

Review Report

To

The Board of Directors,
Arshiya Limited

We have reviewed the accompanying statement of 'Un-audited financial results' of **M/s Arshiya Limited** for the quarter and half year ended September 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.

Without qualifying our report, we draw your attention to the following:

- (i) Note 3 of the Statement, relating to remuneration paid/provided to Chairman and Managing Director of the Company in excess of the limits prescribed by the Companies Act 1956 which is pending for approval from Central Government.
- (ii) Note 4 of the Statement, regarding severe financial stress on the Company. Management believes, considering the Corporate Debt Restructuring being carried out and Master Restructuring Agreement executed with all the banks except one bank, it shall continue as a viable unit.

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:*



PKF SRIDHAR & SANTHANAM

Chartered Accountants

- a) Not accounting the Mark-to-Market (MTM) losses of Rs 2,014.42 lakhs for the quarter and Rs 4,448.35 lakhs for the half year 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 9,529.12 lakhs (as against the reported figure of Rs 7,514.70 lakhs) and for the half year would have been Rs 17,177.17 lakhs (as against the reported figure of Rs 12,728.82 lakhs), reserves & surplus would have been lower by Rs 4,448.35 lakhs, and short-term provisions would have been higher by the same amount. Accordingly, EPS for the quarter would have been negative Rs (15.40) (as against the reported figure of negative Rs (12.14)) and for the half year would have been negative Rs (27.76) (as against the reported figure of negative Rs (20.57))



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

J. Ramanarayanan

Ramanarayanan J
Partner

Membership No. 220369

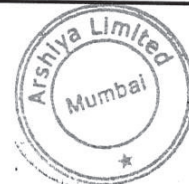
Place: Mumbai
Date: November 11, 2013

Arshiya Limited

Registered Office : 402-403, Level 4, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai - 400018.
STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED SEPTEMBER 30, 2013

(Rs In Lacs)

Sr.No.		Quarter Ended			Half Year Ended		Year Ended
		30.09.2013 (Unaudited)	30.06.2013 (Unaudited)	30.09.2012 (Unaudited)	30.09.2013 (Unaudited)	30.09.2012 (Unaudited)	31.03.2013 (Audited)
1	Income from operations						
	(a) Income from operations	7,667.92	9,232.60	21,791.94	16,900.52	39,956.90	70,097.09
	(b) Other operating income	-	-	-	-	-	17.97
	Total income from operations (net)	7,667.92	9,232.60	21,791.94	16,900.52	39,956.90	70,115.06
2	Expenses						
	(a) Cost of operations	6,529.68	7,883.56	14,012.17	14,413.24	26,405.39	49,662.18
	(b) Employee benefits expense	418.13	366.09	1,073.59	784.22	2,176.90	3,254.67
	(c) Depreciation and amortization expense	468.05	495.33	467.27	963.38	933.94	1,990.84
	(d) Other expenses	4,570.05	3,390.78	986.13	7,960.83	2,044.87	4,198.92
	Total expenses (a+b+c+d)	11,985.91	12,135.76	16,539.16	24,121.67	31,561.10	59,106.61
3	Profit/ (Loss) from operations before other income, finance costs and exceptional items (1-2)	(4,317.99)	(2,903.16)	5,252.78	(7,221.15)	8,395.80	11,008.45
4	Other Income	0.14	40.58	805.55	40.72	2,245.31	2,317.00
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(4,317.85)	(2,862.58)	6,058.33	(7,180.43)	10,641.11	13,325.45
6	Finance costs	3,558.17	3,441.58	3,104.31	6,999.75	6,336.59	13,221.67
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(7,876.02)	(6,304.16)	2,954.02	(14,180.18)	4,304.52	103.78
8	Exceptional Items	(361.32)	478.68	-	117.36	-	1,542.95
9	Profit / (Loss) from ordinary activities before tax (7-8)	(7,514.70)	(6,782.84)	2,954.02	(14,297.54)	4,304.52	(1,439.17)
10	Tax expense (Current Tax, MAT Credit and Deferred Tax)	-	(1,568.72)	948.14	(1,568.72)	1,379.16	(38.67)
11	Net profit/ (Loss) for the period (9-10)	(7,514.70)	(5,214.12)	2,005.88	(12,728.82)	2,925.36	(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	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	(12.14)	(8.43)	3.41	(20.57)	4.97	(2.33)
	- Diluted	(12.14)	(8.43)	3.41	(20.57)	4.97	(2.33)
15	Public shareholding						
	- Number of Shares	39,059,247	39,009,247	32,594,762	39,059,247	32,594,762	39,009,247
	- Percentage of Shareholding	63.12%	63.04%	55.41%	63.12%	55.41%	63.04%
16	Promoters & Promoter Group Shareholding						
	a) Pledged/Encumbered						
	- Number of Shares	-	90,000	18,905,000	-	18,905,000	4,610,000
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	-	0.39%	72.06%	-	72.06%	20.16%
	- Percentage of shares (as a % of the total share capital of the company)	-	0.15%	32.13%	-	32.13%	7.45%
	b) Non Encumbered						
	- Number of Shares	22,820,225	22,780,225	7,329,710	22,820,225	7,329,710	18,260,225
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	100.00%	99.61%	27.94%	100.00%	27.94%	79.84%
	- Percentage of shares (as a % of the total share capital of the company)	36.88%	36.81%	12.46%	36.88%	12.46%	29.51%
17	Investor Complaints			For the quarter ended September 30, 2013			
	Pending at the beginning of the quarter				Nil		
	Received during the quarter				1		
	Disposed of during the quarter				1		
	Remaining unresolved at the end of the quarter				Nil		



Arshiya Limited

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STANDALONE UNAUDITED SEGMENTWISE REPORT FOR THE QUARTER/HALF YEAR ENDED SEPTEMBER 30, 2013

Sr.No.		Quarter Ended			Half Year Ended		Year Ended
		30.09.2013 (Unaudited)	30.06.2013 (Unaudited)	30.09.2012 (Unaudited)	30.09.2013 (Unaudited)	30.09.2012 (Unaudited)	31.03.2013 (Audited)
1	Segment Revenue						
	Logistics	6,635.77	8,104.36	17,216.36	14,740.13	32,438.85	57,376.13
	Free Trade Warehousing Zones	1,032.15	1,128.24	4,575.58	2,160.39	7,518.05	12,738.93
	TOTAL	7,667.92	9,232.60	21,791.94	16,900.52	39,956.90	70,115.06
2	Segment Results						
	Profit Before Tax and Interest						
	Logistics	(2,406.58)	228.63	2,761.31	(2,177.95)	5,421.82	6,838.53
	Free Trade Warehousing Zones (*)	(1,227.84)	(2,315.74)	3,452.18	(3,543.58)	5,566.64	9,369.46
	Unallocated	(727.71)	(842.54)	(1,402.71)	(1,570.25)	(2,817.98)	(5,658.04)
	TOTAL	(4,362.13)	(2,929.65)	4,810.78	(7,291.78)	8,170.48	10,549.95
	Less : Interest Expenses (Net)	3,513.89	3,374.51	1,856.76	6,888.40	3,865.96	10,446.17
	Profit / (Loss) Before Tax and exceptional items	(7,876.02)	(6,304.16)	2,954.02	(14,180.18)	4,304.52	103.78
	Less : Exceptional Items	(361.32)	478.68	-	117.36	-	1,542.95
	Profit / (Loss) from ordinary activities before tax	(7,514.70)	(6,782.84)	2,954.02	(14,297.54)	4,304.52	(1,439.17)
	Less : Tax Expenses	-	(1,568.72)	948.14	(1,568.72)	1,379.16	(38.67)
	Net profit/ (Loss) for the period	(7,514.70)	(5,214.12)	2,005.88	(12,728.82)	2,925.36	(1,400.50)
3	Capital Employed						
	Logistics	31,580.06	31,401.39	29,981.70	31,580.06	29,981.70	31,340.18
	Free Trade Warehousing Zones	38,911.63	36,372.71	43,407.38	38,911.63	43,407.38	43,402.76
	Unallocated	(19,751.88)	(9,519.60)	(15,231.57)	(19,751.88)	(15,231.57)	(11,359.92)
	TOTAL	50,739.81	58,254.50	58,157.51	50,739.81	58,157.51	63,383.02

(*) Loss for the Quarter ended 30.09.2013 includes MTM Losses of Rs 1440.67 Lacs (Previous quarter Rs.2910.80 Lacs) as per Note No :6



(Handwritten signature)

Arshiya Limited

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STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2013

Sr.No.		(Rs in Lacs)	
		STANDALONE	
		30.09.2013 (Unaudited)	31.03.2013 (Audited)
I	EQUITY AND LIABILITIES		
(1)	Shareholders' funds		
	(a) Share capital	1,237.59	1,237.59
	(b) Reserves and surplus	41,141.34	53,784.55
	(c) Money received against Share warrants	8,360.88	8,360.88
		50,739.81	63,383.02
(2)	Non-current liabilities		
	(a) Long-term borrowings	103,509.21	104,537.33
	(b) Deferred tax liabilities (net)	-	1,568.72
	(c) Other long-term liabilities	104.06	105.55
	(d) Long Term provisions	103.79	103.79
		103,717.06	106,315.39
(3)	Current liabilities		
	(a) Short-term borrowings	22,424.69	20,258.13
	(b) Trade payables	22,543.88	21,207.93
	(c) Other current liabilities	55,038.67	42,923.52
	(d) Short-term provisions	4,981.84	622.91
		104,989.08	85,012.49
	TOTAL	259,445.95	254,710.90
II	ASSETS		
(1)	Non-current assets		
	(a) Fixed assets	129,404.29	128,899.63
	(b) Non-current investments	49,879.53	49,879.53
	(c) Long-term loans and advances	40,910.51	36,073.47
	(d) Other non-current assets	1,972.52	2,118.04
		222,166.85	216,970.67
(2)	Current assets		
	(a) Trade receivables	31,379.87	31,799.73
	(b) Cash and bank balances	1,563.32	507.52
	(c) Short-term loans and advances	2,861.01	3,451.30
	(d) Other current assets	1,474.90	1,981.68
		37,279.10	37,740.23
	TOTAL	259,445.95	254,710.90




Arshiya Limited

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Notes to Standalone Results :

- 1) The above financial results for the quarter ended September 30, 2013 have been reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on November 11, 2013.
- 2) The Statutory Auditors of the company have carried out a limited review of the Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2013.
- 3) The Company has applied to Central Government for approving the excess remuneration paid/payable to Chairman and Managing Director for Financial Year 2012-13 and 2013-14. Provision for the current half year has been made on the basis of application made to Central Government. However in view of difficult financial condition faced by the Company, Chairman and Managing Director has not drawn the remuneration. The Auditors have drawn attention to this in their Review Report.
- 4) 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. 394.04 Lacs, its delayed and non-payment of dues (interest and repayment of borrowings) to Banks, a Non Banking Finance Company and a Financial Institution of Rs. 21,264.74 Lacs (including interest), short-term funds are used for long-term purposes, statutory dues i.e. income tax deducted at source and value added tax are in arrears to the extent of Rs. 2,238.58 Lacs and certain lenders have filed court cases against the company and directors, due to dishonour of cheques. The Corporate Debt Restructuring (CDR) scheme of the company has been approved by the CDR cell and Master Restructuring Agreement (MRA) with all Banks except one Bank. The company is confident that it will comply with all the conditions of the CDR scheme and shall continue as a viable unit. The auditors have drawn attention to this in their Review Report.
- 5) The Company has modified the scheme of compromise/arrangement with its creditors under Section 391 to 394 of Companies Act, 1956 and its application is pending as on date before the stock exchanges for approval.
- 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 of depreciation) and Rs.85.60 Lacs from Foreign Currency Translation Reserve a/c has been charged off to the Statement of Profit and loss during the previous quarter and is shown as an exceptional item in the results. Consequentially impact of deferred tax of Rs.162.70 Lacs has been withdrawn and credited in the Statement of Profit and loss. During the current quarter MTM Losses of Rs.1440.67 Lacs and during the previous quarter Rs.2910.80 Lacs have been charged off to the statement of Profit & loss and 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.4448.35 Lacs for the half year and Rs.2014.42 Lacs for the quarter. In view of the company's commitment to continue with the derivative contracts till its maturity, 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 hence considering the fair value (which would presume cancellation of the derivative contracts) will not reflect the correct financial position.
- 7) Other expenses for the current quarter include bad debts written off aggregating to Rs.2562.87 Lacs (Previous Year Nil).
- 8) Exceptional items for the current quarter represents :
 - Rs.361.32 Lacs net interest credit for previous year due from the lenders as on 30th September in accordance with CDR scheme accepted by them.Exceptional items for the previous quarter represents:
 - Rs.478.68 Lacs on account of change in accounting policy as per Note 6 above.Exceptional items for the previous year represents :
 - Rs. 542.77 Lacs in respect of Leasehold improvement written off 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.
- 9) The previous period figures have been regrouped /re-arranged, wherever necessary.
- 10) Name of the Company has been changed from 'Arshiya International Limited' to 'Arshiya Limited' with effect from September 5, 2013 and the registered office of the Company has been shifted to the above mentioned address with effect from August 26, 2013.

Mumbai
November 11, 2013


Ajay S Mittal
Chairman and Managing Director