERINGS

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 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)
    - To enable EXIM (Export-Import) cargo consolidation, value addition, inventory financing and to allow India to become a regional trading and transhipment hub.
- Industrial and Domestic Distribution Hubs
    - For Domestic cargo value addition, consolidation and light manufacturing.

- Rail Infrastructure Solutions
  - To comprise innovative customized containers for specific product types, service level agreements on timelines and delivery with key performance indicators.
  - State-of-the-art Rail Terminals with modern equipment to increase speed of loading/unloading and churn.

FREE TRADE ZONES - engines of growth across the world

Free Trade Zones (or Free Trade and Warehousing Zones – FTWZs in the Indian context), are a globally established concept and a key reason behind the success of economies such as Dubai, Singapore and China, are essentially an open market where International and domestic traders can meet to store their cargo, perform value addition and transact business with each other.

This business of international trading at Free Trade Zones is supported by an eco-system of global logistics and supply chain players which cater to the storage and value addition needs of these traders and by international financial institutions which finance international cargo through the provision of Warehouse Receipts. Established commodity exchanges like the London Metal Exchange (LME) and Dubai Multi Commodities Centre (DMCC) etc., maintain inventories in such Free Trade Zones.

As prominent examples of the success of Free Trade Zones:

- The Shanghai Free Trade Zone at Waigaoqiao in Shanghai has over 9,300 companies registered in the zone, including 135 of the Fortune 500 companies. From an economically backward country in 1970 to its gigantic success, FTZs have been the single most critical macroeconomic factor for China's rise. This one Free Trade Zone has handled trade volumes in excess of $100 billion in 2012.

- Singapore has managed to establish itself as a global trading and transshipment hub as the entire country is designated as a Free Port. Singapore Free Trade Zone has over 7,000 companies operate through these zones.

- The Jebel Ali Free Zone (JAFZA) in Dubai contributes over 26% of Dubai's GDP and generates 160,000 direct jobs by servicing over 6,400 companies from the zone and contributes to 25% of Dubai Port's container traffic.

- As an example of the potential of these zones, global commodities exchanges like the LME approve Warehouses exclusively in global Free Trade Zones and the cargo stored in these Warehouses are bought and sold either electronically (over the exchange) or are earmarked for physical delivery by global importers, exporters and end-users and are financed though Warehouse Receipts or LME Warrants by global financial institutions exclusively in Free Trade Zones

- Approximately 5% of the total volumes of metal cargo traded on LME (or over US$ 700 Billion or around 7 Million Tonnes of Non Ferrous Metals Cargo) is cargo earmarked for physical delivery globally, which is bought and sold by traders or end-users and is financed through Warehouse Receipts or LME Warrants, thereby acting as a catalyst for global Trade. Arshiya is in discussions with global trading major to carryout these activities in its FTWZ.

Lastly, the present activities being carried at FTWZs are in itself employment potential, and a huge opportunity for growth in trade volumes, economic growth and reduction in transaction costs and to attract foreign capital into India. In the previous financial year 2014, Arshiya's FTWZ in Mumbai alone has handled trade volumes in excess of US$1.3 Billion.

RISKS AND CONCERNS

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.

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 12th 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.

Company does not envisage any threat as we are the pioneers in the industry.

INTERNAL CONTROL SYSTEMS AND 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 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 last two quarters of the year under review due to the following reasons:

- **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.
  - Your 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.
  - Your 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.
- **Import General Manifest (IGM) approvals for FTWZs**
  - An IGM is a regulatory document to be filed with customs by carrier of goods into the country, in this case the shipping lines.
  - The IGM details the particulars of goods to be transshipped. The IGM specifies the location at which the goods would be cleared from customs.
  - 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.
- **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 your 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.
- **Marketing FTWZs as a Concept**
  - FTWZ is a new concept in India so marketing it is a challenge.
  - Arshiya has undertaken a detailed customer awareness programme to educate its customer base about the advantages of using an FTWZ over the ordinary warehouses.

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.

FINANCIAL HIGHLIGHTS 2013-14 - Based on standalone Financials

- Total income [decreased] by 56.97% from Rs. 701.15 crore in 2012-13 to Rs. 301.69 crore in 2013-14
- EBIDTA [decreased] by 92.37 % from Rs. 153.16 crore in 2012-13 to Rs. 11.68 crore in 2013-14
- EBIDTA margin [reduced] from 21.84% in 2012-13 to 3.87% in 2013-14
- Net Profit margin [declined] from (2.00%) in 2012-13 to (9.87%) in 2013-14

Segmental Performance

(Rs in crores)

	Turnover 13-14	Turnover 12-13	Y-o-Y Increase/ (decrease)
Forwarding	258.28	573.76	(54.98%)
FTWZs / Industrial & Distribution Hubs	43.41	127.39	(65.92%)
Total turnover	301.69	701.15	(56.97%)

FINANCIAL HIGHLIGHTS 2013-14 – Based On Consolidated Financials

- Total income [decreased] by (54.67%) from Rs. 1139.59 crore in 2012-13 to Rs. 516.55 crore in 2013-14
- EBIDTA [decreased] by (107.57%) from Rs. 183.34 crore in 2012-13 to Rs. (13.87) crore in 2013-14
- EBIDTA margin [reduced] from 16.09% in 2012-13 to (2.69) by (116.69%) in 2013-14
- Net Profit margin [declined] from (11.16%) in 2012-13 to (163.82%) in 2013-14

Segmental Performance

(Rs. in crores)

	Turnover 13-14	Turnover 12-13	Y-o-Y Increase/ (decrease)
Logistics	258.55	626.14	-58.71%
FTWZs/Distripark	64.66	211.40	-69.41%
Containerized rail transport operations	193.35	301.79	-35.93%
Software	-	0.26	-100.00%
Total turnover	516.56	1139.59	-54.67%

THE YEAR THAT WILL FOLLOW

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.

The Group may decide to reduce the freight forwarding and transportation business with more focus on maximising the usage of the created assets. The Company will also focus on completing the Phase II of its Panvel FTWZ Project, ICD, and additional Rakes.

RISK MANAGEMENT

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 trade related risks, financial risks, economic risks, liability 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.

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 amended norms are aligned with the provisions of the companies Act, 2013, and aimed to encourage companies to 'adopt best practices on Corporate Governance'

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, 2014, the majority of our Board members – 4 out of 7 – are independent members. An Independent Director is nominated as a chairman of Audit Committee

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

I. BOARD OF DIRECTORS

(A) 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 31st March, 2014, the Company has Seven Directors on its Board with a Promoter Director as Chairman. Of the Seven Directors (including one Woman Director), and Four are 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.

(B) Attendance at Board Meetings

During the year under consideration seven meetings of the Board were held on the following dates with a gap not exceeding four months between two meetings: 30th May, 2013, 15th June 2013, 3rd July 2013, 21st August, 2013, 11th November, 2013, 10th February, 2014 and 27th March, 2014.

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 & Investor Relations Committee.

Sr. No.	NAME OF THE Director	Category	Number of Board meeting during the Yr. 2013 - 2014 Director's Attendance		Directorships in other Public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at the A.G.M Held on 7th August, 2013
			Held	Attended		Chairman	Membership	
1	Mr. Ajay S Mittal	PD	7	7	8	1	7	Present
2	Mrs. Archana A Mittal	PD	7	6	3	-	3	Absent
3	Mr. Ashish Bairagra	NEI	7	7	4	1	1	Present
4	Mr. Rishabh Shah	NEI	7	6	-	-	-	Absent
5	Prof. G. Raghuram	NEI	7	6	8	-	6	Absent
6	Mr. Mukesh Kacker	NEI	7	5	1	-	-	Absent
7	Mr. Suhas Thakar*	ED	7	5	2	-	-	Present
8	Mr. James Beltran**	NEI	7	3	0	-	-	Absent
9	Mr. Sandesh Chonkar***	ED	7	3	9	-	-	Present

PD: Promoter Director, ED: Executive Director: NEI: Non Executive Independent Director
* Resigned w.e.f: 31/03/2014
** Resigned w.e.f: 06/09/2013
***Resigned w.e.f: 21/08/2013

II. COMMITTEES

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 Bairagra is the Chairman of the Audit Committee. Eight meetings of the Audit Committee were held during the year on the dates given below:

30th May 2013, 3rd July 2013, 30th July 2013, 21st August 2013, 21st October 2013, 11th November 2013, 10th February 2014 and 1st March, 2014.

Details of meetings attended by its members till 31st March, 2014 are given below:

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Bairagra - Chairman	8	8
2.	Mr. Rishabh Shah - Member	8	8
3.	Mr. Sandesh Chonkar - Member#	8	2
4.	Mr. Ajay S Mittal* - Member	8	2

#Resigned w.e.f. 21st August, 2013.
*Appointed as member of Audit committee w.e.f. 21st August, 2013.

The Chairman of the Audit Committee was present at the Annual General Meeting held on 7th August, 2013 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 audits 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	Oversight 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 clause (2AA) of section 217 of the Companies Act, 1956.
	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 & duties as may be required to be included in terms of Listing Agreement amended from time to time.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. Ashish Bairagra, 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 acts as a secretary to the committee The minutes of the Meeting of the Committee shall be placed at the meeting of Board of Directors.

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

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.

One meeting of the Remuneration Committee was held during the year under review on 30th May, 2013.

SHARE TRANSFER & INVESTOR GRIEVANCES AND ALLIED MATTERS COMMITTEE

The Share Transfer and Investor Relations Committee was renamed as Share Transfer & Investor Grievance and Allied Matters Committee with effect from 30th March, 2013.

The Committee had been reconstituted as follows by the Board at its meeting held on 21st August, 2013 consequent to resignation of Mr. Sandesh Chonkar from the Board of the Company.

a.	Mr. Rishabh Shah	Chairman
b.	Mr. Ashish Bairagra	Member
c.	Mr. Ajay S Mittal	Member

The Company Secretary / Compliance Officer acts as secretary to the Committee.

The broad terms of reference of the Committee are as under:

i)	To deal and approve shares / securities transfers, request for split, issue of duplicate Shares certificate.
ii)	To delegate Authority to the Senior Executives for approval of Transfer & Transmission of securities issued by the Company.
iii)	To deal with the Investors complaints.
iv)	To maintain, develop and improve relations with the investors.

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	3	3
2.	Mr. Ashish Bairagra	3	3
3.	Mr.Suhas Thakar*	3	1
4.	Mr. Sandesh Chonkar**	3	1

*Resigned with effect from 31st March, 2014
**Resigned w.e.f 21st August, 2013
The meetings of the Share Transfer & Investor Grievance and Allied Matters Committee were held Three times during the year on 21st June, 2013, 1st March, 2014 and 24th March, 2014

During the year under review, Three Complaints were received from the shareholders, which were adequately resolved by the Company / Registrar & Transfer Agent (RTA) M/s Big share Services Private Limited leaving a balance of Nil complaints as on March, 31, 2014.

COMMITTEE OF DIRECTORS

The Committee of Directors comprises of Mr. Ajay S Mittal, Chairman, Mr. Ashish Bairagra, Mr. Suhas Thakar 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 three meetings were held on 16th September, 2013, 18th September, 2013 & 5th December, 2013. With respect to other Committees, if the Board Meeting is held on the same day after any Committee Meeting then Chairman of such Committee briefs the Board of the discussions and decisions taken at such Committee Meeting and the minutes are accordingly placed in subsequent Board Meeting.

Sr.No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Ajay S Mittal	3	3
2.	Mr. Ashish Bairagra	3	3
3.	Mr. Sandesh Chonkar*	3	0
4.	Mr. Rishabh Shah	3	3
5.	Mr. Suhas Thakar (Retd.)#	3	3

** Resigned w.e.f 21st August 2013*
#w.e.f. 1st June, 2013

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. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

CODE ON INSIDER TRADIING

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, 1992. The Code is applicable to all Directors, Senior Management and Designated Employees.

III. SUBSIDIARY COMPANIES:

Clause 49 of the Listing agreement with the BSE 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 13 subsidiary Companies, including 4 step down subsidiary as on 31.03.2014. Further, it has one "Material non-listed Indian Subsidiary, and in compliance with the conditions specified in Clause 49 of the Listing Agreement, one Independent Directors on the Board of the Company, have been appointed as Directors on the Board of the Material non-listed Indian Subsidiary , as well as on its Audit Committee.

IV. DISCLOSURES

a)	**Related Party Transactions** Transactions with related parties have been disclosed in Note No. 44 of Notes forming part of the Standalone Financial Statements in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest. The Audit Committee has reviewed these transactions as per provisions of Clause 49 of the Listing Agreement
b)	**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.
c)	**Disclosure of Risk Management** Your Company is well aware of risks associated with its business operations and various projects under execution. Comprehensively 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.
d)	**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. Mr. Shyam Rathi is the Compliance Officer with effect from 21st August, 2013.

e)	**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. The Company had allotted 1,36,00,000 convertible warrants at Rs.145/- per warrant to promoters/ promoters group on preferential basis pursuant to the special resolution passed by the members of the Company at their meeting held on 18th October, 2012. These warrants have been converted into equity shares (in the ratio of 1 share for 1 warrant) of Rs. 2/- each at a premium of Rs.143/- per share in three tranches i.e. 53,00,000, 52,50,000 and 30,50,000 during the financial years 2014-2015, 2013-2014 and 2012-2013 respectively.
f)	**Management Discussion & Analysis:** Management Discussion & Analysis Report forms part of Annual Report.
g)	**Disclosure regarding appointment or re-appointment of Directors:** The detailed profiles of Directors proposed for appointment/ reappointment at the Annual General Meeting, are provided in the Annexure to the Notice of the Annual General Meeting.

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, 2013 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 Bairagra	180000	Nil
2.	Mr. Rishabh Shah	160000	7955
3.	Prof. G. Raghuram	120000	Nil
4.	Mr. Mukesh Kacker	100000	Nil
5.	Mr. James Beltran*	Nil	Nil

*resigned with effect 06/09/2013

b) Executive Directors:

Sr. No.	Name of Director	Salary, Perquisites, Allowances and Commission paid (Rs.)	No. of Shares held (excluding Stock Option)
1.	Mr. Ajay S Mittal-Chairman & Managing – Director	Nil	Nil
2.	Mrs. Archana Mittal - Joint Managing Director	Nil	Nil
3.	Mr. Sandesh Chonkar** – Executive Director	Nil	Nil
4.	Mr. Suhas Thakar* – Executive Director	1,14,58,469	Nil

*Resigned with effect from 31/03/2014
**Resigned w.e.f 21st August, 2013

Consequent to their request for waiver of the remuneration for the year 2013-2014, Mr. Ajay S Mittal & Mrs. Archana A Mittal the Board of Directors had approved the waiver of their remuneration.

GENERAL BODY MEETINGS

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

Financial Year	Date & Time	Venue
2012-2013	AGM - 7th August, 2013 at 3:30 p.m.	Hall of Culture (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai - 400018
2012-2013	EGM - 18th October, 2012 at 11.00 am	Sai Palace Hotel, Mahakali Caves Road, Chakala, Mumbai 400093
2011-2012	AGM -18th September, 2012 at 2:30 p.m.	Hall of Harmony (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai – 400 018
2010-2011	AGM - 20th September 2011 3.30PM.	MC Ghina Hall, 4th Floor, Bhogilal Hargovindas Building 18/20, K.Dubash Marg, Kala Ghoda, Mumbai 400 001.

In the last three AGMs/EGM, following special resolutions were passed

AGM held on	Special Resolution passed
7th August,2013	Change of name of Company from Arshiya International Limited to Arshiya Limited
18th October 2012	Preferential Issue of warrants convertible into equity shares.
18th September, 2012	• Revision in remuneration of Mr. Ajay S Mittal, Chairman & Managing Director of the Company w.e.f 1st October, 2011 till the remaining period of his appointment

	i.e. 14th April, 2014. • Appointment of Mr.Ananya A Mittal, a relative of Mr. Ajay S Mittal, Chairman & Managing Director's and Mrs. Archana A Mittal, Joint Managing Director of the Company, as General Manager - Business Development. • 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.
20th September, 2011	• Appointment of Ms.Neha Srivastava, a relative of Mr. V. Shivkumar, Executive Director of the Company, as Manager HR. • Alteration of the Articles of Association of the Company by replacing Article 106 – the number of Directors shall not be less than 3 and not more than 12.

b) Resolution passed through Postal Ballot
No resolution was passed through postal ballot during the year.

Name and designation of Compliance Officer
Mr. Shyam Rathi – CFO and Compliance Officer

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.arshiyalimited.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.

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

VI. REPORT ON CORPORATE GOVERANCE
Quarterly Corporate Governance Report is filed with the exchanges within the prescribed time.

VII COMPLIANCE

The Company has complied with the requirements of the Stock Exchanges (expect that the result of the third quarter were taken on record after the time prescribed under the listing agreement, with due intimation to the stock exchanges), SEBI and other statutory authorities on all matters relating to capital market.

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.

Certificate of the Practicing Company Secretary regarding compliance of conditions of Corporate Governance is annexed to this Report.

GENERAL SHAREHOLDER INFORMATION:

a)	**Date Time and Venue of 33rd Annual General Meeting**	**Date:** 10th September, 2014 **Time:** 3:00 p.m. **Venue:** Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018.
b)	**Financial Calendar -2013-2014 (Tentative)**	i) 1st Qtr Results – on or before 14th August, 2014 ii) 2nd Qtr Results– on or before 14th November, 2014 iii) 3rd Qtr Results- on or before 14th February, 2015 iv) Audited Results for the year- on or before 30th May, 2015
c)	**Date of Book Closure**	8th September, 2014 to 10th September, 2014
d)	**Dividend payment date**	NA
e)	**Listing on Stock Exchanges**	Bombay Stock Exchange Limited. National Stock Exchange of India Limited The Company has paid the Listing fees for the year 2014-2015.
f)	**Stock Code Symbol**	BSE : 506074 NSE: ARSHIYA
g)	**Demat ISIN Number For CDSL and NSDL**	INE968D01022

h) Market Price Data & 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:

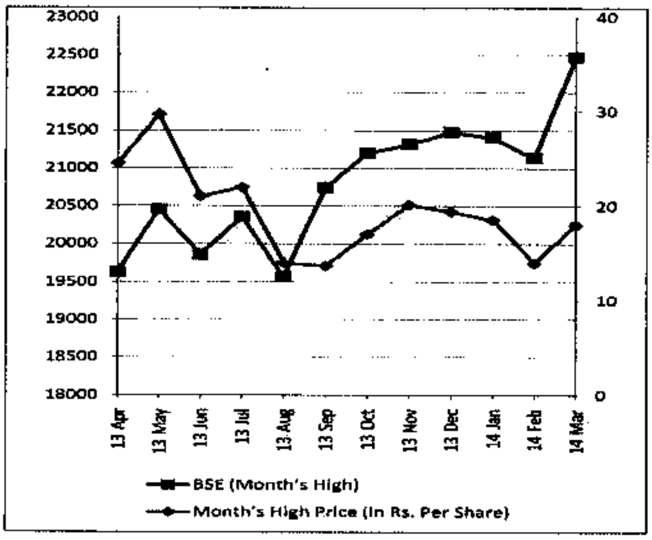
Month	Bombay Stock Exchange (BSE)*			B/S&P BSE SENSEX	
	Month's High Price (in Rs. Per Share)	Month's Low Price (in Rs. Per Share)	Month's Volume	Month's High	Month's Low
April 13	24.50	14.10	36,91,703	19,622.68	18,144.22
May 13	29.65	19.05	17,44,406	20,443.62	19,451.26
June 13	21.00	14.40	9,89,520	19,860.19	18,467.16
July 13	21.95	12.15	10,36,103	20,351.06	19,126.82
August 13	14.15	9.92	13,69,282	19,569.20	17,448.71
September 13	13.75	10.60	4,01,732	20,739.69	18,166.17
October 13	16.70	10.91	9,82,580	21,205.44	19,264.72
November 13	20.10	14.50	11,88,185	21,321.53	20,137.67
December 13	19.90	15.10	8,73,164	21,483.74	20,568.70
January 14	18.70	13.25	7,83,193	21,409.66	20,343.78
February 14	14.28	10.80	5,52,554	21,140.51	19,963.12
March 14	18.00	11.16	12,95,942	22,467.21	20,920.98

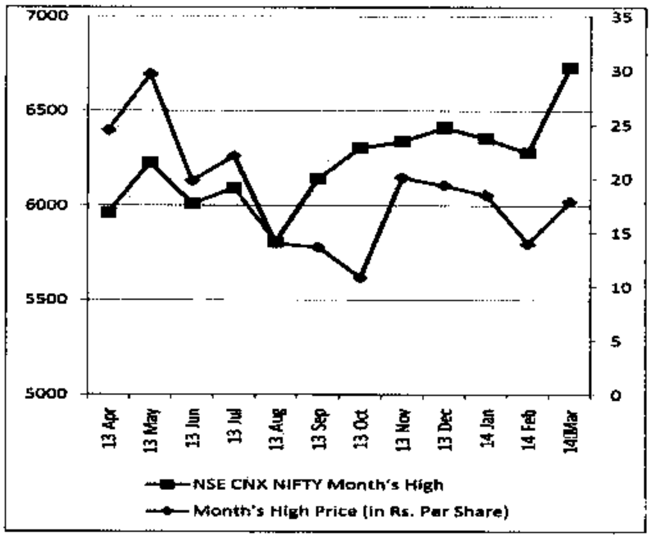
*Source: www.bseindia.com

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 Rs. Per Share)	Month's Low Price (in Rs. Per Share)	Month's Volume	Month's High	Month's Low
April 13	24.50	14.05	7371384	5962.3	5477.2
May 13	29.65	19.00	3416040	6229.45	5910.95
June 13	19.80	14.50	1818922	6011	5566.25
July 13	22.15	12.15	2253936	6093.35	5675.75
August 13	14.05	9.95	1087556	5808.5	5118.85
September 13	13.70	10.60	884223	6142.5	5318.9
October 13	10.90	16.70	1794619	6309.05	5700.95
November 13	20.10	15.25	1706917	6342.95	5972.4
December 13	19.40	15.10	1460742	6415.25	6129.95
January 14	18.50	13.25	821925	6358.3	6027.25
February 14	14.00	10.75	631899	6282.7	5933.3
March 14	17.9	11.10	2022012	6730.05	6212.25

*Source: www.nseindia.com





j) Registrar and Share Transfer Agent:

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai-400 072
Tel.: 91-22-2847 0652/ 40430200
Fax.: 91-22-2847 5207
E-mail: info@bigshareonline.com

k) Share Transfer System:

All shares sent for transfer in physical form are registered by the Registrar and 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.

l)(a) Category wise distribution of equity shareholding as at 31st March , 2014:

Category wise distribution of equity shareholding as at 31st March, 2014		
Category	**No. of Shares Held**	**% age of Shareholding**
Promoter & Promoter Group	28070225	41.82
Mutual Fund	0	0.00
Trust	0	0.00
FII	2291834	3.41
Bodies Corporate	12883746	19.19
Individual	18804740	28.01
Clearing Member	295979	0.44
Director / relative	13955	0.02
Employee	5460	0.01
NRI	1542038	2.30
Foreign National	450000	0.67
Foreign Company	2771495	4.13
GRAND TOTAL	**67129472**	**100.00**

Distribution of shareholding as on 31st March 2014:

Number of Equity shares held	Total Holders	% of total holders	Total Holding in Rs.	% of Total Capital
01 5000	13440	93.05	9504444	6.81
5001 - 10000	428	2.96	3182190	2.28
10001 - 20000	272	1.88	4072134	2.92
20001 - 30000	80	0.55	2015554	1.44
30001 - 40000	44	0.30	1568800	1.12
40001 - 50000	34	0.24	1564266	1.12
50001 - 100000	63	0.44	4685058	3.36
100001-99999999	83	0.57	112916498	80.94
Total	**14444**	**100**	**134258944**	**100.000**

m) Dematerialization of shares and Liquidity:

Approximately 87.96% of the total number of shares are in dematerialized form as on 31st March 2014. The Equity shares of the Company are traded on the BSE Limited and National Stock Exchange of India Limited.

n) Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity.

As on 31st March, 2014, there were no 53,00,000 Warrants Outstanding for conversion. No ADRs or GDRs, or any other convertible instruments were outstanding for conversion as on 31st March, 2014.

o) 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 Agents at:

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai-400 072

Tel.: 91-22-2847 0652/ 40430200
Fax.: 91-22-2847 5207
E-mail: info@bigshareonline.com

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

Arshiya Limited
402, Level 4, Ceejay House, Shiv Sagar Estate,
F-Block, Dr. Annie Besnt Road, Worli, Mumbai - 400018
Email :grv.redressal@arshiyalimited.com

Annexure I:

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 31st March, 2014.

AJAY S MITTAL
CHAIRMAN & MANAGING DIRECTOR
DIN: 00226355

Date: 9th July, 2014
Place: Mumbai

Annexure II:

We, Ajay S Mittal, Chairman & Managning Director and Shyam Rathi CFO of Arshiya Limited appointed in terms of the Companies Act, 1956, certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our 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) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

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

(d) We 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 We 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 & Managing Director
DIN: 00226355

Shyam Rathi
CFO & Compliance Officer

Date: 9th July, 2014
Place: Mumbai

CERTIFICATE ON CORPORATE GOVERNANCE

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Arshiya Limited
402/403, Level 4, Ceejay House,
Shiv Sagar Estate, F Block,
Dr. Annie Besant Road, Worli,
Mumbai – 400018

We have examined the compliance of the conditions of Corporate Governance by **Arshiya Limited** for the year ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange.

The Compliance of the 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 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 the Corporate Governance as stipulated in the above mentioned listing agreement.

We state that majority of the investor grievances were attended within one month as per the records maintained by the company.

We further state that such compliance is neither as 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.

MANOJ MIMANI
Company Secretaries
[ACS No.17083]
[CP No. 11601]
Place: Mumbai
Date: 31st May 2014

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To,

The members of Arshiya Limited (Formerly known as Arshiya International Limited)

Report on the financial statements

We have audited the accompanying financial statements of **Arshiya Limited** ("the company") which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Financial Statements of the earlier year were audited by the previous Auditors' whose report in respect of certain matters has been appropriately considered by us.

Management's responsibility for the financial statements

The Company's Management is responsible for the preparation 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion:

We draw attention to Note No. 48(ii), relating to remuneration paid/ provided to ex-executive Director of the company, 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.

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*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(a) In the case of the Balance sheet, of the state of affairs of the company as at March 31,2014;
(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) Approval of Corporate Debt Restructuring by Secured Lenders (Banks) (See Note No. 30)
   (b) Unpaid Trade Creditors amounting to Rs. 604,351,466/- (Note No. 10)
   (c) Unpaid employee dues amounting to Rs. 63,957,984/- (Note No. 10)
   (d) Overdue loans from bank and other Parties aggregating to Rs. 1,857,615,073(including Interest accrued and due Rs.425,387,805).
   (e) Unpaid Statutory dues of Rs. 172,756,457

2. No provision for diminution in value of investments in subsidiaries having been made for the reasons as stated in Note No 33(i)

Other Matter

We draw attention to the Notes to the Financial Statements as follows:

1. Changes in the Accounting Policies as referred to in Note No. 32 and Note No. 35(1) with a view to comply with the requirements of relevant accounting standards / pronouncement of the Institute of Chartered Accountants of India as stated in the said Notes.

2. Note No 31(a) re: Fixed assets.

3. Note No. 31(b)(iv) re: Capital work-in-progress.

Our opinion is not qualified in respect of all these matters.

Report On Other Legal And Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the said Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, on the basis of such checks of the books and records of the Company as we considered necessary and appropriate, and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by section 227(3) of the Act, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) *except for the matter described in the Basis for Qualified Opinion paragraph,* in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub- section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and

   (e) On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR M.A. PARIKH & CO.
CHARTERED ACCOUNTANTS
FIRM REG.NO.107556W

MUKUL PATEL
PARTNER
MEMBERSHIP NO. 32489
Place: Mumbai
Date: 9th July, 2014

Arshiya Limited

The Annexure referred to in our Report of even date to the members of Arshiya Limited on the accounts of the company for the year ended 31st March, 2014:

i. (a) During the year, the Company has updated and reconciled it's records for the assets shifted and discarded from the lease premises surrendered/vacated during the earlier year and has written off the differences between the assets as per the records and their physical existence. The Company has maintained proper records giving details of class of assets, additions thereto, dates of put to use and depreciation provided with amounts thereof.

(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.

(c) The Fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii. Considering the nature of its business the Company does not require to purchase inventory and hence, the provisions of clause 4(ii) of the Order are not applicable to the Company.

iii. (a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses 4 iii(b) to 4 iii(d) of the Order are not applicable.

(b) According to information and explanations given to us, the Company has taken interest free unsecured loan from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The year end balance of such loans is Rs. 1,138,204,264/-and maximum amount outstanding during the year is Rs.1,375,332,377/-

(c) In our opinion, the terms and conditions of the said interest free loan are prima facia not prejudicial to the interest of the Company.

(d) In respect of the aforesaid loans there are no overdue amounts at the year-end.

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 Company and nature of its business for the purchase of Fixed Assets and sale of Services except in our view, there were certain weaknesses in the internal control system with regard to purchase and sale of services, which need to be corrected. Further, the activities carried on by the Company do not require purchase of inventory and sale of goods.

v. In our opinion and according to the information and explanation given to us,

(a) the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act have been so entered.

(b) the transactions made in pursuance of such contracts/arrangements exceeding value of Rupees five lakhs during the financial year are of special nature for which comparable prices are not available, hence we are unable to comment on the reasonableness of the price or otherwise of such transactions.

vi. The Company has not accepted deposit from public and hence, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956 and rules framed thereunder are not applicable to the Company.

vii. In our opinion, the internal audit function of the Company is carried out by a firm of Chartered Accountants and the internal audit system is commensurate with the size and nature of it's business.

viii. We have broadly reviewed books of accounts maintained by the Company in respect of services rendered pursuant to rules made by Government of India with regard to the maintenance of cost records as prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed basic cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix. (a) The Company is generally regular in depositing undisputed applicable statutory dues, save and *except, income tax deducted at source. The arrears of such outstanding as of the year-end for a period of more than six months from its due date of payment are Rs. 110,569,281/-.*

(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 (Rs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	185,093,705	Assessment Year 2007-2008 to 2011-2012	Commissioner of Income Tax (Appeal)
		4,350,078	Assessment Year 2006-2007	Income Tax Appellate Tribunal
Value Added Tax	Maharashtra Value Added Tax	2,051,279	Assessment Year 2005-2006	Deputy Commissioner of Sales Tax - (Appeal)

x. The Company has accumulated losses at the end of the financial year. It has incurred cash losses during the year but it had not incurred cash losses in the immediately preceding financial year.

xi. The Company has defaulted in repayment of dues to Banks and Financial Institution as under:

Period of Delay	Banks		Financial Institutions	
	Principal	Interest	Principal	Interest
Upto 10 Days	-	76,525,459	-	13,967,170
11-30 Days	-	2,630,276	-	-
31-60 Days	-	14,637,102	-	12,431,924
61-90 Days	-	11,117,136	-	13,542,506
91-120 Days	-	10,649,250	-	13,324,657
121-180 days	-	20,979,765	-	25,600,098
More than 180 days	495,000,000	94,759,309	690,000,000	99,397,759

xii. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Hence, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in securities, shares, debentures and other investments and hence, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

xv. 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.

xvi. During the year, no term loans have been obtained by the Company and hence, the provisions of clause 4(xvi) of the Order are not applicable to the Company.

xvii. In our opinion and according to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised during the year on short term basis have, prima facia, not been used for long term investment.

xviii. During the year company has allotted 5,250,000 equity shares of Rs. 2 at a premium of Rs. 143 per share upon conversion of 5,250,000 warrants issued in the earlier year to the parties covered in the register maintained under section 301 of the Act. The price at which these warrants have been converted into equity shares is not prima facie prejudicial to the interest of the company.

xix. The Company has not issued any debentures during the year and also did not have any outstanding debentures as at the end of the year. Hence, the provisions of clause 4 (xix) of the Order are not applicable to the Company.

xx. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4 (xx) of the Order are not applicable to the Company.

xxi. 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 Patel
Partner
Membership No. 32489

Place: Mumbai
Date: 9th July, 2014

Arshiya Limited (Formerly known as Arshiya International Limited)

Balance Sheet as at 31st March, 2014

(Amount in Rs)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share capital	3	13,42,58,944	12,37,58,944
(b) Reserves and surplus	4	5,45,75,53,656	5,37,84,55,988
(c) Money received against share warrants	3(d)	27,49,00,000	83,60,87,500
		5,86,67,12,600	**6,33,83,02,432**
2. Non-current liabilities			
(a) Long-term borrowings	5	12,44,08,66,930	10,45,37,32,959
(b) Deferred tax liabilities (net)	6	-	15,68,71,859
(c) Other long-term liabilities	7	1,09,53,062	1,05,54,930
(d) Long-term provisions	8	60,78,890	1,03,79,328
		12,45,78,98,882	**10,63,15,39,076**
3. Current liabilities			
(a) Short-term borrowings	9	2,24,74,11,202	2,02,58,12,894
(b) Trade payables	10	60,43,51,466	2,12,07,92,847
(c) Other current liabilities	10	3,47,45,73,212	4,29,23,51,574
(d) Short-term provisions	11	34,59,00,018	6,22,91,393
		6,67,22,35,898	**8,50,12,48,708**
Total		**24,99,68,47,380**	**25,47,10,90,216**
II. Assets			
1. Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		10,24,21,69,975	6,64,60,30,031
(ii) Intangible assets		15,69,78,814	13,83,20,488
(iii) Capital work-in-progress		4,42,07,00,536	6,10,56,12,656
		14,81,98,49,325	**12,88,99,63,175**
(b) Non-current investments	13	8,34,59,72,336	4,98,79,52,656
(c) Long-term loans and advances	14	77,04,38,783	3,60,73,47,252
(d) Other non-current assets	15	61,33,151	21,18,04,407
		9,12,25,44,270	**8,80,71,04,315**
2. Current assets			
(a) Trade receivables	16	77,88,99,687	3,17,99,73,463
(b) Cash and bank balances	17	5,67,57,740	5,07,52,058
(c) Short-term loans and advances	14	21,86,35,990	34,51,29,874
(d) Other current assets	16	1,60,368	19,81,67,331
		1,05,44,53,785	**3,77,40,22,726**
Total		**24,99,68,47,380**	**25,47,10,90,216**
Summary of Significant Accounting Policies		0.40	0
See accompanying notes to the financial statements	1-53	(0)	(0)

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 & Managing Director
DIN: 00226355

Archana A Mittal
Joint Managing Director
DIN: 00703208

Shyam Rathi
Chief Financial Officer

Place: Mumbai
Date: 9th July, 2014

Arshiya Limited (Formerly known as Arshiya International Limited)

Statement of Profit and Loss for the year ended 31st March, 2014

(Amount In Rs)

Particulars	Notes	Year Ended 31st March 2014	Year Ended 31st March 2013
I. Revenue			
1. Revenue from operations	18	3,01,69,57,500	7,01,15,05,879
2. Other income	19	14,85,28,050	23,16,99,991
Total Revenue		**3,16,54,85,550**	**7,24,32,05,870**
II. Expenses			
1. Cost of operations	20	2,52,65,05,500	4,96,62,17,581
2. Employee benefits expense	21	19,07,20,855	32,54,67,149
3. Finance costs	22	1,84,87,80,276	1,32,21,67,428
4. Depreciation and amortization expense	12	19,58,10,220	19,90,83,491
5. Other expenses	23	33,14,21,181	41,98,92,343
Total Expenses		**5,09,32,38,032**	**7,23,28,27,992**
III. (Loss) / Profit for the year before exceptional items and tax (I-II)		(1,92,77,52,482)	1,03,77,878
IV. Exceptional items (Net)	28	1,06,67,35,327	15,42,95,245
V. Prior Period Adjustment		(81,36,333)	-
VI. Loss for the year before tax (III-IV-V)		**(2,98,63,51,476)**	**(14,39,17,367)**
VII. Tax expense			
1. Short/(Excess) provision for prior year (Net)	41(ii)	14,72,88,511	(1,44,967)
2. Reversal of Deferred Tax Liability	41(ii)	(15,68,71,858)	(37,22,327)
VIII. (Loss) after tax (VI-VII)		**(2,97,67,68,129)**	**(14,00,50,073)**
Earnings per share of par value Rs.2 each Basic and Diluted Earnings per Share	47	**(48.07)**	**(2.33)**

Summary of Significant Accounting Policies
See accompanying notes to the financial statements 1-53

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 & Managing Director
DIN: 00226355

Archana A Mittal
Joint Managing Director
DIN: 00703208

Shyam Rathi
Chief Financial Officer

Place: Mumbai
Date: 9th July, 2014

Arshiya Limited (Formerly known as Arshiya International Limited)

Cash flow statement for the year ended 31st March, 2014

(Amount in Rs)

		Year Ended 31st March, 2014	Year Ended 31st March, 2013
Cash flow from operating activities			
(Loss) before tax		(2,98,63,51,476)	(14,39,17,367)
Adjustments for			
Depreciation and amortization expense		19,58,10,220	19,90,83,491
Leasehold improvements written off		1,11,47,526	5,42,76,945
Gain /Loss on sale of fixed assets (net)		(1,39,54,022)	2,84,072
MTM Loss written off		3,93,08,598	-
Interest expense		1,79,67,03,765	1,27,24,43,378
Interest income		(1,86,597)	(22,78,26,767)
Ancillary borrowing costs written off		21,46,02,226	3,45,22,686
Unrealised Foreign Exchange (gain) /loss		-	(15,09,849)
Bad debts		58,37,34,187	4,08,328
Provision for diminution in value of investment and doubtful loan		-	10,00,18,300
Reversal of provision for diminution in value of investment and doubtful loan		(10,00,18,300)	-
Operating profit before working capital changes		**(25,92,03,873)**	**1,28,77,83,217**
Adjustments for			
Trade and other receivables		1,83,10,12,587	(2,01,84,26,774)
Trade Payables and other Liabilities		(1,39,37,11,872)	1,43,69,55,677
Cash generated from operations		**17,80,96,842**	**70,63,12,120**
Direct taxes paid (net of refunds)		(11,49,87,394)	8,53,65,385
Net cash flow from operating activities	(A)	**29,30,84,236**	**62,09,46,735**
Cash flow from investing activities			
Purchase of fixed assets		(17,12,10,180)	(2,24,45,75,777)
Sale of fixed assets		30,55,67,947	3,59,110
Advances received against land from subsidiaries Adjusted / refunded (net)		(44,07,95,728)	(5,34,56,549)
Investment in bank deposits having original maturity period of more than 3 months		(56,33,151)	2,74,94,998
Interest received		3,34,043	32,31,40,108
Net cash flow used in investing activities	(B)	**(31,17,37,069)**	**(1,94,70,38,110)**
Cash flow from financing activities			
Issue of Equity shares (including Securities Premium)		76,12,50,000	44,22,50,000
Money Adjusted/received against share warrants		(56,11,87,500)	83,60,87,500
Proceeds from long-term borrowings (Net of Repayment)		1,79,03,20,673	1,20,09,99,564
Proceeds from short-term borrowings (Net of Repayment)		22,15,98,308	1,23,03,41,210
Loan given to subsidiaries (Net)		(36,64,26,673)	(1,64,57,49,794)
Ancillary borrowing costs incurred		-	(1,64,95,800)
Dividend paid		-	(9,57,23,316)
Interest paid		(1,81,98,96,293)	(80,96,21,945)
Net cash flow from financing activities	(C)	**2,56,58,515**	**1,14,20,87,419**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		**70,05,682**	**(18,40,03,956)**
Opening cash and cash equivalents		4,85,13,730	22,84,62,004
Cash and cash equivalents acquired pursuant to Scheme of Amalgamation		-	40,55,682
Closing cash and cash equivalents		**5,55,19,412**	**4,85,13,730**
Add: Earmarked balances with banks		12,38,328	22,38,328
Closing cash and bank balances		**5,67,57,740**	**5,07,52,058**

Notes

1 The above Cash Flow Statement has been prepared under Indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standard) Rules, 2006.

2 During the year, trade receivables of Rs.409,999,920/-(Rs. Nil) and loans and advances to subsidiaries of Rs.2,867,519,760 (Rs. 1,341,949,316/-) have been converted into Investments in equity shares and they do not form part of above cash flow statement.

3 Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to current years' classification.

As per our attached report of even date

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

Mukul Patel
Partner
Membership Number: 032489

Place: Mumbai
Date: 9th July, 2014

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

Ajay S Mittal
Chairman & Managing Director
DIN: 00226355

Archana A Mittal
Joint Managing Director
DIN: 00703208

Shyam Rathi
Chief Financial Officer

Arshiya Limited (Formerly known as Arshiya International Limited)

Notes forming part of the Financial Statements

(Amount in Rs.)

Particulars		As at 31st March, 2014	As at 31st March, 2013
3. Share Capital			
Authorised			
85,000,000 (85,000,000) equity shares of Rs. 2/- each		17,00,00,000	17,00,00,000
Issued, Subscribed and Fully Paid			
67,129,472 (61,879,472) equity shares of Rs.2/-each, fully paid up		13,42,58,944	12,37,58,944
	Total	13,42,58,944	12,37,58,944

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	Amount (In Rs)	Number of Shares	Amount (In Rs)
Balance at the beginning of the year	6,18,79,472	12,37,58,944	5,88,29,472	11,76,58,944
Issued during the year	52,50,000	1,05,00,000	30,50,000	61,00,000
Balance at the end of the year	**6,71,29,472**	**13,42,58,944**	**6,18,79,472**	**12,37,58,944**

(b) Terms and rights attached to equity shares

The Company has one class of equity share having a par value of Rs.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 shares held by the shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at 31st March, 2014		As at 31st March, 2013	
	Number of equity shares	Percentage (%) shareholding	Number of equity shares	Percentage (%) shareholding
Archana Mittal	2,15,70,225	32.13%	1,98,20,225	32.03%
Ajay S Mittal	65,00,000	9.68%	30,50,000	4.93%

(d) Issue of convertible warrants

The Company has alloted 13,600,000 convertible warrants at Rs. 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 the same, 52,50,000 & 30,50,000 were converted (in the ratio of 1 share for 1 warrant) into equity shares of Rs. 2/- each at a premium of Rs. 143/- per share during the financial year 2013-14 & 2012-13 respectively. Pending conversion of 5,300,000 warrants, amount received against these warrants of Rs. 274,900,000/- (Rs. 836,087,500/-) is shown as "Money received against share warrants" in the financial statements. The preceeds from the issue of convertible warrants issued on preferential basis have been utilised for repayment of short-term borrowings and working capital requirements of the Company.

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
4. Reserves and Surplus		
Securities Premium		
Balance as at the beginning of the year	5,42,05,68,085	4,50,01,27,085
Add : On issue of Equity Shares	75,07,50,000	43,61,50,000
Pursuant to Scheme of Amalgamation	-	48,42,91,000
Balance at the end of the year	**6,17,13,18,085**	**5,42,05,68,085**
Amalgamation Reserve *		
Balance as at the beginning and end of the year	1,24,80,000	1,24,80,000
Revaluation Reserve		
Balance as at the beginning of the year	-	-
Add : On revaluation of land [Refer Note no. 12 (c)]	2,29,65,56,239	-
Balance at the end of the year	**2,29,65,56,239**	-
Foreign currency monetary item translation difference account [Refer note 35(i)]		
Balance as at the beginning of the year	(85,59,558)	(85,59,558)
Less: Written off during the year	85,59,558	-
Balance at the end of the year	-	**(85,59,558)**
General Reserve		
Balance as at the beginning of the year	9,40,17,534	12,83,43,158
Add : Pursuant to Scheme of Amalgamation	-	(3,43,25,624)
Balance at the end of the year	**9,40,17,534**	**9,40,17,534**

Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(14,00,50,073)	76,46,06,297
Add : Pursuant to Scheme of Amalgamation	-	(29,44,31,921)
Adjusted pursuant to Scheme of Amalgamation	-	(47,01,74,376)
(Loss) for the year	(2,97,67,68,129)	(14,00,50,073)
Balance at the end of the year	**(3,11,68,18,202)**	**(14,00,50,073)**
Total	**5,45,75,53,656**	**5,37,84,55,988**
* 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 Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
5. Long-term borrowings				
Secured				
Term loan from (Refer Note no. 30)				
- Banks (Refer Note (a) below)				
- Term Loan	10,01,51,09,065	9,35,22,77,101	9,73,92,792	77,59,87,585
- Funded Interest Term Loan (FITL)	1,65,81,43,561	-	9,84,00,000	-
- Other parties (Refer Note (b) below)	76,66,66,667	1,10,00,00,000	1,34,00,00,001	95,66,66,668
Vehicle loan from bank	9,47,637	12,49,065	3,01,427	2,70,553
Finance lease obligations	-	2,06,793	2,06,793	1,89,505
	12,44,08,66,930	**10,45,37,32,959**	**1,53,63,01,013**	**1,73,31,14,311**
Amount disclosed under the head "other current liabilities	-	-	(1,53,63,01,013)	(1,73,31,14,311)
Total	**12,44,08,66,930**	**10,45,37,32,959**	-	-

(a) Term loan from banks

(i) Securities provided

- First charge on all the present and future movable 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 assets and Rail Project which have been haived off or praposed to halved off into a subsidiaries.
- Second charge on Current Assets of the Company but excluding current assets for Khurja FTWZ project, Khurja Distripark Project, Nagpur project assets and Rail Project which have been haived off or praposed to halved off into a subsidiaries.

(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 Director.

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

(v) Repayment Schedule of Secured Loans is as follows :-

(Amount in Rs.)

Year	Term Loan	FITL
2014-2015	9,73,92,792	9,84,00,000
2015-2016	26,04,50,000	9,84,24,000
2016-2017	47,83,50,000	24,60,60,000
2017-2018	1,01,51,50,000	24,60,60,000
2018-2019	83,07,00,000	49,21,20,000
2019-2020	1,02,58,50,000	49,21,20,000
2020-2021	1,05,09,00,000	8,33,59,561
2021-2022	1,07,59,50,000	-
2022-2023	1,23,35,25,000	-
2023-2024	1,02,06,00,000	-
2024-2025	1,02,06,00,000	-
2025-2026	1,00,30,34,065	-
Total	**10,11,25,01,857**	**1,75,65,43,561**

(b) Term Loan from other parties

i. Rs 690,000,000/- (Rs 690,000,000/-) 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, Rs 390,000,000/- 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 Rs 300,000,000/- 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 excercised call option and recalled the above loan and the said loan is overdue since 13 March, 2013.

ii. Rs. 266,667,668/- (Rs. 266,667,668/-) 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, Rs. 80,000,000/- is repayable in six equal monthly installments aftera 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 Rs. 106,666,668/-. Consequently in the year 2012-13, pursuant to the facility agreement the lender has recalled the balance outstanding amount of Rs. 160,001,000/- and the said loan is overdue since 9th February, 2013.

iii. Loan of Rs. 1,150,000,000/- is secured by :
- Exclusive charge on all receivables and cash flow of the company, as limited to Panvel FTWZ business.
- Corporate Guarantee of Arshiya Supply Chain Management Private Limited for the facility extended to the company.
- Personal Guarantee of Promoters of Holding Company i.e. Mr. Ajay Mittal and Mrs. Archana Mittal.
- Pledge of minimum 49% shareholding of Arshiya Northen FTWZ Limited and second charge on all Assets of Arshiya Northern FTWZ Limited.

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

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

(c) Period and amounts of continuing defaults in repayment of long-term borrowings and interest (overdue) as at March 31, 2014 are as under :

(Amount in Rs.)

Lender / period of delays	Principal	Interest	Total
Bank			
0-60 days	-	2,83,50,536	2,83,50,536
61-120 days	-	15,21,319	15,21,319
121-180 days	-	5,53,746	5,53,746
More than 180 Days	-	15,13,799	15,13,799
Other parties			
0-60 days	-	3,55,34,881	3,55,34,881
61-120 days	-	3,47,57,467	3,47,57,467
121-180 days	-	3,32,94,874	3,32,94,874
More than 180 Days	95,66,66,668	13,07,03,724	1,08,73,70,392
Total	95,66,66,668	26,82,30,346	1,19,09,57,614

(Amount in Rs.)

Particulars		As at 31st March, 2014	As at 31st March, 2013
6. Deferred Tax Liabilities (net) [Refer Note no. 41(iii)]			
Deferred tax liabilities			
Fiscal allowance on fixed assets		-	25,68,42,462
Total (A)		-	25,68,42,462
Deferred Tax Assets			
Fiscal loss carried forward #		-	9,74,83,996
Foreign currency monetary translation difference account		-	(29,09,394)
Provision for doubtful debts		-	12,38,082
Other timing differences		-	41,57,919
Total (B)		-	9,99,70,603
# includes Rs.1,342,354/- pursuant to Scheme of Amalgamation			
Deferred tax liabilities (net) (A-B)	Total	-	15,68,71,859
7. Other long-term liabilities			
Security Deposits from Unit Holders			
- Subsidiary		20,00,000	20,00,000
- Others		89,53,062	85,54,930
	Total	1,09,53,062	1,05,54,930
8. Long-term provisions			
Employee benefits		60,78,890	1,03,79,328
	Total	60,78,890	1,03,79,328
9. Short-term borrowings			
Secured			
- Short term loan from bank (Refer Note (a) below)		49,50,00,000	49,50,00,000
- Working capital loan from banks (Refer Note (b) below)		60,17,06,938	58,88,65,679
Unsecured			
- Loan from Directors		1,13,82,04,264	81,43,44,104
- Inter-corporate deposits		1,25,00,000	12,76,03,111
	Total	2,24,74,11,202	2,02,58,12,894

(a) Short term loan from bank :

(i) Securities provided :

- Second charge on pari-passu basis on entire movable and immovable fixed assets of the company
- Personal guarantee of two Directors of the Company.

(ii) The above loans are secured by pledge of share of the company held by the one of the Director.

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

(b) Working capital loan 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 assets and Rail Project which have been haived off or praposed to haived off into a subsidiaries.
- 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 assets and Rail Project which have been haived off or proposed to be hived off into subsidiaries.

(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 and interest (overdue) as at March 31, 2014 are as under :

(Amount in Rs.)

Month	Principal	Interest	Total
1. Banks			
0-60 days	-	2,11,57,571	**2,11,57,571**
61-120 days	-	2,14,84,818	**2,14,84,818**
121-180 days	-	2,04,26,019	**2,04,26,019**
More than 180 Days	49,50,00,000	9,32,45,510	**58,82,45,510**
2. Inter Corporate deposits			
0-60 days	-	3,43,493	**3,43,493**
61-120 days	-	3,58,630	**3,58,630**
121-180 days	-	5,34,452	**5,34,452**
More than 180 Days	1,25,00,000	16,06,966	**1,41,06,966**
Total	**50,75,00,000**	**15,91,57,459**	**66,66,57,459**

(d) Loans from directors are without interest.

(Amount in Rs.)

Particulars		As at 31st March, 2014	As at 31st March, 2013
10. Other current liabilities			
Trade payables (Refer Note no. 26,27 ,37 & 39)	(a)	60,43,51,466	2,12,07,92,847
Other liabilities			
Current maturities of long-term borrowings - Banks (Refer note 5)		19,60,94,220	1,73,29,55,680
Current maturities of long-term borrowings - Others (Refer note 5)		1,34,00,00,001	-
Current maturities of finance lease obligations (Refer note 5)		2,06,793	1,58,631
Interest accrued and due on Borrowings		42,53,87,805	44,85,80,332
Unclaimed dividend		11,89,870	11,89,870
Advance received from subsidiaries against land (Refer Note no. 49)		92,16,19,406	1,36,24,15,134
Employees Dues		6,39,57,984	6,31,27,134
Statutory dues		17,27,56,457	20,67,08,389
Trade advances received		45,97,512	52,48,777
Interest on Delayed payment of Statutory Dues		4,32,91,502	1,57,55,856
Creditors for (Refer Note no. 26, 27 & 39)			
- Capital expenditure		23,94,94,962	37,22,42,242
- Expenses		6,59,76,700	8,39,69,528
	(b)	**3,47,45,73,212**	**4,29,23,51,574**
	Total (a+b)	**4,07,89,24,678**	**6,41,31,44,421**
11. Short-term provisions			
Employee benefits		67,42,605	1,42,82,874
Mark to market on derivative contracts [Refer Note No. 35(ii)]		33,91,57,413	4,80,08,519
	Total	**34,59,00,018**	**6,22,91,393**

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

Note 12- Fixed assets (Amount in Rs.)

Description of assets	Gross Block: As at April 1, 2013	Gross Block: Additions	Gross Block: Revaluation	Gross Block: Deductions/ Adjustments	Gross Block: As at March 31, 2014	Depreciation / Amortization: Upto March 31, 2013	Depreciation / Amortization: For the year	Depreciation / Amortization: Deductions/ Adjustments	Depreciation / Amortization: Upto March 31, 2014	Net Block: As at March 31, 2014	Net Block: As at March 31, 2013
a) Tangibles											
Freehold Land	1,85,08,04,484	1,76,90,72,144	2,29,65,56,239	26,76,49,271	5,64,87,83,596	-	-	-	-	5,64,87,83,596	1,85,08,04,484
Buildings	3,83,73,68,718	-	-	5,86,44,978	3,77,87,23,740	10,25,59,315	6,17,82,733	26,19,042	16,17,23,006	3,61,70,00,734	3,73,48,09,403
Leasehold Improvements	11,30,52,146	-	-	52,897	11,29,99,249	7,27,31,266	1,49,17,712	-	8,77,01,878	2,52,97,371	4,03,20,880
Plant and Machinery	51,15,51,543	1,68,01,709	-	79,10,557	52,04,42,695	4,99,20,287	2,43,83,736	1,05,419	7,41,98,604	44,62,44,091	46,16,31,256
Computers	9,16,69,908	1,32,397	-	1,16,77,013	8,01,25,292	3,92,19,817	1,40,58,947	90,82,702	4,41,95,862	3,59,29,430	5,24,50,291
Equipments	41,29,35,343	1,16,050	-	39,75,903	40,90,75,490	3,40,88,751	1,95,76,094	12,99,652	5,23,65,193	35,67,10,297	37,88,46,591
Vehicles	2,22,95,047	-	-	8,74,009	2,14,21,038	83,08,219	20,40,767	4,29,176	99,19,810	1,15,01,228	1,39,86,828
Furniture and Fixtures	13,76,75,476	-	-	68,50,218	13,08,25,258	2,44,95,178	84,20,563	27,40,811	3,01,74,930	10,06,50,328	11,31,80,298
Total	6,97,73,52,665	1,78,61,22,300	2,29,65,56,239	35,76,34,846	10,70,23,96,358	33,13,22,633	14,51,80,552	1,62,76,802	46,02,79,283	10,24,21,17,075	6,64,60,30,031
Previous Year	6,08,58,48,409	1,02,48,03,676	-	13,32,99,422	6,97,73,52,663	24,41,69,026	16,55,32,900	7,83,79,294	33,13,22,632	6,64,60,30,031	
b) Intangibles											
Softwares	23,97,03,473	7,00,00,000	-	10,75,683	30,86,27,790	10,14,95,993	5,06,06,299	3,63,678	15,17,38,614	15,68,89,176	13,82,07,480
Trade Mark and Patents	2,33,700	-	-	-	2,33,700	1,20,692	23,370	-	1,44,062	89,638	1,13,008
Total	23,99,37,173	7,00,00,000	-	10,75,683	30,88,61,490	10,16,16,685	5,06,29,669	3,63,678	15,18,82,676	15,69,78,814	13,83,20,488
Previous Year	23,93,75,373	5,61,800	-	-	23,99,37,173	5,75,79,698	4,40,36,987	-	10,16,16,685	13,83,20,488	
Total	7,21,72,89,838	1,85,61,22,300	2,29,65,56,239	35,87,10,529	11,01,12,57,848	43,29,39,318	19,58,10,221	1,66,40,480	61,21,61,959	10,39,90,95,889	6,78,43,50,520
Capital work-in-progress (Refer Note no. 31)										4,42,07,00,536	6,10,56,12,656

Notes:

a. Gross block includes cost of vehicles taken on finance lease Rs.1,025,331/- (Rs.1,025,331/-).

b. Depreciation for the year includes Rs Nil (Rs.10,486,396/-) transferred to pre-operative expenses.

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 Rs. 5,648,783,596/-over its book value of Rs. 3,352,227,357/-, amounting to Rs. 2,296,556,239/-is credited to "Revaluation Reserve".

d. Freehold land includes of Rs. 1,081,450,000/- (Rs. 732,339,278/-) situated at Nagpur, which is formally under possession of a lender as per the Order of Hon'ble High Court of Bombay.

Particulars	As at 31st March, 2014	As at 31st March, 2013
13. Non-current Investments (Refer Note no. 33)		
Valued at Cost unless otherwise stated		
In subsidiary companies - (Trade - unquoted)		
300,000 (300,000) Equity shares of Arshiya Hong Kong Limited of USD 1 each	5,32,50,000	5,32,50,000
2,500,000 (2,500,000) Equity shares of Cyberlog Technologies International Pte. Limited of SGD 0.10 each	6,05,00,000	6,05,00,000
100,000 (100,000) Equity shares of Arshiya International Singapore Pte Limited of SGD 1 each	34,31,000	34,31,000
3,308,333 (1,600,000) Equity shares of Arshiya Supply Chain Management Private Limited of Rs 10 each.	42,59,99,920	1,60,00,000
13,586,659 (86,04,976) Equity shares of Arshiya Industrial & Distribution Hub Limited of Rs 10 each * @	2,20,56,15,066	96,01,94,316
1,10,50,000 (1,10,50,000) Equity shares of Arshiya Central FTWZ Limited of Rs. 10 each, fully @	11,05,00,000	11,05,00,000
38,732,491 (30,350,000) Equity shares of Arshiya Rail Infrastructure Limited of Rs 10 each @	2,34,15,98,560	1,00,04,00,000
95,50,626 (79,46,624) Equity shares of Arshiya Northern FTWZ Limited of Rs 10 each * @	3,14,44,77,790	2,78,35,77,340
50,000 (50,000) Equity shares of Arshiya Transport and Handling Limited of Rs 10 each	5,00,000	5,00,000
10,000 (10,000) Equity shares of Arshiya Technologies (India) Private Limited of Rs 10 each	1,00,000	1,00,000
Total	**8,34,59,72,336**	**4,98,84,52,656**
Less :		
Provision for diminution in the value of Investment [Refer note 33(ii)]	-	**5,00,000**
	8,34,59,72,336	**4,98,79,52,656**
(All the above equity shares are fully paid up)		
Aggregate book value of unquoted investments	**8,34,59,72,336**	**4,98,84,52,656**
Provision for diminution in the value of Investment	-	**5,00,000**

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) 7,946,624 (7,946,624) equity shares in Arshiya Northern FTWZ Limited, ii) 5,105,769 (5,105,769) equity shares of Arshiya Industrial & Distribution Hub Limited and iii) 19,978,500 (19,978,500) equity shares of Arshiya Rail Infrastructure Limited iv) 11,049,400 (Nil) equity sharesin Arshiya Central FTWZ Limited which are pledged with the lenders for loans granted to subsidiaries.

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
14. Loans and advances (Refer Note no. 27)				
(unsecured considered good unless otherwise stated)				
Capital advances				
- Considered Doubtful	1,46,06,800	-	-	-
- Considered Good	15,00,00,000	37,35,04,473	-	-
	16,46,06,800	37,35,04,473	-	-
Less: Provision for doubtful capital advance	(1,46,06,800)	-	-	-
	15,00,00,000	37,35,04,473	-	-
Deposits	**44,66,000**	9,33,04,856	-	9,55,200
Loans and Advances to subsidiaries (Refer Note No 45)	45,87,47,370	2,95,98,40,457	-	1,03,17,130
Less: Provision for doubtful advance (Refer Note No 34)	-	(9,95,18,300)	-	-
	45,87,47,370	2,86,03,22,157	-	1,03,17,130
Share application money - subsidiary	-	8,00,00,000	-	-
Others				
Advance recoverable in cash of kind	-	-	1,59,91,720	8,36,94,795
Balances with government authorities				
- Direct tax (net of provisions)	15,56,59,404	15,70,85,061	-	-
- MAT Credit Entitlement	-	4,04,58,808	-	-
- Indirect taxes (Refer Note no. 40)	-	-	20,11,53,752	24,01,80,492
Prepaid expenses	15,66,009	26,71,897	14,90,518	86,34,937
Staff advances	-	-	-	13,47,320
Total	**77,04,38,783**	**3,60,73,47,252**	**21,86,35,990**	**34,51,29,874**

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
15. Other assets				
Interest receivable (Unsecured Considered good)				
- Subsidiaries	-	-	-	15,69,77,507
- Fixed deposits	-	3,750	1,37,996	2,85,442
- Banks			22,372	-
Unamortized ancillary borrowing costs (Refer Note No. 32)	-	21,13,00,657	-	4,09,04,382
Margin money deposits with banks having original maturity period of more than 12 months (Refer note 17)	61,33,151	5,00,000	-	-
Total	61,33,151	21,18,04,407	1,60,368	19,81,67,331

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
16. Trade receivables (Refer Note no. 27 & 39)		
(unsecured considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
-Considered good	1,69,71,502	45,59,14,302
-Considered doubtful	-	36,42,490
	1,69,71,502	45,95,56,792
Less: Provision for doubtful debts	-	36,42,490
	1,69,71,502	45,59,14,302
Other debts	76,19,28,184	2,72,40,59,161
Total	77,88,99,687	3,17,99,73,463

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
17. Cash and bank balances				
Cash and cash equivalents				
Balances with banks in current accounts	-	-	5,53,88,177	3,68,17,548
Cash on hand	-	-	1,31,235	43,79,608
Remittances in transit	-	-	-	73,16,574
	-	-	5,55,19,412	4,85,13,730
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	61,33,151	5,00,000	-	10,00,000
	61,33,151	5,00,000	12,38,328	22,38,328
Less: Disclosed under other non-current assets	61,33,151	5,00,000	-	-
	-	-	5,67,57,740	5,07,52,058

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

(Amount in Rs.)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013,
18. Revenue from operations		
Revenue from		
- Logistic operations	2,57,95,08,876	5,73,58,15,706
- Free Trade Warehousing operations	43,41,06,607	1,27,38,93,071
Other operating revenue - export benefits	33,42,017	17,97,102
Total	3,01,69,57,500	7,01,15,05,879
19. Other Income		
Interest income from		
- Subsidiaries (Refer Note no. 36)	-	22,07,51,518
- Banks	1,86,597	70,75,249
Exchange difference (Net)	2,05,67,821	37,69,628
Sundry balance written back (Net)	10,15,78,589	-
Excess provision no longer required written back	89,38,606	-
Miscellaneous Income	1,72,56,437	1,03,597
Total	14,85,28,050	23,16,99,991
20. Cost of operations		
Logistic operations	2,49,64,52,722	4,93,78,66,942
Free Trade Warehousing operations	3,00,52,778	2,83,50,639
Total	2,52,65,05,500	4,96,62,17,581
21. Employee benefits expense (Refer Note no. 48)		
Salary, bonus and other allowances	18,07,31,262	30,09,41,776
Contribution to provident and other funds	30,95,513	71,49,443
Staff welfare expenses	68,94,080	1,73,75,929
Total	19,07,20,855	32,54,67,149
22. Finance costs		
Interest expense		
- Borrowings	1,79,67,03,765	1,25,34,98,740
- Interest on Delayed payment of TDS	3,08,32,784	1,89,44,638
Other borrowing costs	2,12,43,727	4,97,24,050
Total	1,84,87,80,276	1,32,21,67,428
23. Other expenses		
Rent	6,66,67,487	10,28,42,995
Rates and taxes	62,53,274	1,96,60,233
Insurance	53,49,319	27,09,985
Electricity charges	1,40,08,436	3,02,86,411
Repairs and maintenance		
- Building	37,33,787	68,24,372
- Others	1,26,37,665	2,78,60,588
Communication expenses	67,45,358	1,38,07,393
Travelling and conveyance expenses	2,51,45,725	3,64,42,121
Vehicle expenses	67,17,420	1,44,70,578
Printing and stationery	26,59,435	47,54,368
Legal and professional fees	8,31,08,044	4,41,90,754
Security charges	2,51,52,869	3,10,46,247
Auditor's remuneration*		
- Statutory audit fees	35,44,729	50,56,920
- Other Services	6,00,000	-
- Certification fees	67,978	2,69,080
- Reimbursement of expenses	-	82,579
Advertisement and business promotion expenses	77,64,438	1,35,86,513
Provision for Doubtful advance	1,46,06,800	-
Loss on sale of fixed assets (net)	-	2,84,072
Miscellaneous expenses	4,66,58,417	6,57,17,134
Total	33,14,21,181	41,98,92,343

* Includes Rs. 2,312,707/- (Previous year 5,408,579/-) fees paid to previous Auditor.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. Contingent Liabilities not provided for in respect of:

(Amount in Rs.)

Sr. no.	Particulars	2014	2013
(i)	Disputed income tax demands	197,610,994	122,197,838
(ii)	Claims against the Company not acknowledged as debts	513,460,331	167,741,290
(iii)	Guarantees/ Letters of credit issued by banks (net of liabilities provided)	Nil	4,499,004
(iv)	Guarantees given on behalf of subsidiaries Loans and other borrowings. Outstanding balances (including interest accrued and due) against such guarantees is Rs. 13,579,511,639/- (P.Y. - Rs 12,613,786,374/-)	17,843,519,332	15,291,519,332

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 Rs.79,000/- (Rs 987,560,296).

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) 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 realised / paid in the ordinary course of business. Provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

(ii) Confirmations

The company has sent confirmation letters for confirming the balances as on March 31, 2014 of trade receivables, trade payables, advances and loans/credit facilities from banks/financial institutions. However, certain trade receivables, trade payables and advances 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 Rs.)

		2014	2013
a)	Waiver of interest (See Note No. 30)	(30,459,002)	-
b)	Mark to Market Losses written off (See Note No. 35)	370,982,477	-
c)	Ancillary borrowing costs written off (See Note No. 32)	214,602,226	-
d)	Leasehold improvements written off	11,147,526	54,276,945
e)	Profit on sale of Assets (net)	(13,954,022)	-
f)	Reversal of Provisions for (In respect of its wholly owned subsidiaries)		
	- Diminution in the value of investments in equity shares (See Note No. 33(ii).	(500,000)	500,000
	- Loan given considered doubtful (See Note No. 34)	(99,518,300)	99,518,300
g)	Write back of Managerial Remuneration (See Note No. 48)	(34,075,827)	-
h)	Bad Debts Written Off	583,734,187	-
i)	Professional Fees for Corporate Debt Restructuring	64,776,062	
	Total	1,066,735,327	154,295,245

Note : Figures in brackets denote items of income nature

29. 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,
- converting Free Trade Warehousing Zone into Sector Specific Special Economic Zones,
- establishing an Inland Container Depot,
- tying up the requisite funds for the said purposes.

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

30. Corporate Debt Restructuring (CDR)

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

(i) Reschedulement of the Principal amounts of the loans and dates thereof.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Funding of unpaid interest on the Term Loans due from October 2012 to October 2014 into Funded Interest Term Loans.

(ii) 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. 1st October, 2012 till the commencement of the package.

(b) Secured Lenders have a right to recompense.

(c) The CDR as aforesaid has been recognized in the Accounts for the year ended 31st March, 2014 whereby –

(i) Balance standing to the credit of interest accrued and due on loans (net of waiver) as of 31st March, 2013 and interest for the year aggregating to Rs. 175.65 crores have been transferred to Funded Interest Term Loan (FITL).

(ii) Interest on Secured Loans of Rs. 3.05 crores waived by the Secured Lenders (Banks) has been disclosed in the Statement of Profit & Loss as "Exceptional Item".

(d) Financial impact, if any, in the rights of Secured Lenders (Banks) to recompense shall be accounted upon crystallization of such rights.

31. 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 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 Rs. 4,420,700,536 /- includes :**

(i) Borrowing cost (net) capitalized or transferred to capital work-in-progress Rs. NIL (Previous year Rs. 565,205,200)

(ii) Pre-operative expenses of Rs. 1,313,245,060/- (Previous Year – Rs. 1,313,245,060/-). Details of Pre-operative expenses capitalized/transferred to Capital Work-in-Progress includes:-

(Amount In Rs.)

	2014	2013
Expenditure up to previous year	**1,313,245,060**	**608,125,676**
Employee benefits expense	-	245,036,139
Electricity charges	-	3,092,434
Rent	-	35,885,511
Rates and taxes	-	8,156,278
Recruitment expenses	-	-
Travelling and conveyance expenses	-	8,652,710
Vehicle expenses	-	7,516,273
Legal and professional fees	-	19,315,816
Miscellaneous expenses	-	9,687,351
Security charges	-	522,317
Other financial charges	-	12,123,322
Interest expense	-	553,390,865
Miscellaneous income	-	(1,807,043)
Interest on fixed deposits	-	(308,987)
Depreciation/Amortization expense	-	10,486,396
Total	**1,313,245,060**	**1,519,875,058**
Less : Expenses allocated to Subsidiaries	-	-
Less : Amount allocated to fixed assets capitalized during the year	-	206,629,998
Balance carried to Balance Sheet	**1,313,245,060**	**1,313,245,060**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) The Company has discontinued its earlier practice of charging borrowing costs as attributable to Projects and pre-operative expenses incurred in connection therewith as was done in the earlier years on account of its decision to putting on hold of the incurrence of expenditure in relation to the project work in progress/projects.

(iv) During the year, the Company 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 expects that in near 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.

32. Unamortised Expenditure

Ancillary costs incurred in connection with the arrangement of borrowings were amortized over the tenure of borrowings till previous year. This year, the Company has written off Rs. 252,205,039/- in respect of the same to the Statement of Profit and Loss as the said costs are "period costs". If the Company had continued its earlier practice, the charge for the current year in respect of the same would have been lower by Rs. 214,602,226/- and the loss for the year lower by Rs. 214,602,226/-.

33. Investments

(i) The Company holds strategic and long term investments in its subsidiary companies, the aggregate cost of which is Rs. 834.60 crores as on 31st March, 2014. The present "net asset value" of the said investments are lower than their costs of acquisition. However, keeping in view 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.

(ii) The Company has reversed the provision of Rs.5,00,000/-, made in earlier year for fall in the value of its investments in Arshiya Transport and Handling Limited in view of the Revival Plans of the investee company as also proposed scheme of amalgamation of that company with two other fellow subsidiaries viz. Arshiya Northern FTWZ Limited and Arshiya Industrial & Distribution Hub Limited.

(iii) During the year, the Company has been allotted equity shares against Loans & Advances and book debts due to it by its subsidiaries as under :

Name of Subsidiary	Loans & Advances/Book Debts	No. of Equity Shares	Face value per share (Rs.)	Premium per share (Rs.)	Total Amount (Rs.)
Arshiya Northern FTWZ Limited	Loans & Advances	1,604,002	10	215	360,900,450
Arshiya Industrial & Distribution Hub Limited	Loans & Advances	4,981,683	10	240	1,245,420,750
Arshiya Rail Infrastructure Limited	Loans & Advances	8,382,491	10	150	1,341,198,560
Arshiya Supply Chain Management Private Limited	Book Debts	1,708,333	10	230	409,999,920

(a) In the case of Arshiya Northern FTWZ Limited, Arhsiya Industrial & Distribution Hub Limited and Arshiya Rail Infrastructure Limited, the Company has been allotted equity shares in terms of the Corporate Debt Restructuring Scheme approved by the Secured Lenders (Banks).

(b) The Share Premium paid by the Company is based on the share valuation reports obtained by the respective subsidiaries.

34. Provision for Loan

The Company has reversed the provision made for doubtful recovery of loan of Rs. 9.95 Crores granted to its subsidiary, Arshiya Transport and Handling Limited, made in the earlier year as the management expects to recover the same in near future in view of its revival plans and its proposed amalgamation with the fellow subsidiaries Arshiya Northern FTWZ Limited and Arshiya Industrial & Distribution Hub Limited.

35. Mark to Market Losses

(i) This year, the Company has changed its accounting policy of capitalising / deferring its Reserve for Mark to Market Losses (MTM) on its derivatives (for conversion of rupee loan liability into foreign loan) as done hereto before following announcement by the Institute of Chartered Accountants of India on "Accounting for Derivatives" by charging MTM losses relating to earlier years in the Statement of Profit & Loss. Due to the said change, an amount of Rs. 393.08 lacs from tangible assets (net of depreciation) and Rs.85.60 Lacs from Foreign Currency Translation Reserve Account have been charged to the Statement of Profit and Loss for the year, which have been shown as "Exceptional Item".

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Further, during the year, an amount of Rs. 3,231.14 lacs 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 Banks who have entered into derivative contracts with the Company have, intimated that the loss on account of MTM is Rs. 7,088.73 lacs as upto 31st March, 2014 as against the amount of Rs. 3,391.57 lacs determined as per the Company's view.

(iii) If the Company had continued to follow the policy of deferring the write off of MTM losses, the charge for the year would have been lower by Rs. 3,134.32 lacs.

36. Interest from Subsidiaries

In the earlier year, the Company charged Interest amounting to Rs. 220,751,518/- in respect of loans given to its subsidiary companies. In the current year, in view of management's decision to treat such loans as "quasi equity" in terms of the requirements of the Corporate Debts Restructuring Scheme sanctioned by the Secured Lenders (Banks) no interest has been charged to its subsidiaries in respect of said loans. Such Interest chargeable to the subsidiaries for the current year has not been ascertained.

37. 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.

38. 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 4th 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.1st April, 2012 for which necessary impact had been given in the accounts for the year ended 31st March, 2013. However, certain assets belonging to the amalgamating companies have yet not been transferred in the name of the Company.

39. Logistic Operations

The Company has decided to phase out its logistics operations. In the wake of said decision, the Company assigned certain outstanding book debts aggregating to Rs. 262.66 crores and certain outstanding trade payables aggregating to Rs. 262.12 crores in respect of its logistics operations for the period upto December 31, 2013.

Such book debts and trade payables aggregating to Rs. 57.2 crores and Rs. 57.05 crores respectively in respect of its logistics operations outstanding as on 31st March, 2014 have been assigned on 30th June, 2014 which shall be accounted in the subsequent year.

40. Maharashtra VAT Refund Receivable

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 Rs. 17.43 crores 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 12th October, 2001 passed by Industries, Energy and Labour Department, Government of Maharashtra. Accordingly, these financial statements reflect a sum of Rs.17.43 crores as refund receivable on account of Maharashtra VAT. In case the refund is not granted, the necessary adjustment entries shall be recorded in the year in which finality is reached.

41. Taxation

(i) 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.

(ii) Short/(Excess) provision for prior year (net) Rs. 14.73 crores comprises of Rs. 0.43 crores being write back of tax provisions relating to prior years and provision of Rs. 15.16 crores relating to Financial Year 2012-13.

The Provision for the financial year 2012-13 is a consequence of the Company not being able to pay the Tax Deducted at Source in respect of certain expenses and certain statutory liabilities on or before their respective due dates resulting into higher taxable income requiring additional tax provision therefor.

(iii) In view of substantial losses incurred as upto 31st March, 2014, the Company has reversed the Deferred Tax Liability of Rs. 15.69 crores and written off MAT credit entitlement of Rs. 0.23 crore.

42. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b. Defined benefit plan – Gratuity (Funded)

(Amount in Rs.)

Particulars	2014	2013
I.Actuarial assumptions		
Discount rate	9.29%	8.00%
Rate of return on plan assets	8.70%	8.70%
Future salary rise	7.00%	7.00%
Attrition rate	10.00%	10.00%
II.Change in defined benefit obligations		
Liability at the beginning of the year	13,982,056	21,846,143
Interest cost	1,118,564	1,856,922
Current service cost	3,690,466	7,685,610
Liability transferred by group companies	785,980	178,145
Liability transferred to group companies	(370,963)	(68,627)
Benefits paid	(530,770)	(2,432,886)
Actuarial (gain) / loss on obligations	(10,604,496)	(15,083,251)
Liability at the end of the year	8,070,837	13,982,056
III.Fair value of plan assets		
Fair value of plan assets at the beginning of the year	896,600	2,982,832
Expected return on plan assets	78,004	256,524
Transferred by group companies	–	–
Transferred to group companies	–	–
Benefits paid	(530,770)	(2,432,886)
Actuarial gain / (loss) on plan assets	(78,004)	90,130
Fair value of plan assets at the end of the year	365,830	896,600
Total Actuarial gain/(loss) on obligation	10,604,496	15,083,251
IV.Actual return on plan assets		
Expected return on plan assets	78,004	256,524
Actuarial gain / (loss) on plan assets	(78,004)	90,130
Actual return on plan assets	–	346,654
V.Liability recognized in the Balance Sheet		
Liability at the end of the year	8,070,837	13,982,056
Fair value of plan assets at the end of the year	365,830	896,600
Liability recognized in the Balance Sheet	7,705,007	13,085,456
VI.Percentage of each category of plan assets to total fair value of plan assets		
Insurer managed funds	100%	100%
VII.Expenses recognized in the Statement of Profit and Loss		
Current service cost	3,690,466	7,685,610
Interest cost	1,118,564	1,856,922
Expected return on plan assets	(78,004)	(256,524)
Net actuarial (gain) / loss to be on obligation	(10,526,492)	(15,173,381)
Expense recognized in Statement of Profit and Loss	(5,795,466)	(5,887,373)
VIII.Balance Sheet reconciliation		
Opening net liability	13,085,456	18,863,311
Expenses as above	(5,795,466)	(5,887,373)
Net transfer bygroup companies	785,980	178,145
Net transfer to group companies	(370,963)	(68,627)
Closing net liability	7,705,007	13,085,456
IX.Expected employers contribution in next year		
As per actuarial valuation report	4,958,500	10,256,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

X.Experience adjustments		
On plan liability (gain) / loss	(10,158,838)	(15,509,084)
On plan asset (loss) / gain	(78,004)	90,130

c. **Leave Encashment (unfunded):**

(Amount in Rs.)

Particulars	2014	2013
I.Actuarial assumptions		
Discount rate	9.29%	8.50%
Future salary rise	7.00%	7%
Attrition rate	10.00%	10%
II.Change in defined benefit obligations		
Liability at the beginning of the year	11,576,746	15,461,944
Interest cost	926,140	1,314,265
Current service cost	2,191,132	6,319,696
Liability transferred by group companies	665,034	154,026
Liability transferred to group companies	(353,808)	(79,500)
Benefits paid	(10,081,028)	(13,260,294)
Actuarial (gain) / loss on obligations	192,272	1,666,609
Liability at the end of the year	5,116,488	11,576,746
III.Liability recognized in the Balance Sheet		
Liability at the end of the year	5,116,488	11,576,746
Liability recognized in the Balance Sheet	5,116,488	11,576,746
IV.Expenses recognized in the Statement of Profit and Loss		
Current service cost	2,191,132	6,319,696
Interest cost	926,140	1,314,265
Net actuarial (gain) / loss	192,272	1,666,609
Expense recognized in Statement of Profit and Loss	3,309,544	9,300,570
V.Balance Sheet reconciliation		
Opening net liability	11,576,746	15,461,944
Expenses as above	3,309,544	9,300,570
Benefits Paid	(10,081,028)	(13,260,294)
Net transferby group companies	665,034	154,206
Net transferto group companies	(353,808)	(79,500)
Closing net liability	5,116,488	11,576,746
VI.Experience adjustments:		
On plan liability (gain) / loss	471,810	1,426,206

Notes:

(i) The estimate of future salary increases has been done on the basis of current salary suitably projected for future; beginning from the end of the first year taking into consideration the general trend in inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(ii) "Contribution to provident and other funds" is recognised as an expense in note 21 of the statement of Profit and Loss.

43. Disclosure pursuant to Accounting Standard 17 – Segment Information

Primary Segment Information

The Company operates in two primary reportable business segments, i.e. "Logistics operations and related services" and Free Trade Warehousing Zone ('FTWZ') operations" as per Accounting Standard 17 – "Segment Reporting"

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	Logistic operations and related services	FTWZ operations and related services	Unallocated	Total
Segment Revenue				
External sales	2,582,850,893 (5,737,612,808)	434,106,607 (1,273,893,071)	– (–)	3,016,957,500 (7,011,505,879)
Other income	68,408,236 (264,834)	21,318,034 (6,176,298)	58,801,780 ((-)2,567,908)	148,528,050 (3,873,225)
Total Revenue	2,651,259,129 (5,737,877,642)	455,424,641 (1,280,069,369)	58,801,780 ((-)2,567,908)	3,165,485,550 (7,015,379,104)
Segment Results				
Segment results	124,195,332 (683,852,878)	132,620,595 (936,945,825)	(-)335,788,134 ((-)565,804,214)	(-)78,972,206 (1,054,994,489)
Interest expense	–	–	–	1,848,780,276 (1,272,443,379)
Interest income	–	–	–	– (227,826,767)
Less:				
Exceptional items: (Refer Note 28)	–	–	–	1,066,735,327 (154,295,245)
Prior Period Item	–	–	–	(-)8,136,333 (–)
Tax expense/ (-)Credit	–	–	–	(-)9,583,347 ((-)3,867,294)
Profit/(-)Loss after Tax	–	–	–	(-)2,976,768,129 ((-)140,050,073)
Other Information				
Segment assets	3,704,824,980 (5,515,237,506)	15,610,389,778 (15,001,220,861)	5,681,632,622 (4,954,631,849)	24,996,847,380 (25,471,090,216)
Segment liabilities	852,095,560 (2,381,219,479)	14,060,367,586 (10,660,944,798)	7,217,671,634 (6,090,623,507)	22,130,134,780 (19,132,787,784)
Capital expenditure	Nil (419,340)	170,994,534 (1,903,299,181)	215,647 (28,612,295)	171,210,181 (1,932,330,816)
Depreciation and amortization expense	2,157,553 (7,105,717)	161,404,705 (130,901,425)	32,247,962 (61,076,349)	195,810,220 (199,083,491)
Non-cash expenses other than depreciation/ amortization	508,713,833 (107,02,180)	(-)20,285,453 ((-) 676,373)	132,858,413 (180,994,373)	621,286,793 (191,020,180)

Secondary segment information

(Amount in Rs.)

	India	Outside India	Total
Revenue	3,159,831,347 (6,708,218,045)	5,654,203 (307,161,059)	3,165,485,550 (7,015,379,104)
Carrying amount of assets	24,879,595,777 (25,280,349,014)	117,251,603 (190,741,202)	24,996,847,380 (25,471,090,216)
Capital expenditure	171,210,181 (1,932,330,816)	– (–)	171,210,181 (1,932,330,816)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes:
Geographical segment and its composition are India and Rest of the world

i) The Company has identified India and Rest of the World as geographical segments for secondary segment reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized.

ii) Capital expenditure includes expenditure incurred on capital work in progress and capital advances.

44. 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)
Direct Subsidiaries		
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 $$$	India	100% (100%)
Arshiya Transport and Handling Limited	India	100% (100%)
Arshiya Northern FTWZ Limited	India	100% (100%)
Arshiya Central FTWZ Limited $	India	100% (100%)
Arshiya Industrial & Distribution Hub Limited $$ (Previously Arshiya Northern Domestic Distripark Limited)	India	100% (100%)
Arshiya Rail Infrastructure Limited @	India	100% (100%)
Indirect Subsidiaries		
Held through Arshiya Hongkong Limited		
Arshiya Logistics LLC, Dubai	U.A.E.	Nil (100%)
Held through Cyberlog Technologies International Pte Limited		
Cyberlog Technologies (UAE) FZE	U.A.E.	100% (100%)
Cyberlog Technologies Hong Kong Limited	Hong Kong	100% (100%)
Arshiya Technologies (India) Private Limited *	India	100% (100%)
Held through Arshiya Rail Infrastructure Limited		
Arshiya Rail Siding and Infrastructure Limited	India	100% (100%)

Note: Percentage given in bracket relates to previous year.

$$$ 12.64% (Nil) held through Arshiya Northern FTWZ Limited
$ 48.33 % (48.33 %) held through Arshiya Hongkong Limited
$$ 9.38 % (14.05 %) held through Cyberlog Technologies (UAE) FZE
@ 5.27 % (6.63%) 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) (Resigned W.e.f. 31/03/2014)

(II)Relative of Key Management Personnel
Mr. Ananya Mittal –Management Trainee (Business Development)– W.e.f. 01-04-2013

b. **Other related parties with whom transactions have taken place during the year or balances outstanding as at the reporting date.**
Bhushan Steel Limited
Arshiya Lifestyle 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	Subsidiary companies	Key management personnel and their relatives	Other related parties	Total
Revenue from operations	327,233,020 (1,195,453,991)	– (–)	566,803,194 (863,950,842)	894,036,214 (2,059,404,833)
Rent paid	– (–)	– (–)	– (1,788,771)	– (1,788,771)
Interest Income	– (220,751,518)	– (–)	– (–)	– (220,751,518)
Interest Expenses	– (–)	– (6,225,480)	– (–)	– (6,225,480)
Dividend income	– (26,990,119)	– (–)	– (–)	– (26,990,119)
Remuneration paid	– (–)	11,458,469 (34,440,523)	– (–)	11,458,469 (34,440,523)
Recovery of Remuneration	– (–)	34,075,827 (–)	– (–)	34,075,827 (–)
Loans and advances given (including reimbursement of expenses)	3,449,613,217 (3,846,589,155)	– (–)	– (–)	3,449,613,217 (3,846,589,155)
Loans and advances given repaid/adjusted (including reimbursement of expenses)	6,118,000,940 (3,669,313,190)	– (–)	– (–)	6,118,000,940 (3,669,313,190)
Loan and advances taken	– (–)	790,901,523 (1,171,862,053)	– (–)	790,901,523 (1,171,862,053)
Loans and advances taken repaid /adjusted	– (–)	467,041,363 (357,517,949)	– (–)	467,041,363 (357,517,949)
Loans and advances received against Land	– (86,500,000)	– (–)	– (–)	– (86,500,000)
Loans and advances received against Land refunded/adjusted	440,795,730 (139,956,549)	– (–)	– (–)	440,795,730 (139,956,549)
Issue of Equity Shares on conversion of warrants	– (–)	761,250,000 (442,250,000)	– (–)	761,250,000 (442,250,000)
Share Application Money given	– (80,000,000)	– (–)	– (–)	– (80,000,000)
Money received against warrants	– (–)	200,062,500 (836,087,500)	– (–)	200,062,500 (836,087,500)
Investments made	3,357,519,680 (1,341,951,516)	– (–)	– (–)	3,357,519,680 (1,341,951,516)
Deposit received	– (17,000,000)	– (–)	– (–)	– (17,000,000)
Deposit received adjusted	– (415,000,000)	– (–)	– (–)	– (415,000,000)
Corporate guarantees / securities given	2,552,000,000 (2,906,400,000)	– (–)	– (–)	2,552,000,000 (2,906,400,000)
Balances as at March 31, 2014				
Loans and advances given	458,747,370 (3,127,135,094)	– (–)	– (–)	458,747,370 (3,127,135,094)
Trade receivables	119,729,613 (515,734,693)	– (–)	– (170,171,405)	119,729,613 (532,806,098)
Advance from Customer	– (–)	– (–)	408,415 (–)	408,415 (–)
Loans, advances and deposits received	923,619,404 (1,364,415,134)	1,138,204,264 (814,344,104)	– (–)	2,061,823,668 (2,178,759,238)
Corporate guarantees / securities given	17,843,519,332 (15,291,519,332)	– (–)	– (–)	17,843,519,332 (15,291,519,332)
Investments outstanding	8,345,972,336 (4,988,452,656)	– (–)	– (–)	8,345,972,336 (4,988,452,656)

Note: The following transactions constitute more than 10% of the total related party transactions of same type:

(Amount in Rs.)

Nature of transactions	Name of the Party	2014	2013
Revenue from operations	Arshiya Supply Chain Management Private Limited	327,233,020	1,195,453,991
	Bhushan Steel Limited	566,803,194	863,950,842
Interest income	Arshiya Rail Infrastructure Limited	–	116,338,189

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

	Arshiya Northern FTWZ Limited	–	56,088,610
	Arshiya Industrial & Distribution Hub Limited	–	43,314,351
Rent Paid	Arshiya Lifestyle Limited	–	1,788,771
Interest Expenses	Mrs. Archana Mittal	–	6,225,480
Remuneration paid	Mr. Ajay S. Mittal	–	34,075,827
	Mr. Suhas Thakar	11,458,469	–
Recovery of Remuneration	Mr. Ajay S. Mittal	34,075,827	–
Loans and advances given	Arshiya Rail Infrastructure Limited	2,267,604,460	1,197,737,999
	Arshiya Northern FTWZ Limited	809,502,336	1,203,528,909
	Arshiya Industrial & Distribution Hub Limited	156,026,597	1,110,496,656
Loans and advances given repaid/adjusted	Arshiya Rail Infrastructure Limited	3,983,419,662	1,105,726,276
	Arshiya Northern FTWZ Limited	627,225,774	1,925,622,754
Loans and advances taken	Mr. Ajay S Mittal	172,734,331	184,000,000
	Mrs. Archana Mittal	618,167,192	787,899,553
	Mr. Ananya Mittal	–	199,962,500
Loans and advances taken repaid/adjusted	Mrs. Archana Mittal	402,822,195	275,867,949
	Mr. Ajay S Mittal	64,219,168	–
	Mr. Ananya Mittal	–	81,650,000
Loans and advances received against land	Arshiya Rail Infrastructure Limited	–	86,500,000
Loans and advances received against land adjusted	Arshiya Rail Infrastructure Limited	399,257,624	139,956,549
Issue of equity shares on conversion of warrants	Mr. Ajay S. Mittal	500,250,000	442,250,000
	Mrs. Archana A. Mittal	261,000,000	–
Money received against warrants	Mrs. Archana A. Mittal	195,750,000	–
	Mr. Ajay S Mittal	4,312,500	–
	Mr. Ananya Mittal	–	836,087,500
Share application money given	Arshiya Northern FTWZ Limited	–	80,000,000
Investments made	Arshiya Industrial & Distribution Hub Limited	1,245,420,750	241,949,316
	Arshiya Northern FTWZ Limited	360,900,450	1,100,002,200
	Arshiya Rail Infrastructure Limited	1,341,198,560	–
	Arshiya Supply Chain Management Private Limited	409,999,920	–
Deposit received	Arshiya Supply Chain Management Private Limited	–	17,000,000
Deposit received adjusted	Arshiya Supply Chain Management Private Limited	–	415,000,000
Corporate Guarantees / securities given	Arshiya Rail Infrastructure Limited	493,400,000	2,606,400,000
	Arshiya Supply Chain Management Private Limited	100,00,00,000	–
	Arshiya Northern FTWZ Limited	457,400,000	300,000,000
	Arshiya Industrial & Distribution Hub Limited	601,200,000	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

Closing Balances as at March 31			
Loans and advances given	Arshiya Rail Infrastructure Limited	19,306,416	1,735,121,618
	Arshiya Industrial & Distribution Hub Limited	25,247,939	1,150,303,978
	Arshiya Transport and Handling Limited	100,485,825	99,518,300
	Arshiya Northern FTWZ Limited	304,146,299	–
Trade receivables	Arshiya Supply Chain Management Private Limited	119,729,613	515,734,693
	Bhushan Steel Limited	–	17,071,405
Advance from Customers	Bhushan Steel Limited	408,415	–
Loans, advances and deposits taken	Arshiya Rail Infrastructure Limited	–	399,257,624
	Arshiya Central FTWZ Limited	921,619,404	931,463,233
	Arshiya Supply Chain Management Private Limited	2,000,000	2,000,000
	Mr. Ajay S Mittal	410,827,664	302,312,500
	Mrs. Archana Mittal	727,376,600	512,031,604
Investments outstanding	Arshiya Industrial & Distribution Hub Limited	2,205,615,066	960,194,316
	Arshiya Northern FTWZ	3,144,477,790	2,783,577,340
	Arshiya Rail Infrastructure Limited	2,341,598,560	1,000,400,000
Money received against warrants	Mr. Ajay S Mittal	206,025,000	836,087,500
	Mrs. Archana A. Mittal	68,875,000	–
Corporate Guarantees / securities given	Arshiya Northern FTWZ Limited	3,561,100,000	3,103,700,000
	Arshiya Rail Infrastructure Limited	7,698,619,332	7,205,219,332
	Arshiya Supply Chain Management Private Limited	1,850,000,000	850,000,000
	Arshiya Industrial & Distribution Hub Limited	4,733,800,000	4,132,600,000

45. 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 Rs.)

Name of the Subsidiary (including indirect subsidiary)	Amount outstanding as on March 31, 2014	Maximum amount outstanding during the year
Arshiya Supply Chain Management Private Limited	9,560,891 (10,317,130)	53,339,091 (32,137,000)
Arshiya Rail Infrastructure Limited****	19 306 416 (1,735,121,618)	1 893 615 691 (1,777,413,259)
Arshiya Central FTWZ Limited	Nil (99,24,170)	10,619,201 (99,24,170)
Arshiya Transport and Handling Limited	100,485,825 (95,089,131)	100,705,297 (95,089,131)
Arshiya Industrial & Distribution Hub Limited (Previously Arshiya Northern Domestic Distripark Limited)	25,247,938 (1,108,938,772)	1,262,644,405 (1,279,173,658)
Arshiya Northern FTWZ Limited	304,146,300 (121,869,738)	333,548,175 (1,080,792,965)

**** Arshiya Rail Infrastructure Limited has made investments in following subsidiary

(Number of equity shares)

Name of the Company	2014	2013
Arshiya Rail Sidings and Infrastructure Limited	50,000	50,000

46. 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 Rs.)

	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payments	216,720 (216,720)	1,090,952 (216,601)	– (–)
Less: Finance charges payable	9,927 (27,215)	143,316 (9,808)	– (–)
Present value of lease rentals	206,793 (189,505)	947,636 (206,793)	– (–)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Operating Lease

I. In respect of assets taken on cancellable operating lease

The Company 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 Rs. 2,765,674/- (Rs. 72,344,612/-).

II. In respect of assets taken on non-cancellable operating lease

The Company has taken office premises on non-cancellable operating lease arrangements for a period of 5 years. The operating lease rental payments/provision under non-cancellable agreements aggregate to Rs. 63,901,813/- (Rs. 66,383,894/-). Details of contractual payments under non-cancellable operating leases are given below:

(Amount in Rs.)

	2014	2013
Lease obligations		
Future minimum lease rental payments		
- not later than one year	3,42,51,232	70,287,668
- later than one year but not later than five years	4,25,17,533	87,527,594
- later than five years	--	--
Total	7,67,68,765	157,815,262

III. Total Lease rental payments in respect of operating leases recognized in the Statement of Profit and Loss are Rs. 66,667,487/- (Rs. 138,728,506/-) and capitalized during the year is Rs. Nil (Rs. 35,885,511/-).

47. Earnings per share has been computed as under:

	2014	2013
(Loss) after tax (Amount in Rs.)	(2,976,768,129)	(140,050,073)
Weighted average number of shares (Numbers)	61,922,623	60,074,540
Nominal value per share (Amount in Rs.)	2	2
Earnings per share – Basic and diluted (Amount in Rs.)	(48.07)	(2.33)

48. Managerial Remuneration

(Amount in Rs.)

	Chairman and Managing Director		Executive Director	
	2014	2013	2014	2013
Salaries and Allowances	–	31,500,000	8,232,500	–
Perquisites	–	51,147	–	–
Contribution to Provident Fund	–	2,524,680	7,800	–
Retirement benefits	–	–	3,218,169	–
Total	–	34,075,827	11,458,469	–

(i) The Chairman and Managing Director of the Company decided not to draw any remuneration for the financial years 2012-2013 and 2013-2014. Consequently, the Board of Directors of the Company at their meeting held on 2nd April, 2014 decided that the Company's application to the Central Government for approval of excess remuneration of Rs. 340.76 lacs paid/provided in the financial years 2012-2013 and 2013-2014 be withdrawn and accordingly, the same was withdrawn. The entire remuneration paid/provided to the Chairman and Managing Director for 2012-13 has been recovered during the year ended 31st March, 2014 and shown as "Write Back of Managerial Remuneration" and no provision has been made for the year ended 31st March, 2014.

The Board of Directors of the Company at their meeting held on 2nd April, 2014 at the instance of the Chairman and Managing Director has revised his remuneration to a token amount of Rs.1,000/- per anum effective from April, 2014.

(ii) 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 to Mr. Suhas Thakar, Ex-Executive Director, is in excess of limits prescribed under section 198 read with Schedule XIII of the Companies Act, 1956. The Company is in the process of filing an application to the Central Government for approval of excess remuneration.

49. Current Liabilities include advances received from subsidiaries for transfer/sale of land, as under:

(Amount in Rs.)

	2014	2013
Arshiya Rail Infrastructure Limited	–	399,257,624
Arshiya Central FTWZ Limited	921,619,406	931,463,233
Arshiya Northern FTWZ Limited	–	31,694,277
Total	921,619,406	1,362,415,134

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

50. (i) Derivative contracts entered into by the Company for hedging purpose and outstanding as at March 31, 2014

	Foreign currency amount			Equivalent amount (In Rs.)	
Balances	**Currency**	**2014**	**2013**	**2014**	**2013**
Long-term borrowings	USD	51,807,026	55,356,476	2,772,660,000	3,005,484,261

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

	Foreign currency amount			Equivalent amount (In Rs.)	
Balances	**Currency**	**2014**	**2013**	**2014**	**2013**
Bank balances	USD	5.36	893	314	48,056
Remittances in Transit	USD	–	135,920	–	7,316,574
Receivables	USD	442,859	5,113,232	26,221,706	27,52,45,300
	EUR	18,091	23,213	1,471,703	15,95,395
Payables	USD	151	1,341,353	8,937	73,841,470
	GBP	–	4,185	–	340,900
	EUR	1,818	11,729	147,650	822,851
	JPY	559,423	11,800	321,500	6,719
	HKD	2,543	–	18,917	–

51. Prior period items (net) included in Statement of Profit and Loss

(Amount in Rs.)

	2014	2013
Revenue from logistics operations	–	(4,104,580)
Cost of logistic operations	–	11,337,533
Recovery of excess payment of Electricity duty	(8,136,333)	–
Net prior period expenses / (income)	**(8,136,333)**	**7,232,953**

52. Information pursuant to para 5 (viii) of Revised Schedule VI of the Companies Act 1956.

a. Earnings in foreign currency (Amount in Rs.)

	2014	2013
Revenue from logistics operations	5,654,203	307,161,059
Revenue from Free Trade Warehousing Zone	103,140,543	899,304,671
Total	**108,794,746**	**1,206,465,730**

b. Expenditure in foreign currency (Amount in Rs.)

	2014	2013
Cost of logistics operations	11,573,248	592,271,936
Advertisement and Business promotion	–	91,629
Travelling expenses	1,938,000	1,897,756
Miscellaneous expenses	426,402	409,301
Total	**11,999,650**	**594,670,621**

c. Value of Imports on CIF basis

(Amount in Rs.)

Particulars	**2014**	**2013**
Capital goods	–	2,681,897
Total	**–**	**2,681,897**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Signatures to Notes forming part of Financial Statements

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

For and on behalf of the Board of Arshiya Limited

Mukul Patel
Partner
Mem. No. 032489

Ajay S Mittal
Chairman & Managing Director
DIN : 00226355

Archana A Mittal
Joint Managing Director
DIN : 00703208

Shyam Rathi
Chief Financial Officer

Mumbai: 9th July, 2014

STATEMENT RELATING TO SUBSIDIARIES

Sr. No.	SUBSIDIARY COMPANIES	ARSHIYA HONGKONG LTD		ARSHIYA INTERNATIONAL SINGAPORE PTE. LTD		CYBERLOG TECHNOLOGIES INTERNATIONAL Pte. Ltd	
	Reporting Currency	HKD	INR	SGD	INR	SGD	INR
	Country	Hong Kong		SINGAPORE		Singapore	
	Exchange Rates	7.70229984		47.4462		47.4462	
	CIN:						
1	Capital	2324510	17904073	100000	4744620	506839.0303	24047586
2	Reserves	198829751	1531446394	-67508	-3202987	22007912.06	1044191797
3	Total Assets	226972815	1748212716	36292	1721929	23982484.67	1137877764
4	Total Liabilities	423478056	198862249	3800	180296	1467733.58	69638381
5	Investments other than investment in subsidiaries	-	-	-	-	-	
6	Turnover	-	-	-	-	-	-
7	Profit / (loss) before Taxation	182247	1415495	-299434	-14319916	-482451.4714	-22890489
8	Provision for Taxation	-	-	-	-	-16158.63863	-766666
9	Profit / (loss) after Taxation	182847	1415495	-299434	-14319916	-466292.8116	-22123822
10	Proposed Dividend	-	-	-	-	-	-

Sr. No.	SUBSIDIARY COMPANIES	Arshiya Technologies India Pvt. Ltd.	Arshiya Supply Chain Management Private Limited	Arshiya Rail Infrastructure Limited	Arshiya Rail Siding Infrastructure & Infrastructure Limited	Arshiya Northern FTWZ Limited	Arshiya Transport & Handling Limited
	Reporting Currency	INR	INR	INR	INR	INR	INR
	Country	India	India	India	India	India	India
	Exchange Rates						
	CIN:	U72300MH2007PTC175427	U63013MH2006PTC165506	U45200MH2008PLC180907	U74990MH2010PLC199940	U51109MH2008PLC183555	U63030MH2010PLC200604
1	Capital	1011580	37871200	408,891,950	500,000	95,506,260	500,000
2	Reserves	308018	-1279703253	934,772,437	(448,274)	4,388,272,093	(100,951,727)
3	Total Assets	1379149	135380685	7,010,149,535	105,914	8,362,365,536	3,903,276
4	Total Liabilities	59551	1377212739	5,666,485,157	54,188	3,878,587,183	104,355,003
5	Investments other than investment in subsidiaries	-	-	-	-	-	-
6	Turnover	-	534666860	1,933,475,399	-	83,552,904	2,656,800
7	Profit / (loss) before Taxation	-46905	-2000139783	(2,033,636,790)	(344,354)	(483,731,698)	1,123,551
8	Provision for Taxation	-	-	-	-	-	-
9	Profit / (loss) after Taxation	-46905	-2218018476	(2,033,636,790)	(344,354)	(483,731,698)	1,289,249
10	Proposed Dividend	-	-	-	-	-	-

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors 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 known as Arshiya International Limited) ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31,2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

The Consolidated Financial Statements of the earlier year were audited by the previous Auditors', whose report in respect of certain matters has been appropriately considered by us.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion:

We draw attention to remuneration paid/ provided to an Ex-Executive Director (Note No 38(c)) and an ex-Managing Director (Note No.38(e)) which have turned out to be in excess of the limits prescribed under section 198 read with Schedule XIII to the Companies Act, 1956, as stated in the respective notes.

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*, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2014:

(b) In the case of the Consolidated Statement of Profit and Loss, of the loss of the group for the year ended on that date; and

(c) In the case of Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Emphasis of Matter

1. The group continues to the under severe financial stress as reflected by :

   (a) Approval of Corporate Debt Restructuring.

   (b) Unpaid Trade Creditors aggregating to Rs.108.94 crores.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Unpaid Employees dues aggregating to Rs.12.21 crores.

(d) Overdue loans from bank and other parties aggregating to Rs.198.23 crores (Including interest accrued and due Rs.41.90 crores).

(e) Statutory dues aggregating to Rs.42.25 crores.

Despite the foregoing, the Accounts of the Group have been prepared on a "Going Concern basis" in view of:

(a) Revival plans (Refer Note No. 39)

(b) The Restructuring Package under Corporate Debt Restructuring approved by the secured lenders (Banks) (Refer Note No.40).

(c) Proposed Scheme of Amalgamation of certain subsidiaries (Refer Note No. 49)

Other Matters

1. We did not audit the financial statements/ financial information of certain subsidiaries of the group, whose financial statements/ financial information reflect total assets (net) of Rs.288.78 crores as at March 31, 2014,total revenue of Rs. Nil and net cash flows amounting to Rs.(0.31) crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as they relate to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

2. Changes in the Accounting Policies as referred to in Note No. 32(b)(iii), Note No.37,Note No. 41 and Note No. 42(i) with a view to comply with the requirements of relevant Accounting Standards/ Pronouncement of the Institute of Chartered Accountants of India as stated in the said Notes.

3. Note No. 32(a) regarding Fixed Assets

4. Note No. 32(b)(iv) regarding Capital Work in Progress

Our Opinion is not qualified in respect of all these matters.

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

Mukul Patel
Partner
Membership Number: 32489

Mumbai, 9th July, 2014

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)

Consolidated Balance Sheet as at 31st March, 2014

(Amount in Rs.)

	Notes	As at 31st March, 2014	As at 31st March, 2013
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share capital	4	13,42,58,944	12,37,58,944
(b) Reserves and surplus	5	5,29,01,48,564	7,74,14,36,079
(c) Money received against share warrants	4(d)	27,49,00,000	83,60,87,500
		5,69,93,07,508	8,70,12,82,523
2. Non-current liabilities			
(a) Long-term borrowings	6	25,09,12,26,990	20,43,84,64,145
(b) Deferred tax liabilities (net)	7	-	7,91,48,194
(c) Other long-term liabilities	8	7,76,81,859	95,47,430
(d) Long-term provisions	11	1,21,44,288	1,98,62,336
		25,18,10,53,137	20,54,70,22,105
3. Current liabilities			
(a) Short-term borrowings	9	2,80,55,23,220	3,29,66,74,026
(b) Trade payables	10	1,08,94,76,776	2,66,70,17,655
(c) Other current liabilities	10	4,16,74,37,278	5,52,13,64,644
(d) Short-term provisions	11	43,92,04,895	9,73,45,308
		8,50,16,42,169	11,58,24,01,633
Total		39,38,20,02,814	40,83,07,06,261
II. Assets			
1. Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		31,03,34,87,286	23,73,85,28,234
(ii) Intangible assets		64,10,57,889	68,14,39,672
(iii) Goodwill		-	5,98,98,246
(iv) Capital work-in-progress - Tangible		5,62,04,80,843	7,35,25,30,043
(v) Capital work-in-progress - Intangible		39,45,700	48,65,285
		37,29,89,71,718	31,83,72,61,480
(b) Long-term loans and advances	13	50,65,72,957	1,15,94,66,853
(c) Other non-current assets	14	1,22,03,003	23,60,93,200
		51,87,75,960	1,39,55,60,053
2. Current assets			
(a) Inventories	15	46,33,621	23,13,550
(b) Trade receivables	16	84,06,03,189	6,23,74,45,736
(c) Cash and bank balances	17	10,10,23,624	8,36,53,741
(d) Short-term loans and advances	13	61,78,00,123	1,22,80,92,915
(e) Other current assets	14	1,94,578	4,63,78,786
		1,56,42,55,135	7,59,78,84,728
Total		39,38,20,02,814	40,83,07,06,261
Summary of Significant Accounting Policies			
See accompanying notes to the financial statements	1-51	1	0

As per our attached report of even date

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

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

Mukul Patel
Partner
Mem. No.32489

Ajay S Mittal
Chairman & Managing Director
DIN: 00226355

Archana A Mittal
Joint Managing Director
DIN : 00703208

Shyam Rathi
Chief Financial Officer

Place: Mumbai
Date: 9th July, 2014

Arshiya Limited (Formerly known as Arshiya International limited)

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

(Amount In Rs.)

Particulars	Notes	Year Ended 31st March, 2014	Year Ended 31st March, 2013
I. Revenue			
1. Revenue from operations	18	5,16,55,72,580	11,39,58,90,727
2. Other income	19	19,91,88,365	6,84,65,716
Total Revenue		**5,36,47,60,945**	**11,46,43,56,443**
II. Expense			
1. Cost of operations	20	4,45,50,85,074	8,20,06,89,896
2. Employee benefits expense	21	40,87,37,523	75,91,26,846
3. Finance costs	22	3,66,29,51,552	2,50,66,73,758
4. Depreciation and amortization expense	12	83,52,89,422	60,24,22,135
5. Other expenses	23	63,96,59,677	67,11,40,871
Total Expenses		**10,00,17,23,248**	**12,74,00,53,506**
III. (Loss) for the year before exceptional items and tax (I-II)		(4,63,69,62,303)	(1,27,56,97,063)
IV. Exceptional items (Net)	29	2,12,65,95,433	5,42,76,945
V. Prior Period Adjustments (Net)	28	1,49,13,73,795	-
VI. Loss for the year before tax (III-IV-V)		**(8,25,49,31,531)**	**(1,32,99,74,007)**
VII. Tax expense	47		
1. Short/(Excess) provision for prior year (Net)		16,23,34,181	(1,44,967)
2. Reversal of MAT credit of prior year		12,41,76,994	-
3. Reversal of Deferred Tax Liability/Assets		(7,91,48,193)	(5,82,96,606)
VIII. (Loss) for the year		**(8,46,22,94,512)**	**(1,27,15,32,434)**
Earnings per equity share of value Rs. 2 each Basic and Diluted Earnings per Share	35	(136.66)	(21.17)

Summary of Significant Accounting Policies
See accompanying notes to the financial statements 1-51

As per our attached report of even date

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

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

Mukul Patel
Partner
Mem. No.32489

Ajay S Mittal
Chairman and Managing Director
DIN: 00226355

Archana A Mittal
Joint Managing Director
DIN : 00703208

Shyam Rathi
Chief Financial Officer

Place: Mumbai
Date: 9th July, 2014

Arshiya Limited (Formerly known as Arshiya International limited)

Consolidated cash flow statement for the year ended 31st March, 2014

(Amount in Rs.)

		Year Ended 31st March, 2014	Year Ended 31st March, 2013
Cash flow from operating activities			
(Loss) before tax		(8,25,49,31,533)	(1,32,99,74,007)
Adjustments for :			
Depreciation and amortization expense		83,52,89,422	60,24,22,135
Leasehold improvements written off		1,11,47,526	5,42,76,945
Interest expense		3,63,01,47,815	2,44,11,94,631
Interest income		31,48,814	(1,04,70,597)
Gain / Loss on sale of fixed assets (net)		(1,39,54,022)	2,84,072
Adjustment of Share Issue Expenses		(89,78,262)	-
Profit on redemption of units of mutual funds		-	(7,36,286)
Ancillary borrowing costs written off		21,46,02,226	3,96,22,686
Provision for doubtful advances		1,46,06,800	-
Provision for doubtful debts		1,40,04,829	-
Bad debts		6,47,76,063	4,08,328
Exchange adjustments (net)		(7,76,70,104)	2,95,76,612
Operating profit before working capital changes		**(3,56,78,10,426)**	**1,82,66,04,516**
Adjustments for :			
(Increase)/decrease in inventories		(23,20,071)	(23,13,550)
(Increase)/decrease in trade and other receivables		5,61,50,99,117	(3,73,41,75,702)
Increase/(decrease) in trade and other payables		(2,52,91,92,278)	2,60,94,39,592
Cash generated from operations		**(48,42,23,658)**	**69,95,54,857**
Direct taxes paid		(28,65,11,175)	(14,89,45,410)
Net cash flow from operating activities	(A)	**(77,07,34,833)**	**55,06,09,447**
Cash flow from investing activities			
Purchase of fixed assets (including capital work-in-progress)		(16,04,81,208)	(4,41,65,89,279)
Proceeds from sale of fixed assets		22,02,08,013	10,36,574
Redemption of investments in units of mutual funds		-	20,08,25,514
Investment in bank deposits having original maturity period of more than 3 months		10,00,000	2,87,33,637
Interest received		(31,48,814)	1,16,48,702
Net cash flow used in Investing activities	(B)	**5,75,77,991**	**(4,17,43,44,852)**
Cash flow from financing activities			
Proceeds from issue of shares (including securities premium)		76,12,50,000	44,22,50,000
Money received against share warrants		(56,11,87,500)	83,60,87,500
Proceeds from long-term borrowings (Net of Repayments)		4,65,27,62,845	1,27,84,91,705
Proceeds from short-term borrowings (Net of Repayments)		(49,11,50,805)	2,08,77,40,933
Dividend paid		-	(9,57,23,316)
Ancillary borrowing costs incurred		-	(1,64,95,800)
Interest paid		(3,63,01,47,815)	(1,45,72,44,258)
Net cash flow from financing activities	(C)	**73,15,26,725**	**3,07,51,06,764**
Net increase/(decrease in cash and cash equivalents (A + B + C)		**1,83,69,883**	**(54,86,28,641)**
Add: Opening cash and cash equivalents		**8,14,15,413**	**63,00,44,054**
Closing cash and cash equivalents		**9,97,85,296**	**8,14,15,413**
Add: Earmarked bank balances		12,38,328	22,38,328
Closing cash and cash equivalents		**10,10,23,624**	**8,36,53,741**

Notes

Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current years' classification.

As per our attached report of even date

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

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

Mukul Patel
Partner
Mem. No.32489

Ajay S Mittal
Chairman & Managing Director
DIN: 00226355

Archana A Mittal
Joint Managing Director
DIN : 00703208

Shyam Rathi
Chief Financial Officer

Place: Mumbai
Date: 9th July, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Corporate Information

Arshiya Limited (formerly Arshiya International Limited) (hereinafter referred to as "the Parent 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 Free Trade 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 Parent Company, i.e. 31st March, 2014 (Previous Year 31st March, 2013). 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 parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.

ii) The consolidation of the financial statements of the parent 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, unrealized 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 recognized 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 parent 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)
Direct Subsidiaries		
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%)
Indirect Subsidiaries		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Held through Cyberlog Technologies International Pte Limited		
Cyberlog Technologies (UAE) FZE	U.A.E.	100% (100%)
Arshiya Technologies (India) Private Limited *	India	100% (100%)
Held through Arshiya Rail Infrastructure Limited		
Arshiya Rail Siding and Infrastructure Limited	India	100% (100%)

$$$ 12.64% (Nil) held through Arshiya Northern FTWZ Limited.
@ 5.27 % % (6.63%) held through Arshiya Hongkong Limited.
$ 48.33 % (48.33 %) held through Arshiya Hongkong Limited.
$$ 9.38 % (14.44 %) held through Cyberlog Technologies (UAE) FZE.
* 9.89 % (9.89%) held through Parent Company.
# During the year Arshiya Hong Kong Limited disposed off its investment in Arshiya Logistics LLC Dubai.

Note 3: Significant Accounting Policies

(i) Use of estimates

The preparation of CFS in conformity with India GAAP 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 recognized 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) less accumulated depreciation and impairment losses, if any, except land. 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.

(iii) Borrowing costs

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

(iv) Depreciation and Amortization

A. In case of the Parent 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 a pro-rata basis on straight-line method at the rates and manner prescribed under Schedule XIV to the Companies Act, 1956.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Intangible Fixed Assets

(a) Amortisation of intangible assets other than (b) below, is provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.

(b) 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.

A.2 Rail freight and related services:

Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on a pro-rata basis on straight-line method at the rates and manner prescribed under Schedule XIV to the Companies Act, 1956.

Wagons, Brake Vans and Containers: where Depreciation is provided on 'Straight Line Method' on a pro-rata basis at the following rates from the date these assets are put to use. These rates are based on the economic useful life of the assets of 20 years estimated by the management and are higher than the minimum rates prescribed by Schedule XIV to the Companies Act, 1956.

Intangible Fixed Assets

(a) Amortisation of intangible assets other than (b) below, is provided on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.

(b) 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.

(c) Rail License fees paid for transfer of Concession Agreement is amortized over a period of twenty years, being the license period agreement (See refer note no. 37).

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 capitalized and the corresponding lease liability is recognized 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 recognized with the asset under lease.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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.

(vii) Inventories

Inventories are valued at cost or net realizable (NRV), whichever is less.

(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 Handling and other Value Added Services/Activities is recognized on the basis of loading/unloading of container/cargo and completion of agreed contracted services

(d) Revenue from rail and ancillary operations are accounted on the basis of delivery of cargo, considering substantial completion of contracted services. While recognizing the revenue 7^{th} of the following month is taken as cutoff date for determining the delivery of cargo vis-à-vis 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 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 recognized when utilized.

(ix) Employee benefits

The Group has various schemes of employee benefits as per applicable local laws of the respective countries, viz., provident fund, gratuity and leave encashment. Provident and gratuity funds are administered through Trustee / Regional Provident Fund and Group's contribution thereto is charged to revenue every year. Gratuity and leave encashment are provided for on the basis of actuarial valuation by and an independent actuary as at the year-end.

(x) Foreign currency transactions

A. Accounting of 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.

(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 recognized in the Statement of Profit and Loss.

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 rates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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 recognized unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

(c) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized 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

The Group reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

(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 recognized 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 Group.

(c) Contingent Assets are not recognized 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 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 Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
4. Share Capital		
Authorised		
85,000,000 (85,000,000) equity shares of Rs. 2 each	17,00,00,000	17,00,00,000
Issued, Subscribed and Paid up		
67,129,472 (61,879,472) equity shares of Rs.2 each, fully paid up	13,42,58,944	12,37,58,944
Total	13,42,58,944	12,37,58,944

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares	Amount (in Rs)	Number of shares	Amount (in Rs)
Balance at the beginning of the year	6,18,79,472	12,37,58,944	5,88,29,472	11,76,58,944
Issued During the year	52,50,000	1,05,00,000	30,50,000	61,00,000
Balance at the end of the year	**6,71,29,472**	**13,42,58,944**	**6,18,79,472**	**12,37,58,944**

(b) Terms and rights attached to equity shares

The Company has one class of equity share having a par value of Rs.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 shares held by the shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at 31st March, 2014		As at 31st March, 2013	
	Number of equity shares	Percentage (%) shareholding	Number of equity shares	Percentage (%) shareholding
Archana Mittal	2,15,70,225	32.13%	1,98,20,225	32.03%
Ajay S Mittal	65,00,000	9.68%	30,50,000	4.93%

(d) Issue of convertible warrants

The Company has allotted 13,600,000 convertible warrants at Rs. 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 the same, 52,50,000 & 30,50,000 were converted (in the ratio of 1 share for 1 warrant) into equity shares of Rs. 2/- each at a premium of Rs, 143/- per share during the financial year 2013-14 & 2012-13 respectively. Pending conversion of 5,300,000 warrants, amount received against these warrants of Rs. 274,900,000/- is shown as "Money received against share warrants" in the financial statements. The Proceeds from issue of convertible warrants on preferential basis have been utilised for repayment of short-term borrowings and working capital requirements of the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)
Notes to Consolidated Financial Statements

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
5. Reserves & Surplus		
Securities Premium Account		
Balance as at the beginning of the year	5,42,05,68,084	4,50,01,27,084
Add : On issue of Equity Shares	75,07,50,000	43,61,50,000
Pursuant to Scheme of Amalgamation	-	48,42,91,000
Balance at the end of the year	**6,17,13,18,084**	**5,42,05,68,084**
Amalgamation Reserve *		
Balance as at the beginning and end of the year	1,24,80,000	1,24,80,000
Revaluation Reserve		
Balance as at the beginning of the year	-	-
Add : On revaluation of land [Refer Note no.12(g)]	6,35,39,19,970	-
Balance at the end of the year	**6,35,39,19,970**	**-**
Foreign currency monetary item translation difference account [Refer note 42(i)]		
Balance as at the beginning of the year	(85,59,558)	(85,59,558)
Less: Written off during the year	85,59,558	-
Balance at the end of the year	**-**	**(85,59,558)**
Foreign currency translation reserve		
Balance as at the beginning of the year	11,10,88,127	7,03,67,671
Add : Adjustment made during the year	(8,62,29,662)	4,07,20,456
Balance at the end of the year	**2,48,58,465**	**11,10,88,127**
General Reserve		
Balance as at the beginning of the year	9,40,17,534	12,83,43,158
Add : Pursuant to Scheme of Amalgamation	-	(3,43,25,624)
Balance at the end of the year	**9,40,17,534**	**9,40,17,534**
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	2,11,18,41,891	3,83,33,39,701
Less: Pursuant to Scheme of Amalgamation	-	(44,99,65,376)
Loss for the year	8,46,22,94,512	1,27,15,32,434
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	**(7,36,64,45,489)**	**2,11,18,41,891**
Total	**5,29,01,48,564**	**7,74,14,36,079**

* 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.
#Rs. 1,007,014,606/- represent amounts of receivable/advances reduced correspondingly upon sale of downstream investment by a Foreign Subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)
Notes to Consolidated Financial Statements

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
6. Long-term borrowings				
Secured				
Term loan from (Refer Note no. 40)				
- Banks				
- Term Loan	19,89,64,03,112	18,53,01,15,885	37,97,64,801	1,77,25,26,595
- Funded Interest Term Loan (FITL)	3,45,42,23,946	-	13,96,77,234	-
- Working capital Term Loan	40,63,18,961	-	2,13,85,208	-
- Other parties	1,33,33,33,334	1,90,00,00,000	1,62,33,33,334	95,66,66,668
Vehicle loan from bank	9,47,637	12,49,065	3,01,427	2,70,553
Finance lease obligations	-	70,99,195	2,06,793	1,89,505
	25,09,12,26,990	20,43,84,64,145	2,16,46,68,797	2,72,96,53,311
Less: Amount disclosed under the head "other current liabilities" (Refer note 10)	-	-	(2,16,46,68,797)	(2,72,96,53,311)
Total	25,09,12,26,990	20,43,84,64,145	-	-

(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/ personal guarantees of Promoter Directors and shares pledged by the Promoter Director.

(iii) Rate of interest on above loans varies from 12 % to 16.25% p.a & penal interest of 2%p.a

(iv) Repayment Schedule of Secured Loans is as follows :-

(Amount in Rs.)

Year	Term Loan	FITL	WCTL
2014-2015	37,97,64,801	13,96,77,234	2,13,85,208
2015-2016	61,63,31,268	20,69,01,234	2,13,85,208
2016-2017	1,07,33,80,286	54,08,86,808	2,13,85,208
2017-2018	1,83,90,04,090	83,77,51,305	4,27,70,417
2018-2019	1,80,57,54,090	96,19,95,528	4,27,70,417
2019-2020	2,25,11,12,215	73,65,43,026	12,83,11,251
2020-2021	2,37,28,50,251	17,01,46,045	14,96,96,459
2021-2022	2,41,82,40,751	-	-
2022-2023	2,16,18,56,613	-	-
2023-2024	1,87,70,32,278	-	-
2024-2025	1,89,49,04,287	-	-
2025-2026	1,30,54,34,065	-	-
2026-2027	28,05,02,922	-	-
Total	20,27,61,67,915	3,59,39,01,180	42,77,04,168

(v) Vehicle loan and finance lease obligations are secured by way of hypothecation of vehicle

(vi) Period and amounts of continuing defaults in repayment of long-term borrowings and interest (overdue) as at March 31, 2014 are as under :

(Amount in Rs.)

Lender/ period of delay	Principal	Interest	Total
1. Banks *			
0-60 days	-	4,04,69,875	4,04,69,875
61-120 days	-	51,54,188	51,54,188
121-180 days	-	17,06,277	17,06,277
More than 180 Days	9,91,85,997	1,87,18,185	11,79,04,182
2. Other parties			
0-60 days	-	3,55,34,881	3,55,34,881
61-120 days	-	3,47,57,467	3,47,57,467
121-180 days	-	3,32,94,874	3,32,94,874
More than 180 Days	95,66,66,668	13,07,03,724	1,08,73,70,392
Total	1,05,58,52,665	25,98,69,596	1,31,57,22,261

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)
Notes to Consolidated Financial Statements

(Amount In Rs.)

Particulars		As at 31st March, 2014	As at 31st March, 2013
7. Deferred Tax Liabilities (net) [Refer Note no. 48(iii)]			
Deferred tax liabilities			
Fiscal allowance on fixed assets		-	25,69,91,416
Total (A)		-	**25,69,91,416**
Deferred Tax Assets			
Fiscal loss carried forward		-	17,43,94,211
Foreign currency monetary translation difference account		-	(29,09,394)
Provision for doubtful debt		-	22,00,486
Other timing differences		-	41,57,919
Total (B)		-	**17,78,43,222**
Deferred tax liabilities (net) (A-B)	Total	-	**7,91,48,194**
8. Other Long-term Liabilities			
Security Deposits from Unit Holders		7,76,81,859	95,47,430
	Total	7,76,81,859	95,47,430

(Amount In Rs.)

Particulars		As at 31st March, 2014	As at 31st March, 2013
9. Short-term borrowings			
Secured			
Short-term loans from :			
- Banks		49,50,00,000	49,50,00,000
- Other parties		9,91,85,997	30,00,00,000
Working capital loan from banks		79,49,38,221	1,34,72,26,811
Unsecured			
Loan from directors		1,13,82,04,264	81,43,44,104
Inter-corporate deposits		27,81,94,738	34,01,03,111
	Total	2,80,55,23,220	3,29,66,74,026

(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/ personal guarantees of Promoter Directors and shares pledged by the Promoter Director.

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

(iv) Period and amounts of continuing defaults in repayment of short-term borrowings and interest (overdue) as at March 31, 2014 are as under :

(Amount In Rs.)

Lender / period of delays	Principal	Interest	Total
1. Banks *			
0-60 days	-	2,11,57,571	2,11,57,571
61-120 days	-	2,14,84,818	2,14,84,818
121-180 days	-	2,04,26,019	2,04,26,019
More than 180 days	49,50,00,000	9,32,45,510	58,82,45,510
2. Inter Corporate deposits			
0-60 days	-	3,43,493	3,43,493
61-120 days	-	3,58,630	3,58,630
121-180 days	-	5,34,452	5,34,452
More than 180 Days	1,25,00,000	16,06,966	1,41,06,966
Total	50,75,00,000	15,91,57,459	66,66,57,459

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)
Notes to Consolidated Financial Statements

(Amount in Rs.)

Particulars		As at 31st March, 2014	As at 31st March, 2013
10. Other current liabilities			
a) Trade payables (Refer Note no. 26, 27, 43 & 46)			
- Secured		21,25,00,000	-
- Unsecured		87,69,76,776	2,66,70,17,655
	(a)	1,08,94,76,776	2,66,70,17,655
b) Other liabilities			
Current maturities of long-term borrowings (Refer note 6)		2,16,44,62,004	2,72,94,63,806
Current maturities of finance lease obligations (Refer note 6)		2,06,793	1,89,505
Interest accrued and due on Borrowings		50,63,40,138	96,32,43,904
Unclaimed dividend		11,89,870	11,89,870
Employees Dues		12,21,03,426	5,67,90,738
Statutory dues		42,25,84,250	42,35,56,680
Trade advances received		2,24,28,828	1,81,09,487
Interest on Delayed payment of Statutory Dues		9,74,55,195	2,26,24,554
Deposit received		2,50,90,081	2,33,53,937
Creditors for (Refer Note no. 26,27 & 46)			
- Capital expenses		72,95,53,847	1,08,78,64,235
- Expenses		7,59,41,520	19,49,77,927
	(b)	4,16,74,37,278	5,52,13,64,644
	Total	5,25,69,14,054	8,18,83,82,299

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
11. Provisions				
Employee benefits	1,21,44,288	1,98,62,336	1,41,84,142	1,90,79,656
Mark to Market losses on derivative contracts [Refer Note No. 42(ii)]	-	-	33,91,57,413	4,80,08,519
Provision for tax (net of advances)	-	-	86,52,176	3,02,57,133
Others	-	-	7,72,11,164	-
Total	1,21,44,288	1,98,62,336	43,92,04,895	9,73,45,308

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)
Notes to Consolidated Financial Statements
Note 12 - Fixed Assets

(Amount in Rs.)

Description of Assets	Gross Block					Depreciation / Amortization				Net Block	
	As at April 1, 2013	Additions	Revaluation Reserve	Deductions/ Adjustments	As at March 31, 2014	Upto March 31, 2013	For the year	Deductions/ Adjustments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
(a) Tangibles											
Freehold Land	4,74,27,15,501	1,63,95,13,683	6,35,39,19,970	12,94,89,217	12,60,66,59,937	-	-	-	-	12,60,66,59,937	4,74,27,15,500
Buildings	11,69,77,25,055	3,97,39,363	-	5,86,44,978	11,67,88,19,439	18,47,17,892	19,05,86,804	26,19,042	37,26,85,654	11,30,61,33,785	11,51,30,07,168
Leasehold Improvements	11,36,68,609	-	-	52,897	11,36,15,712	7,33,47,719	1,49,17,712	-	8,82,65,431	2,53,50,281	4,03,20,890
Railway Terminal	1,70,26,62,737	7,29,94,061	-	-	1,77,56,56,799	3,39,01,648	8,22,91,865	-	11,61,93,513	1,65,94,63,286	1,66,87,61,089
Plant and Machinery	5,34,71,10,894	2,01,69,522	-	1,26,07,357	5,35,46,73,059	51,02,14,779	26,35,91,903	1,05,419	77,37,01,263	4,58,09,71,771	4,83,68,96,127
Equipments	59,04,69,028	58,75,626	-	44,17,894	59,19,26,760	4,08,04,786	2,81,55,530	17,05,277	6,72,55,039	52,46,71,721	54,96,64,243
Furniture and Fixtures	30,09,10,369	51,48,059	-	1,01,39,942	29,59,18,486	3,64,10,365	2,06,65,732	60,27,898	5,10,48,199	24,48,70,287	26,45,00,033
Computers	14,69,63,708	1,42,897	-	1,27,27,082	13,43,79,523	4,90,34,336	2,28,95,983	97,05,053	6,22,25,266	7,21,54,257	9,79,29,351
Vehicles	3,60,80,276	-	-	1,18,33,838	2,42,46,438	1,13,46,419	27,61,898	30,73,842	1,10,34,475	1,32,11,963	2,47,33,857
Total	**24,67,83,06,177**	**1,78,35,83,211**	**6,35,39,19,970**	**23,99,13,206**	**32,57,58,96,152**	**93,97,77,943**	**62,58,67,428**	**2,32,36,531**	**1,54,24,08,840**	**31,03,34,87,288**	**23,73,85,28,258**
Previous year	14,84,71,55,542	9,97,24,22,413		14,12,71,778	24,67,83,06,177	50,73,67,088	51,80,85,041	8,56,74,187	93,97,77,942	23,73,85,28,258	
(b) Intangibles											
Trade Mark and Patents	2,33,700	-	-	-	2,33,700	1,20,692	23,370	-	1,44,062	89,638	1,13,008
Software	36,34,69,251	10,98,66,807	-	10,96,819	47,22,39,240	12,61,73,546	7,63,02,777	3,71,977	20,21,04,346	27,01,34,917	23,72,95,706
Rail License Fees	50,00,00,000	-	-	-	50,00,00,000	5,59,69,065	7,31,97,602	-	12,91,66,667	37,08,33,333	44,40,30,935
Goodwill on consolidation	5,98,98,246	-	-	-	5,98,98,246	-	5,98,98,246	-	5,98,98,246	-	5,98,98,246
Total	**92,36,01,197**	**10,98,66,807**	**-**	**10,96,819**	**1,03,23,71,186**	**18,22,83,303**	**20,94,21,995**	**3,71,977**	**39,13,13,320**	**64,10,57,889**	**74,13,37,895**
Previous year	90,61,67,072	1,74,34,125	-	-	92,36,01,197	5,75,79,698	4,40,36,987	-	10,16,16,685	13,83,20,488	
Total (a+b)	**25,60,19,07,374**	**1,89,34,50,018**	**6,35,39,19,970**	**24,10,10,025**	**33,60,82,67,338**	**1,12,20,41,246**	**83,52,89,422**	**2,36,08,508**	**1,93,37,22,161**	**31,67,45,45,176**	**24,47,98,66,153**
Capital work-in-progress										5,62,04,80,843	7,35,25,30,043
Intangible assets under development										39,45,700	48,65,285

Notes:

a. Gross block includes cost of vehicles taken on finance lease of Rs 9,793,227/- (Rs 9,793,227/-).

b. Depreciation / Amortization for the year includes Rs. Nil (Rs. 10,639,689/-) transferred to pre-operative expenses.

c. Deductions / adjustments during the year to gross block and depreciation includes Rs.Nil (Rs. 681,083/-) and Rs. Nil (Rs. 213,789/-) on account of translation reserve.

d. One of the Subsidiaries has constructed a building and open warehouse at Vizag on leasehold land taken from Visakhapatnam Port Trust (Port Trust). As per the policy of the said Port Authority, the period of lease is one year, though in practice it is renewable every year and hence the said Subsidiary has considered the period of lease as perpetual lease, renewable every year. The saidSubsidiary is negotiating with the Port Trust for formalising the lease on a perpetual basis. Accordingly, the cost of building is depreciated as per rates of Schedule XIV and not amortised as per period of lease.

e. Free Hold Land Includes includes Land and related expenses of Rs. 732,339,278/- situated at Nagpur is formaly under possession of a lender as per the order of Hon'ble High Court of Bombay.

f. Refer Note no. 42(i)

g.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 Rs. 12,606,659,937/-over its book value of Rs. 6,252,739,967/-, amounting to Rs. 6,353,919,970/-is credited to "Revaluation Reserve".

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Arshiya Limited (Formerly known as Arshiya International limited)
Notes to Consolidated Financial Statements

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
13. Loans and advances (Refer Note no. 27)				
(unsecured considered good unless otherwise stated)				
Capital advances				
- Considered Doubtfull	1,46,06,800	-	-	-
- Considered Good	16,73,15,100	48,41,58,291	-	-
	18,19,21,900	48,41,58,291	-	-
Less : Provision for doubtful capital advance	(1,46,06,800)	-	-	-
	16,73,15,100	48,41,58,291	-	-
Share Application Money Paid	-	-	10,00,000	-
Deposits	2,20,96,951	11,64,13,158	-	55,46,763
Others				
Advance recoverable in cash or kind	12,41,55,776	4,56,581	21,94,92,935	92,52,81,063
Gratuity Funded Balance (Net)			19,23,196	-
Balances with Government authorities				
- Direct taxes (net of provisions)	19,14,39,121	22,64,39,557	4,98,75,960	-
- MAT credit entitlement (Refer Note no. 48(iii)	-	16,46,35,802	-	-
- Indirect taxes (Refer Note no. 47)	-	13,45,08,943	30,36,38,049	26,95,96,775
Prepaid expenses	15,66,009	5,40,051	53,49,359	2,60,00,527
Staff advances	-	-	10,15,000	16,67,787
Claims receivable	-	3,23,14,470	3,55,05,624	-
Total	50,65,72,957	1,15,94,66,853	61,78,00,123	1,22,80,92,915
14. Other assets				
Interest receivable on fixed deposits	-	3,750	1,94,578	3,74,404
Unamortized ancillary borrowing costs (Refer Note No. 41)	-	22,65,30,794	-	4,60,04,382
Margin money deposits with banks having original maturity period of more than 12 months (Refer note 17)	1,22,03,003	95,58,656	-	-
Total	1,22,03,003	23,60,93,200	1,94,578	4,63,78,786

(Amount in Rs.)

	As at 31st March, 2014	As at 31st March, 2013
15. Inventories		
Packing Materials	46,33,621	23,13,550
Total	46,33,621	23,13,550
16. Trade receivables (Refer Note no. 27 & 46)		
(unsecured considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	10,44,85,198	2,36,80,41,822
Considered doubtful	1,40,04,829	40,86,268
	11,84,90,027	2,37,21,28,090
Other debts - considered good	73,61,17,991	3,86,94,03,914
	85,46,08,018	6,24,15,32,004
Less : Provision for doubtful debts	1,40,04,829	40,86,268
Total	84,06,03,189	6,23,74,45,736

(Amount in Rs.)

	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
17. Cash and bank balances				
Cash and cash equivalents				
Balances with banks in current accounts	-	-	9,67,28,815	6,44,44,825
Cash on hand	-	-	30,56,481	96,54,014
Remittances in transit	-	-	-	73,16,574
	-	-	9,97,85,296	8,14,15,413
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	95,58,656	95,58,656	-	10,00,000
	95,58,656	95,58,656	12,38,328	22,38,328
Less: Amount of deposits disclosed under other non-current assets (Refer Note no. 14)	(95,58,656)	(95,58,656)	-	-
Total	-	-	10,10,23,624	8,36,53,741

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 Rs.)

		Year Ended 31st March, 2014	Year Ended 31st March, 2013
18. Revenue from operations			
Revenue from			
-Logistics operations		2,58,21,65,676	6,25,95,59,221
-Rail freight and related services		1,93,34,75,399	3,01,79,21,501
-Free Trade Warehousing operations		64,65,89,488	2,11,40,04,952
-Sale of software		-	26,07,951
Other operating revenues - export benefits		33,42,017	17,97,102
	Total	5,16,55,72,580	11,39,58,90,727
19. Other income			
Interest income		33,33,450	1,04,70,597
Profit on redemption of units of mutual funds		-	7,36,286
Exchange difference (net)		2,05,67,821	5,25,02,364
Sundry balances written back		10,70,49,400	-
Indirect Income FTWZ		1,50,96,723	-
Excess Provision Written Back		90,27,818	-
Miscellaneous Income		4,41,13,153	47,56,470
	Total	19,91,88,365	6,84,65,717
20. Cost of operations			
Logistics operations		2,49,67,55,877	5,34,96,47,493
Rail freight and other operating charges		1,79,53,49,083	2,47,35,03,984
Free Trade Warehousing operations		16,29,80,114	37,75,38,419
	Total	4,45,50,85,074	8,20,06,89,896
21. Employee benefits expense (Refer Note no. 38)			
Salary, bonus and allowances		38,90,60,575	71,21,41,302
Contribution to provident and other funds		77,31,505	1,40,54,790
Staff welfare expenses		1,19,45,443	3,29,30,754
	Total	40,87,37,523	75,91,26,846
22. Finance costs			
Interest expense			
- Borrowing		3,54,05,92,164	2,42,22,49,992
- Others		8,95,55,651	1,89,44,639
Other borrowing costs		3,28,03,737	6,54,79,127
	Total	3,66,29,51,552	2,50,66,73,758
23. Other expenses			
Rent		8,84,47,000	16,83,06,491
Rates and taxes		71,03,555	2,07,50,533
Insurance		2,45,74,724	2,83,98,412
Electricity charges		3,46,63,567	4,40,74,050
Repairs and maintenance			
- Building		99,18,501	1,58,57,733
- Others		1,79,94,113	3,52,62,129
Communication expenses		1,12,06,309	2,39,96,511
Travelling and conveyance expenses		4,57,53,342	6,33,00,512
Vehicle expenses		1,09,44,095	2,38,72,822
Printing and stationery		33,88,553	58,29,542
Legal and professional fees		11,23,12,178	7,98,82,332
Security charges		4,01,23,153	4,66,08,716
Auditor's remuneration (Refer Note no. 36)		83,65,878	93,29,590
Advertisement and business promotion expenses		87,19,435	1,93,95,880
Provision for doubtful advance		1,46,06,800	-
Provision for doubtful debts		1,40,04,829	-
Loss on sale of fixed assets (net)		1,16,66,428	2,84,072
Miscellaneous expenses		17,58,67,217	8,59,91,546
	Total	63,96,59,677	67,11,40,871

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

24. Contingent Liabilities not provided for in respect of:

(Amount in Rs.)

Sr. No.	Particulars	[illegible]	[illegible]
(i)	Disputed income tax demands	199,123,134	122,197,838
(ii)	Claims against the group not acknowledged as debts	518,872,956	177,906,242
(iii)	Guarantees/ Letter of credit issued by banks (net of liabilities provided)	24,400,000	53,452,583
(iv)	Custom duty on pending export obligation against import of capital goods.	250,104,211	264,678,216
(v)	Disputed MVAT Demand	7,722,914	--
(vi)	Security Deposits	26,240	--

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 Rs. 42,079,000/- (Rs 1,142,660,296/-).

26. MSMED 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. (i) 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 realised / paid in the ordinary course of business. Provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

(ii) Confirmations

The Group has sent confirmation letters for confirming the balances as on March 31, 2014 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)

(Amount in Rs.)

Particulars	[illegible]	[illegible]
Revenue from logistics operations	–	(4,104,580)
Refund of BMC Taxes	(8,136,333)	--
Cost of logistic operations	--	11,337,533
Reversal of Revenue of Prior years (Refer note no. b below)	1,498,526,005	--
Software Maintenance Expenses	919,585	--
Other Expenses	64,538	--
Net prior period expenses / (income)	**1,491,373,795**	**72,32,953**

Notes:

a. Figures in brackets denote items of income nature.

b. Represents reversal of invoices raised in foreign currency on certain clients (the clients) of a 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 of by the said clients due to certain regulatory requirement not having 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 of agreed services and consequently, the said subsidiary did not have enforceable claims to recover such debts.

29. Details of Exceptional items (net) are as under

(Amount in Rs.)

Sr. No.	Exceptional Items	[illegible]	[illegible]
(a)	Waiver of interest	(141,707,721)	--
(b)	Mark to Market Losses written off (See Note no. 32)	370,982,477	--
(c)	Ancillary borrowing costs written off (See Note no. 41)	214,602,226	--
(d)	Leasehold improvements written off	11,147,526	54,276,945

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(e)	Profit/(Loss) on sale of Assets (net)	(13,954,022)	--
(f)	**Reversal of Provisions for (in respect of its wholly owned subsidiaries)**		
	- Diminution in the value of investments in equity shares	(500,000)	--
	- Loan given considered doubtful	(99,518,300)	--
(g)	Write back of Managerial Remuneration (See Note no.38(a))	(34,075,827)	--
(h)	Profit on sale of a Investment by a subsidiary	(2,201,280)	--
(i)	Bad Debts Written Off	1,710,513,479	--
(j)	Corporate Debt Restructuring Fees	64,776,063	--
(k)	Write off of Capital Work in Progress	46,530,812	--
	Total	**2,126,595,433**	**54,276,945**

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, 2014 are as under:

	Foreign currency amount			**Equivalent amount (In Rs)**	
Balances	**Currency**	**2014**	**2013**	**2014**	**2013**
Long-term borrowings	USD	51,807,026	55,356,476	2,772,660,000	3,005,484,261

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

	Foreign currency amount			**Equivalent amount (INR)**	
Balances	**Currency**	**2014**	**2013**	**2014**	**2013**
Bank balances	USD	5	1,929	314	104,356
Receivables	USD	2,738,074	37,970,698	161,825,201	2,045,577,554
	EUR	45,058	101,423	3,665,629	6,970,842
Payables	USD	83,557	1,418,496	4,947,378	78,039,036
	GBP	--	4,185	--	340,900
	EUR	12,475	20,742	1,014,581	1,442,405
	JPY	559,423	11,800	321,500	6,719
	HKD	2,543	--	18,917	--

31. Disclosure pursuant to Accounting Standard 17 – Segment Information

Primary Segment Information

The Group operates in four primary reportable business segments, i.e. "Logistics operations and related services", "Free Trade Warehousing/Distripark Operations", "Rail Transport Operations" and "Software for Supply Chain and Logistic Management" as per Accounting Standard 17 – "Segment Reporting".

(Amount in Rs.)

	Logistic Operations	FTWZ/Distripark Operations	Rail Transport Operations	Software [illegible]	Unallocated	Total
Segment Revenue						
External sales	2,585,507,693 (6,261,356,323)	646,589,488 (2,114,004,952)	1,933,475,399 (3,017,921,501)	-- (2,607,951)	-- (--)	5,165,572,580 (11,395,890,727)
Other income	68,639,818 ((-) 970,178)	44,508,049 (58,689,060)	27,039,653 (2,622,109)	-- (222,033)	59,000,845 ((-)2,567,908)	199,188,365 (57,995,119)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount In Rs.)

Total revenue	2,654,147,511 (6,260,386,145)	691,097,537 (2,172,694,011)	1,960,515,052 (3,020,543,610)	– (2,829,987)	59,000,845 ((-)2,567,908)	536,4760,945 (11,453,885,846)
Segment result	125,754,205 (735,589,897)	(-)259,868,685 (893,450,043)	(-)406,596,644 (94,538,823)	(-)22,815,076 ((-)(2,495,579)	(-)410,484,553 ((-)566,056,214)	(-)974,010,753 (1,155,026,971)
Interest expense						3,662,951,552 (2,441,194,631)
Interest Income						– (10,470,597)
Less: Exceptional Item						2,126,595,433 (54,276,945)
Less: Prior Period Items						1,491,373,795 (–)
Tax expense/(-) Credit						207,362,981 ((-) 58,441,573)
Profit / (-)Loss after tax						(-)8,462,294,514 (-1,271,532,434)
Other Information						
Segment assets	3,708,728,256 (7,920,366,292)	31,870,868,351 (30,224,099,766)	7,010,149,535 (7,728,490,375)	1,137,877,764 (912,787,278)	8,353,213,022 (5,054,650,149)	52,080,836,928 (51,840,393,860)
Less: Elimination						12,698,834,114 (11,009,687,598)
	Logistic Operations	**FTWZ /Distripark Operations**	**Rail Transport Operations**	**Software**	**Unallocated**	**Total**
Total assets						39,382,002,814 (40,830,706,262)
Segment liabilities	956,450,563 (2,676,701,734)	2,417,7125,623 (20,668,228,129)	5,666,485,157 (6,673,466,555)	69,638,380 (69,636,222)	4,417,722,310 (6,090,623,507)	35,287,422,033 (36,176,656,148)
Less: Elimination						1,604,726,725 (4,049,232,409)
Total liabilities						33,682,695,308 (32,129,423,739)
Capital expenditure	Nil (593,869)	245,869,329 (3,160,193,901)	222,802,630 (574,442,873)	– (–)	215,647 (28,612,295)	468,887,606 (3,763,842,937)
Depreciation and Amortization expense	2,298,173 (7,512,620)	402,961,969 (292,500,220)	337,394,454 (240,205,383)	488,618 (1,127,563)	92,146,208 (61,076,349)	835,289,422 (602,422,135)
Non-cash expenses / (income) other than depreciation/ amortization	508,713,833 (10,786,029)	234,793,600 (29,918,984)	868,194,690 (–)	– (–)	132,858,413 (80,892,224)	1,744,560,536 (121,597,237)

Secondary segment information

(Amount in Rs.)

Particulars	India	Rest of the world	Total
Revenue	5,159,918,377 (10,612,693,766)	5,654,203 (841,192,080)	5,165,572,580 (11,453,885,846)
Carrying amount of assets	36,494,083,509 (39,466,800,297)	2,887,919,305 (1,363,905,964)	39,382,002,814 (40,830,706,261)
Capital expenditure	468,887,606 (3,763,703,146)	– (139,791)	468,887,606 (3,763,842,937)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Notes:

(i) Geographical segment and its composition are India and Rest of the world.

(ii)The Group has identified India and Rest of the World as geographical segments for secondary segment reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized.

(iii) Capital expenditure includes expenditure incurred on capital work in progress and capital advances.

32. Capital Expenditure :

(a) Fixed Assets :

In view of revival plans of the Group as referred to in Note 38, 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 Rs. 5,620,480,842/- (Previous Year – Rs. 7,352,530,043/-) includes:

(i) Borrowing cost (net) capitalized or transferred to capital work-in-progress Rs. NIL (Previous year Rs. 1,161,595,239/-).

(ii) Pre-operative expenses of Rs. 1,411,838,017/- (Previous Year – Rs. 1,450,004,853/-). Details of Pre-operative expenses capitalized/transferred to Capital Work-in-Progress includes:-

(Amount in Rs.)

Particulars	2014	2013
Expenditure up to previous year	1,450,004,854	2,409,380,736
Employee benefits expense	·	465,453,261
Electricity charges	–	13,034,410
Rent	–	36,037,016
Rates and taxes	–	8,221,070
Travelling and conveyance expenses	–	13,925,521
Vehicle expenses	–	14,214,156
Legal and professional fees	–	20,075,989
Miscellaneous expenses	–	32,293,849
Security charges	–	2,120,075
Other financial charges	–	17,519,243
Interest expense	–	1,144,226,058
Miscellaneous income	–	(1,807,043)
Interest on fixed deposits	–	(150,062)
Depreciation/Amortization expense	–	10,639,712
Sub – Total	**1,450,004,854**	**4,185,183,990**
Less : Amount allocated to fixed assets capitalized during the year	32,566,728	2,735,179,137
Less : Amount Written off during the year	5,600,109	–
Balance carried to Balance Sheet	**1,411,838,017**	**1,450,004,854**

(iii) The Group has discontinued its earlier practice of charging borrowing costs as attributable to Projects and pre-operative expenses incurred in connection therewith as was done in the earlier years on account of its decision to putting on hold of the incurrence of expenditure in relation to the project work in progress/projects.

(iv) During the year, 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 implement revival plans, tie up business agreements as also the required funds which will enable it to complete the Project Work- in- Progress.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 Mittal – Joint Managing Director
  Mr. V Shivkumar – Executive Director (resigned w.e.f. 14.05.2012)
  Mr. Sandesh Chonkar – Chief Financial Officer & Executive Director (resigned w.e.f 21.8.2013)
  Mr. Suhas Thakar - Executive Director (w.e.f 01.06.2013) (Resigned w.e.f. 31.03.2014)

- **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.

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 Rs.)

	Related parties		Total
	Key Management Personnel and their relatives	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	
Revenue from operations	– (–)	566,803,194 (863,950,842)	566,803,194 (863,950,842)
Managerial Remuneration	12,475,136 (75,344,515)	– (–)	12,499,136 (75,344,515)
Recovery of Remuneration (Refer Note No. 38)	50,860,229 (–)	– (–)	50,860,229 (–)
Rent Paid	– (1,788,771)	– (–)	– (1,788,771)
Interest Expenses	– (6,225,480)	– (–)	– (6,225,480)
Loans and advances taken	790,901,523 (1,171,862,053)	– (–)	790,901,523 (1,171,862,053)
Loans and advances taken repaid /adjusted	467,041,363 (357,517,949)	– (–)	467,041,363 (357,517,949)
Issue of Equity Shares on conversion of warrants	761,250,000 (442,250,000)	– (–)	761,250,000 (442,250,000)
Money received against warrants	200,062,500 (836,087,500)	– (–)	200,062,500 (836,087,500)
Share Application Money given	– (–)	1,000,000 (–)	1,000,000 (–)

	Related parties		Total
	Key Management Personnel and their relatives	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	
Outstanding balances			
Trade receivables	– (–)	– (17,071,405)	– (17,071,405)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Loans, advances and deposit received	1,138,204,264 (814,344,104)	– (–)	1,138,204,264 (814,344,104)
Advances from Customer	– (–)	408,415 (–)	408,415 (–)
Share Application Money given	– (–)	1,000,000 (–)	1,000,000 (–)

Note: The following transactions constitute more than 10% of the total related party transactions of same type

(Amount in Rs.)

Nature of transaction	Name of the Party	2014	2013
Revenue from Operations	Bhushan Steels Limited	566,803,194	863,950,842
Managerial Remuneration	Mr. Ajay S Mittal	–	34,075,827
	Mrs. Archana Mittal	–	16,784,402
	Mr.Sandesh R Chonkar	–	14,939,773
	Mr. V Shivkumar	–	9,179,817
	Mr. Suhas Thakar	11,458,469	–
Reversal of Managerial Remuneration	Mr. Ajay S. Mittal	34,075,827	–
	Mrs. Archana Mittal	16,784,402	–
Interest paid	Mrs. Archana Mittal	–	6,225,480
Rent paid	Arshiya Lifestyle Limited	–	1,788,771
Loans and Advances taken	Mr. Ajay S Mittal	172,734,331	184,000,000
	Mrs. Archana Mittal	618,167,192	787,899,553
	Mr. Ananya Mittal	–	199,962,500
Loans advances taken repaid/adjusted	Mrs. Archana Mittal	402,822,195	275,867,949
	Mr. Ananya Mittal	64,219,168	81,650,000
Issue of equity shares on conversion of warrants	Mr. Ajay S Mittal	500,250,000	–
	Mrs. Archana Mittal	261,000,000	–
	Mr. Ananya Mittal	–	442,250,000
Nature of Transaction	Name of the Party	2014	2013
Money received against warrants	Mr. Ajay S Mittal	4,312,500	–
	Mrs. Archana Mittal	195,750,000	–
	Mr. Ananya Mittal	–	836,087,500
Share Application money given	Mega Management Services Private Limited	1,000,000	–
Outstanding balances as on March 31, 2014			
Trade receivables	Bhushan Steels Limited	–	17,071,405
Loans, advances and deposit taken	Mr. Ajay S Mittal	410,827,664	302,312,500
	Mrs. Archana Mittal	727,376,600	512,031,604
Money received against warrants	Mr. Ajay S Mittal	206,025,000	836,087,500
	Mrs. Archana Mittal	68,875,000	–
Advances from Customers	Bhushan Steels Limited	408,415	–
Share Application money given	Mega Management Services Private Limited	1,000,000	–

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 Rs.)

	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payment	216,720 (216,720)	1,090,952 (7,903,763)	-- --
Less: Finance charges payable in future	9,927 (27,215)	143,316 (804,478)	-- --
Present value of the lease rentals	206,793 (189,505)	947,636 (7,099,195)	-- --

b. **Operating Lease**

I. 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 Rs. 60,570,897/- (Rs. 164,777,795/-).

II. In respect of assets taken on non-cancellable operating lease

The Group has taken office premises on non-cancellable operating lease arrangements for a period of 5 years. The operating lease rental payments/provision under non-cancellable agreements aggregate to Rs. 63,901,813/- (Rs. 66,383,894/-). Details of contractual payments under non-cancellable operating leases are given below:

(Amount in Rs.)

	2014	2013
Lease obligations (Non-cancellable)		
Future minimum lease rental payments		
- not later than one year	34,251,232	137,310,312
- later than one year but not later than five years	42,517,533	366,732,953
- later than five years	–	106,215,979
Total	**76,768,765**	**610,259,244**

III. Total Operating Lease rental payments in respect of operating leases recognized in the Statement of Profit & Loss for the year is Rs. 124,472,710/- (Rs 231,161,689/-) and capitalized during the year is Rs. Nil (Rs 36, 037,016).

35. Earnings per share has been computed as under:

	2014	2013
Profit/ (Loss) after tax (Amount in Rs.)	(8,462,294,512)	(1,271,532,434)
Weighted average number of shares (Numbers)	61,922,623	60,074,540
Nominal value per share (Amount in Rs.)	2	2
Earnings per share – Basic and diluted (Amount in Rs.)	(136.66)	(21.17)

36. Payment to Auditors

(Amount in Rs.)

	2014	2013
For Standalone		
Audit Fees	3,544,728	5,056,920
Other Service	600,000	-
Certification Fees	67,978	269,080
Reimbursement of expense	-	82,579
For Subsidiaries		
Audit Fee	2,743,554	2,819,523
Other matters	1,409,618	1,101,488
Total*	**8,365,878**	**9,329,590**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

*includes Rs. 2,312,707/- (Previous Year Rs. 9,329,590/-) paid to previous Auditor.

37. Concession Agreement

(i) One of the subsidiaries have acquired Pan India license from Indian Railways for operation of transportation of containerized cargo for a period of twenty years at a cost of Rs. 50 Crores.

(ii) The said subsidiary used to amortize the cost of the license based on matching concept of revenue upto 31st March, 2013. However, with a view to amortize the license cost in consonance with Accounting Standard 26 – Accounting for Intangible Assets, the said subsidiary has, with effect from, current year decided to amortize the same over a period of 20 years equally. Accordingly, in the current year, the said subsidiary has amortized Rs. 73,197,602/- including Rs. 48,197,602/- for prior years. Due to this, the charge on account of amortization for the year is higher by Rs. 48,197,602/-.

38. Remuneration paid or provided in accordance with section 198 of the Companies Act, 1956 to the directors is as under:

(Amount in Rs.)

Particulars	2013-14	2012-13
Salaries and Allowances	8,232,500	46,442,500
Perquisites	-	51,147
Contribution to Provident Fund	7,800	4,317,480
Retirement benefits	4,234,836	49,102
Total	12,475,136	50,860,229

(a) The Chairman and Managing Director of the Holding Company decided not to draw any remuneration for the financial years 2012-2013 and 2013-2014. Consequently, the Board of Directors of the Holding Company at their meeting held on 2nd April, 2014 decided that the Holding Company's application to the Central Government for approval of excess remuneration of Rs. 340.76 lacs provided in the financial year 2012-2013 be withdrawn and accordingly, the entire remuneration amounting to Rs. 340.76 lacs pertaining to financial year 2012-2013 has been recovered during the year and shown as "Write Back of Managerial Remuneration" and no provision has been made for the year ended 31st March, 2014.

The Board of Directors of the Holding Company at their meeting held on 2nd April, 2014 at the instance of the Chairman and Managing Director has revised his remuneration to Rs.1,000/- per month, effective from April, 2014.

(b) In One of the subsidiaries remuneration paid/provided amounted to Rs. 16,784,402/- for the financial year 2012-13 upto 30th September, 2012 i.e. date on which the Ex-Managing Director resigned. The said remuneration was in excess of the limits specified under the provisions of the Companies Act 1956 due to inadequate profits requiring the approvals of the Central Government and the shareholders. However since then, during the year, the Ex-Managing Director has repaid the entire amount to the said Subsidiary Company which has been shown under the head Other Income.

In view of the same, the said Subsidiary Company has not sought the approvals of the Central Government and Shareholders.

(c) In view of absence of profits in Holding Company as also the Holding Company not being able to repay its debts and interest payable thereon to lenders, the remuneration paid/provided 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 is in the process of filing an application to the Central Government for approval of excess remuneration.

(d) The retirement benefits paid/payable Rs. 4,234,836/- includes Rs. 1,016,667/- paid/payable to the Ex-Managing Director of a subsidiary.

(e) One of the Subsidiaries had paid remuneration of Rs. 12,080,726/- (excluding Gratuity and Leave Encashment) to its Managing Director for the period from 1st October 2011 to 14th May 2012 as against the Central Government's approval for Rs. 7,507,438/-. The excess remuneration of Rs. 4,573,288/- paid to the Ex-Managing Director is held by him in trust for the said Subsidiary Company pending recovery.

39. Revival Plans

The management of the Group is in the process of restructuring its business operations by –

* expanding the business volumes,
* converting Free Trade Warehousing Zones into Sector Specific Special Economic Zones,
* establishing an Inland Container Depot,
* tying up the requisite funds for the said purposes.

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

40. Corporate Debt Restructuring (CDR)

During the year, Secured Lenders (Banks) of the Group have approved the restructuring package under "Corporate Debt Restructuring Package" (CDR), which inter-alia 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 March 2015.

(ii) 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 1st October, 2012 till the implementation of the package.

(b) Secured Lenders have a right to recompense.

(c) The CDR as aforesaid has been recognized in the Accounts for the year ended 31st March, 2014 whereby –

(i) Balance standing to the credit of interest accrued and due on loans (net of waiver) as of 31st March, 2013 and interest for the year aggregating to Rs. 359.40 crores have been transferred to Funded Interest Term Loan (FITL).

(ii) Interest on Secured Loans of Rs. 14.17 crores waived by the Secured Lenders (Banks) has been disclosed in the Statement of Profit & Loss as "Exceptional Item".

(d) Financial impact, if any, in the rights of Secured Lenders (Banks) to recompense shall be accounted upon crystallization of such rights.

41. Unamortized Expenditure

Ancillary costs incurred in connection with the arrangement of borrowings were amortized over the tenure of borrowings till previous year. This year, the Group has written off Rs. 272,535,176/- in respect of the same to the Consolidated Statement of Profit and Loss as the said costs are period costs. If the Group had continued the practice, the charge for the current year in respect of the same would have been lower by Rs. 229,832,363/- and the loss for the year lower by Rs. 229,832,363/-.

42. Mark to Market:

(I) This year, the Holding Company has changed its accounting policy of capitalising / deferring its Reserve for Mark to Market Losses (MTM) on its derivatives (for conversion of rupee loan liability into foreign loan) as done hereto before following announcement by the Institute of Chartered Accountants of India on "Accounting for Derivatives" by charging MTM losses relating to earlier years in the Consolidated Statement of Profit & Loss. Due to the said change, an amount of Rs. 393.08 lacs from tangible assets (net of depreciation) and Rs.85.60 Lacs from Foreign Currency Translation Reserve Account have been charged to the Consolidated Statement of Profit and Loss for the year, which have been shown as "Exceptional Item".

(II) Further, during the year, an amount of Rs. 3,231.14 lacs in respect of MTM losses upon determination of fair market value of derivatives entered into by the Holding Company has been charged to the Consolidated Statement of Profit and Loss. The Holding 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 Banks who have entered into derivative contracts with the Holding Company have, intimated that the loss on account of MTM is Rs. 7,088.73 lacs as upto 31st March, 2014 as against the amount of Rs. 3,391.57/- lacs determined as per the Holding Company's view.

(III) If the Holding Company had continued to follow the policy of deferring the write off of MTM losses, the charge for the year would have been lower by Rs. 3,134.32 lacs.

43. 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.

44. 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 4th 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.1st April, 2012 for which necessary impact had been given in the accounts for the year ended 31st March, 2013. However, certain assets belonging to the amalgamating companies have yet not been transferred in the name of the Holding Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

45. 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)

(Amount in Rs.)

Particulars	2014	2013
I.Actuarial assumptions		
Discount rate	9.29%	8.00%
Rate of return on plan assets	8.70%	8.70%
Future salary rise	7.00%	7.00%
Attrition rate	10.00%	10.00%
II.Change in defined benefit obligations		
Liability at the beginning of the year	24,123,879	46,121,497
Interest cost	1,929,910	4,975,050
Current service cost	7,407,067	14,593,302
Liability transferred in/out (net)	-	474,305
Benefits paid	(1,438,846)	(7,426,155)
Actuarial (gain) / loss on obligations	(15,060,547)	(34,614,120)
Liability at the end of the year	16,961,464	24,123,879
III.Fair value of plan assets		
Fair value of plan assets at the beginning of the year	9,101,252	15111718
Expected return on plan assets	791,808	1299608
Contributions	-	74,357
Benefits paid	(1,438,846)	(7,426,155)
Actuarial gain / (loss) on plan assets	(791,808)	41,724
Fair value of plan assets at the end of the year	7,662,406	9,101,252
IV.Actual return on plan assets		
Expected return on plan assets	791,808	628,358
Actuarial gain / (loss) on plan assets	(791,808)	41,724
Actual return on plan assets	-	670,082
V.Liability recognized in the Balance Sheet		
(Liability) at the end of the year	(16,961,464)	(24,334,469)
Fair value of plan assets at the end of the year	7,662,406	8,890,662
(Liability) recognized in the Balance Sheet	(9,299,058)	(15,443,807)
VI.Percentage of each category of plan assets to total fair value of plan assets		
Insurer managed funds	100%	100%
VII.Expenses recognized in the Statement of Profit and Loss		
Current service cost	7,407,067	15,648,025
Interest cost	1,929,910	3,920,327
Expected return on plan assets	(791,808)	(1,299,608)
Net actuarial (gain) / loss to be on obligation	(14,268,739)	(34,655,844)
Expense recognized in Statement of Profit and Loss	(5,723,570)	(16,387,100)
VIII. Balance Sheet reconciliation		
Opening net liability	15,022,627	31,009,779
Expenses as above	(5,723,570)	(16,387,100)
Employers Contributions	785,980	103,788
Net Transfers from Other Companies	(785,979)	296,160
Closing net liability	9,299,058	15,022,627
IX. Expected employers contribution in next year		
As per actuarial valuation report	9,721,027	16,890,447
X. Experience adjustments		
On plan liability (gain) / loss	(14,079,767)	(35,281,591)
On plan asset (loss) / gain	(791,808)	41,724

Note: The above information is in respect of Holding Company and it's Subsidiary Companies viz Arshiya Northern FTWZ Limited, Arshiya Industrial & Distribution Hub Limited, Arshiya Supply Chain Management Private Limited and Arshiya Rail Infrastructure Limited.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

c. **Leave Encashment (unfunded):**

(Amount in Rs.)

Particulars	2014	2013
I.Actuarial assumptions		
Discount rate	9.29%	8.50%
Future salary rise	7.00%	7%
Attrition rate	10.00%	10%
II.Change in defined benefit obligations		
Liability at the beginning of the year	23,097,366	37,691,038
Interest cost	1,847,790	3,886,688
Current service cost	4,860,330	11,779,038
Liability transferred in/out (net)	-	392,917
Benefits paid	(15,394,014)	(29,629,040)
Actuarial (gain) / loss on obligations	(4,073,798)	(1,023,275)
Liability at the end of the year	10,337,675	23,097,366
III.Liability recognized in the Balance Sheet		
Liability at the end of the year	10,337,675	23,097,366
Liability recognized in the Balance Sheet	10,337,675	23,097,366
IV.Expenses recognized in the Statement of Profit and Loss		
Current service cost	4,860,330	12,461,988
Interest cost	1,847,790	3,203,738
Net actuarial (gain) / loss	(4,073,798)	(1,023,275)
Expense recognized in Statement of Profit and Loss	2,634,322	14,642,451
V.Balance Sheet reconciliation		
Opening net liability	23,097,366	37,691,038
Expenses as above	2,634,322	14,642,451
Benefits Paid	(15,394,014)	(29,629,040)
Net transfer in/out	-	392,917
Closing net liability	10,337,675	23,097,366
VI.Experience adjustments:		
On plan liability (gain) / loss	(3,424,342)	(1,550,763)

Note: The above information is in respect of Holding Company and it's Subsidiary Companies viz Arshiya Northern FTWZ Limited, Arshiya Industrial and Distribution Hub Limited, Arshiya Supply Chain Management Private Limited and Arshiya Rail Infrastructure Limited.

46. Logistics Operations

The Holding Company has decided to phase out its logistics operations. In the wake of said decision, the Holding Company assigned certain outstanding book debts aggregating to Rs. 262.66 crores and certain outstanding trade payables aggregating to Rs. 262.12 crores in respect of its logistics operations for the period upto December 31, 2013

Such book debts and trade payables aggregating to Rs. 5.72 crores and Rs. 5.71 crores respectively in respect of its logistics operations outstanding as on 31st March, 2014 have been assigned on 30th June, 2014 which shall be accounted in the subsequent year.

47. 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 Rs. 17.43 crores in respect of transactions prior to record date. The Group is of the view that the state government may exempt it from local taxes, levies and duties on goods required for authorized operations by a Developer. Accordingly, these accounts reflect a sum of Rs.17.43 crores as refund receivable on account of Maharashtra VAT. In case the refund is not granted, the necessary adjustment entries will 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 Rs. 14,270,271/- as claimed by the subsidiary for which Orders are awaited.

(b) Refund of Service Tax in respect of Financial Year 2010-2011 for Rs. 4,210,469/- for which appeal is pending with Commissioner of Appeals, Central Excise.

(c) Refunds of Excise Duty, VAT and CST aggregating to Rs. 17,024,884/- for the Financial Year 2010-11 for which the appeals are pending with the respective Appellate Tribunals.

The Management is of the view that the refunds claimed as above are considered good for recovery.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

48. 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) Short/(Excess) provision for prior year (net) Rs. 16.23 crores comprises of Rs. 0.51 crores being write back of tax provisions relating to prior years and provision of Rs. 16.74 crores relating to Financial Year 2012-2013.

The Provision for the financial year 2012-2013 is a consequence of the Holding Company not being able to pay the Tax Deducted at Source in respect of certain expenses and certain statutory liabilities on or before their respective due dates resulting into higher taxable income requiring additional tax provision therefore.

(iii) In view of substantial losses incurred as also uncertainty of the period by which the said losses expected to be recoup the group has reversed the Deferred Tax Liability/Deferred Tax Liability and written off MAT credit entitlement.

49. 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 Handling Limited (amalgamated company). The Board of Directors of Holding Company in capacity share holders 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 Rs. 10/- each for every equity share of Rs. 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.

50. Goodwill

During the year, the Group has written off goodwill aggregating to Rs. 59,898,246/-, as Depreciation and Amortization expenses in the Statement of Profit and Loss which arose upon consolidation of subsidiaries in the past.

51. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification /disclosures.

Signatures to Notes forming part of Financial Statements

For M. A. Parikh & Co. Chartered Accountants Firm Reg. No. 107556W	**For and on behalf of the Board of Directors of** **Arshiya Limited**	
Mukul Patel Partner Mem. No. 032489	**Ajay S Mittal** Chairman and Managing Director DIN: 00226355	**Archana A Mittal** Joint Managing Director DIN: 00703208
Date: 9th July, 2014 Place: Mumbai	**Shyam Rathi** Chief Financial Officer	

PROXY FORM
(Form No. MGT-11)
[Pursuant to Sec 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s): Registered Address:
Email ID: Folio. No./ Client ID:
I/We, being the member(s) holding .... 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

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Thirty Third Annual General Meeting of the Company, to be held on Wednesday, the 10th day of September 2014 at 3.00 p.m., Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

**I/We wish my above proxy(ies) to vote in the manner as indicated in the box below:

Resolution No	Resolutions	Optional	
	Ordinary Business	**For**	**Against**
1	Adoption of Annual Accounts of the Company as on March 31, 2014 (Ordinary Resolution).		
2	Re-appointment of Mr. Ajay S Mittal who retires by rotation (Ordinary Resolution).		
3	Appointment of M/s. M. A Parikh & Co., Chartered Accountants, as Auditors of the Company and fixing their remuneration (Ordinary Resolution)		
	Special Business		
4	Appointment of Prof. Ganesan Raghuram, as an Independent Director. (Ordinary Resolution)		
5	Appointment of Mr. Ashish Bairagra, as an Independent Director (Ordinary Resolution).		
6	Appointment of Mr. Rishabh Shah, as an Independent Director(Ordinary Resolution).		
7	Appointment of, Mr. Mukesh Kacker (DIN: 01569098) as an Independent Director(Ordinary Resolution).-		
8	Creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013(Special Resolution).		
9	Borrowing Limits of the Company under Section 180(1)(c) of the Companies Act, 2013 (Special Resolution).		
10	Investment Limits of the Company under Section 186 of the Companies Act, 2013 (Special Resolution).		

Signed this ....day of.....................2014

Signature of shareholder(s)

Signature of first Proxy holder

Signature of second Proxy holder

Signature of third Proxy holder

**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.

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.

if undelivered, please return to:
Corporate Office
Arshiya Limited
302, Level 3, Ceejay House,
Shiv Sagar Estate, F Block,
Dr. A.B. Road, Worli,