

Review Report

To

The Board of Directors of Arshiya International Limited
M/s Arshiya International Limited

We have reviewed the accompanying statement of 'Un-audited financial results' of M/s Arshiya International Limited for the quarter ended June 30, 2013 hereinafter referred to as 'Statement' except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding" which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. This Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India. Our responsibility is to issue a report on this statement based on our limited review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We draw your attention to the following:

- (i) Note 4 of the Statement, relating to remuneration paid/provided to Chairman-cum-Managing Director of the Company in excess of the limits prescribed by the Companies Act 1956.
- (ii) Note 5 of the Statement, regarding severe financial stress on the Company.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement prepared, fairly in all material aspects, in accordance with the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement, except for the following:

- a) Not accounting the Mark-to-Market (MTM) losses of Rs 2433.93 lakhs on derivatives due to adoption of spot exchange rate instead of MTM position obtained from the bankers.
- b) Had the observations made by us above in a) been considered by the Company, the loss for the quarter would have been Rs 7648.05 lakhs (as against the reported figure of Rs 5214.12 lakhs), and EPS would have been negative Rs (12.36) (as against the reported figure of negative Rs (8.43))

For PKF Sridhar & Santhanam
Chartered Accountants
Firm Regn. No. 003990S



Ramanarayanan J

Partner

Membership No. 220369

Place: Mumbai
Date: August 21, 2013



Arshiya International Limited

Registered Office : 6th Floor, 'C' Wing, Twin Arcade, Military Road, Marol Maroshi, Andheri (East), Mumbai - 400 059

STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2013

(Rs In Lacs)

Sr.No.		Quarter Ended			Year Ended
		30.06.2013 (Unaudited)	31.03.2013 (Audited)	30.06.2012 (Unaudited)	31.03.2013 (Audited)
1	Income from operations				
	(a) Income from operations	9,232.60	10,061.44	18,164.96	70,097.09
	(b) Other operating income	-	17.97	-	17.97
	Total income from operations (net)	9,232.60	10,079.41	18,164.96	70,115.06
2	Expenses				
	(a) Cost of operations	7,883.56	9,307.88	12,393.22	49,662.18
	(b) Employee benefits expense	366.09	419.44	1,103.31	3,254.67
	(c) Depreciation and amortization expense	495.33	524.30	466.66	1,990.84
	(d) Other expenses	3,390.78	943.71	1,058.75	4,198.92
	Total expenses (a+b+c+d)	12,135.76	11,195.33	15,021.94	59,106.61
3	Profit/ (Loss) from operations before other income, finance costs and exceptional items (1-2)	(2,903.16)	(1,115.92)	3,143.02	11,008.45
4	Other Income	40.58	9.53	1,439.75	2,317.00
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(2,862.58)	(1,106.39)	4,582.77	13,325.45
6	Finance costs	3,441.58	3,452.08	3,232.28	13,221.67
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(6,304.16)	(4,558.47)	1,350.49	103.78
8	Exceptional Items	478.68	1,094.82	-	1,542.95
9	Profit / (Loss) from ordinary activities before tax (7-8)	(6,782.84)	(5,653.29)	1,350.49	(1,439.17)
10	Tax expense (Current Tax, MAT Credit and Deferred Tax)	(1,568.72)	(1,502.87)	431.02	(38.67)
11	Net profit/ (Loss) for the period (9-10)	(5,214.12)	(4,150.42)	919.47	(1,400.50)
12	Paid-up equity share capital (Face value per share Rs.2/-)	1,237.59	1,237.59	1,176.59	1,237.59
13	Reserves excluding Revaluation Reserves				53,784.56
14	Earning Per Share (EPS)				
	EPS before & after Extraordinary items (not annualised)				
	- Basic	(8.43)	(6.71)	1.56	(2.33)
	- Diluted	(8.43)	(6.71)	1.56	(2.33)
15	Public shareholding				
	- Number of Shares	39,009,247	39,009,247	33,394,762	39,009,247
	- Percentage of Shareholding	63.04%	63.04%	56.77%	63.04%
16	Promoters & Promoter Group Shareholding				
	a) Pledged/Encumbered				
	- Number of Shares	90,000	4,610,000	14,041,000	4,610,000
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	0.39%	20.16%	55.20%	20.16%
	- Percentage of shares (as a % of the total share capital of the company)	0.15%	7.45%	23.87%	7.45%
	b) Non Encumbered				
	- Number of Shares	22,780,225	18,260,225	11,393,710	18,260,225
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	99.61%	79.84%	44.80%	79.84%
	- Percentage of shares (as a % of the total share capital of the company)	36.81%	29.51%	19.36%	29.51%
17	Investor Complaints			For the quarter ended June 30, 2013	
	Pending at the beginning of the quarter				Nil
	Received during the quarter				Nil
	Disposed of during the quarter				Nil
	Remaining unresolved at the end of the quarter				Nil



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STANDALONE UNAUDITED SEGMENTWISE REPORT FOR THE QUARTER ENDED JUNE 30, 2013

Sr.No.		Quarter Ended			Year Ended
		30.06.2013 (Unaudited)	31.03.2013 (Audited)	30.06.2012 (Unaudited)	31.03.2013 (Audited)
1	Segment Revenue				
	Logistics	8,104.36	9,008.89	15,222.49	57,376.13
	Free Trade Warehousing Zones	1,128.24	1,070.52	2,942.47	12,738.93
	TOTAL	9,232.60	10,079.41	18,164.96	70,115.06
2	Segment Results				
	Profit Before Tax and Interest				
	Logistics	228.63	(389.85)	2,660.51	6,838.53
	Free Trade Warehousing Zones (*)	(2,315.74)	570.17	2,114.46	9,369.46
	Unallocated	(842.54)	(1,466.16)	(1,415.27)	(5,658.04)
	TOTAL	(2,929.65)	(1,285.84)	3,359.70	10,549.95
	Less : Interest Expenses (Net)	3,374.51	3,272.63	2,009.21	10,446.17
	Profit / (Loss) Before Tax and exceptional items	(6,304.16)	(4,558.47)	1,350.49	103.78
3	Capital Employed				
	Logistics	31,401.39	31,340.18	27,371.02	31,340.18
	Free Trade Warehousing Zones	36,372.71	43,402.76	35,196.72	43,402.76
	Unallocated	(9,519.60)	(11,359.92)	(6,416.12)	(11,359.92)
	TOTAL	58,254.50	63,383.02	56,151.62	63,383.02

(*) Loss for the quarter ended 30.06.2013 includes MTM Losses of Rs. 2,910.80 Lacs as per Note No.6



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Notes to Standalone Results :

- 1) The above financial results for the quarter ended June 30, 2013 have been reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on August 21, 2013.
- 2) The Statutory Auditors of the company have carried out a limited review of the Standalone Unaudited Financial Results for the quarter ended June 30, 2013.
- 3) The Figures for the quarter ended March 31, 2013 (being balancing figures between Audited figures) are arrived at on the basis of audited results for the full financial year and published year to date unaudited figures for the Nine months ended December 31, 2012.
- 4) The Company is in the process of making an application to the Central Government for approval of the payment of minimum remuneration as approved by the shareholders at the Annual General Meeting held on 18th September 2012, in the year(s) of loss or inadequacy of profits to the Chairman and Managing Director. Provision for the current quarter has been made at 50 % of the minimum remuneration approved by the shareholders, as agreed by the Chairman and Managing Director at the meeting of the board of directors of the company held on 19th January 2013. However, in view of the financial position of the company, Mr Ajay S Mittal Chairman & Managing Director of the company has not drawn any remuneration since 1st April 2013.
- 5) The Company is under severe financial stress which is reflected by increased trade receivables and payables and majority of them are overdue, the workforce downsized and full & final settlement of resigned employees is provided for and is in arrears to the extent of Rs. 340.61 Lacs, delayed and non-payment of dues (interest and repayment of borrowings) of Banks, a Non Banking Finance Company and a Financial Institution of Rs. 29,155.84 Lacs, short-term funds are used for long-term purposes, statutory dues i.e. income tax deducted at source, service tax and value added tax are in arrears to the extent of Rs. 2,059.74 Lacs and certain lenders have filed court cases against the company and directors, due to dishonour of cheques. The Corporate Debt Restructuring (CDR) plan of the company has been approved by the CDR cell and necessary documents are in the process of being executed with the lenders. The Auditors have drawn attention to this in their review report.
- 6) The Company has changed its accounting policy and instead of capitalizing/deferring in reserves, the MTM losses on its derivatives (for conversion of the Rupee loan liabilities into Forex loans) as done hitherto, has followed the ICAI announcement on Accounting for derivatives and provided for the MTM losses in its Statement of Profit and loss. In view of this an amount of Rs 393.08 Lacs from tangible assets net off depreciation and Rs 85.60 Lacs from FC translation reserve a/c relating to the period upto 31st March 2013, have been charged off to the Statement of Profit and loss during this quarter and is shown as an exceptional item in the quarterly results. Consequentially impact of deferred tax of Rs 162.70 Lacs have been withdrawn and credited in the respective Statement of Profit and loss. During the current quarter MTM Losses of Rs 2910.80 Lacs has been charged off to the statement of Profit & loss and is included in other expenses. In the opinion of the auditors the MTM loss has to be determined at fair value of derivatives as worked out by the banks and they have qualified their report stating that the charge to statement of Profit and loss is less to the extent of Rs 2433.93 Lacs. The Company is of the view that the MTM loss has to be worked out taking the spot exchange rate on the reporting date and in view of its commitment to continue with the derivative till its maturity considering fair value which would presume cancellation of the derivative contract will not reflect the correct financial position. The company is also of the view that ICAI's announcement referred above is not mandatory to follow.
- 7) Exceptional items for the previous year represents :
 - Rs. 542.77 Lacs in respect of Leasehold improvement written off (Including Rs 94.64 Lacs for the quarter ended March 31, 2013) and
 - Rs. 1,000.18 Lacs in respect of provision for diminution in the value of investment and provision for doubtful loans given to one of the subsidiaries of the Company.
- 8) The previous period figures have been regrouped /re-arranged, wherever necessary.

Mumbai
August 21, 2013


Ajay S Mittal
Chairman and Managing Director

