

Ref: AL/SE/0516/02

Date: 25/05/2016

National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (East), Mumbai - 400051. Fax No. 2659 8237 / 38	Corporate Relationship Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, 2 <sup>nd</sup> Floor, Dalal Street, Mumbai - 400 001 Fax No. 2272 3121/ 2037
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Re.: - Arshiya Limited – **NSE Scrip Name: ARSHIYA**  
**BSE Scrip Code: 506074**

**Sub: Outcome of the Board Meeting held on 25<sup>th</sup> May, 2016**

Sir,

This is to inform you that the Board of Directors of the Company at its meeting held today i.e Wednesday, 25<sup>th</sup> May, 2016, inter-alia, decided following:

- Considered, approved and taken on record the Audited Financial Results (Standalone and Consolidated) for the Quarter and year ended 31<sup>st</sup> March, 2016 duly reviewed by the Audit Committee and M/s. M.A.Parikh & Co., Statutory Auditors of the Company.

Pursuant to Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Audited Financial Results (Standalone and Consolidated) along with Report of the Statutory Auditors and 'Form - B' (Standalone and Consolidated) is enclosed herewith for your reference and records.

The Meeting of the Board of Directors commenced at 2:00 P.M. and ended at 07:20 P.M.

Thanking you.

Yours faithfully,  
**For Arshiya Limited**



**Savita Dalal**  
**Company Secretary & Compliance Officer**






**Arshiya Limited**

**FORM B- for Audit Report with modified opinion**

1.	Name of the Company:	Arshiya Limited- <b>STANDALONE FINANCIALS</b>
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2016
3.	Type of Audit qualification	Qualified /Disclaimer of opinion/ Adverse
4.	Frequency of qualification	Whether appeared first Time/ Repetitive
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>i.) Refer Point No. 3.1 of Auditors Report (First Time)</p> <p><b>Management Response</b> - Post CDR exit, lenders are entitled to exercise rights and remedies available under the original loan documents, however in the absence of any communication from these lenders, the Company has not provided for additional interest from CDR cut-off date till 31<sup>st</sup> March 2016.</p> <p>ii.) Refer Point No. 3.2 of Auditors Report (First Time)</p> <p><b>Management Response</b> - Upon finalization of restructuring with ARC, the Company will record the effect of the revised terms as to repayment of Principal and Interest.</p> <p>iii.) Refer Point No. 3.2.1 of Auditors Report</p> <p><b>Management Response</b> - On the basis of Consent Terms filed by the Company and ARC with the Hon'ble Bombay High Court, the</p>

✓ (NA) ✗

		<p>Company has not provided for interest on loan assigned to ARC from the date of assignment.</p> <p>iv.) Refer Point No. 7 of Auditors Report (Appearing since 2015)</p> <p><b>Management Response -</b> The Company has filed an application to the Central Government for waiver of recovery of excess remuneration paid and the same is pending before the Central Government.</p> <p>v.) Refer Point No. 8 of Auditors Report (First Time)</p> <p><b>Management Response -</b> Mr. Shyam Rathi resigned w.e.f. 14<sup>th</sup> November 2014 and the Company found a suitable candidate only in the month of July 2015 when Mr. V.L. Ganesh was appointed as CFO w.e.f. 10<sup>th</sup> July 2015.</p>
6.	Additional comments from the board/audit committee chair:	Is in agreement to the aforesaid.
7.	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• Mr. Ajay S Mittal - Managing Director</li> <li>• Mr. Mukul Patel, M. A. Parikh &amp; Co., Chartered Accountants, Statutory Auditor</li> <li>• Mr. Ashish Bairagra - Audit Committee Chairman</li> </ul>	  

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**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**Auditor's Report on Quarterly Financial Results and Year to Date Results of the  
Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and  
Disclosure Requirements) Regulation, 2015**

To,  
The Board of Directors of Arshiya Limited

1. We have audited the quarterly financial results of Arshiya Limited ("the Company") for the quarter ended 31st March, 2016 and the year to date financial results for the year ended on that date, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS) 25, prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
- 3.1 Secured Lenders (Banks) excluding loans assigned to Asset Reconstruction Company:  
During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR). The Company has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Company's borrowings from Banks becoming "Non-Performing Assets" (NPAs). Such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.

Further to the above, CDR-EG issued a letter dated 29th December, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In





the absence of any communication from these lenders, the Company has not provided for additional interest from CDR Cut-off date till 31st March 2016 estimated at Rs.5,202.35 lacs which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanction letter and penal interest on overdue amount of interest and installment. Had the company provided for additional Interest as stated above on such loans, the loss before tax for the year ended 31st March, 2016 would have been higher by Rs. 5,202.35 lacs. Upon reconciliation and finalization of the estimated entitlements of these lenders, the company will recognize the liability in its books during the year in which finality is reached.

### 3.2 Loans Assigned to Asset Reconstruction Company (ARC):

- i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs 63,869.41 Lacs on the same terms and conditions as per the original financing documents.
- ii) Pending finalization of the terms of assignment, the Company has not provided for Interest of Rs. 4,325.89 lacs on loans assigned to the ARC from the respective dates of assignment.
- iii) Consequent to CDR exit, the Company has not provided for additional interest (from CDR cut-off date to 31st March 2016) estimated at Rs. 3,516.64 lacs as on 31st March 2016.
- iv) On finalization of restructuring with ARC, the Company will record the effect of the revised terms as to repayment of principal and Interest, as referred to in 3.2(ii) and 3.2(iii), in the period in which it is completed.

Had the Company provided for interest on such assigned loans, the loss before tax for the year would have been higher by Rs. 7,842.53 Lacs.

#### 3.2.1 A Bank has assigned its loan to ARC aggregating to Rs. 8,692.69 lacs on the same terms and conditions as per the original financing documents. ARC and the Company have filed consent terms with the Hon'ble Bombay High Court. On the basis of said consent terms, Company has not provided for interest of Rs. 729.89 lacs on loan assigned to ARC from the date of assignment.

Had the Company provided for interest on above loan, the loss before tax for the year would have been higher by Rs. 729.89 lacs.

### 3.3 In addition to the above, the Company has not been able to repay dues to the Non- CDR lenders being bank, a Financial Institution and a Non-Banking Financial Company (NBFC) aggregating to Rs. 17,083.54 lacs (including interest of Rs. 7,516.78 lacs).





- 3.4 The Company has not been able to generate sufficient cash flows as reflected by non-payment of full and final settlement of employment dues to the extent of Rs. 296.79 lacs, Creditor for Capital Expenditure Rs. 2,273.33 lacs and statutory dues remaining unpaid to the extent of Rs. 896.97 lacs.

#### **4. Corporate Guarantee**

- 4.1 With respect to two subsidiaries, Punjab National Bank (Bank), on behalf of certain Consortium Banks of those subsidiaries, has initiated debt recovery action under Section 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) vide notice dated 14th October, 2015 aggregating to Rs. 322.23 crore (being dues from Arshiya Northern FTWZ Limited) and notice dated 19th October, 2015 aggregating to Rs. 586.57 crore (being dues from Arshiya Industrial & Distribution Hub Limited) (the Subsidiaries of the Company). The bank has also invoked the Corporate Guarantee issued by the Promoter Company, Arshiya Limited and personal guarantees of Promoter Directors i.e. Mr. Ajay S. Mittal and Mrs. Archana A. Mittal. Further on 19th January, 2016 the Company received a Notice of possession from the authorized officer of the bank under powers conferred on the bank u/s 13(4) of the said Act read with Rule 8(i) of the Rules.
- 4.2 The subsidiaries have requested the banks to withdraw the said notices and support their revival efforts.
- 4.3 Given the above, the Company is of the view that:
- at this juncture there is no obligation which is expected to result in an outflow of resources from the Company.
  - the disclosure of the Corporate Guarantees issued to the Banks on behalf of its subsidiaries under the head Contingent Liabilities not provided for in respect of Guarantees given on behalf of subsidiaries, is adequate.

#### **5. Mark to Market (MTM) Losses:**

##### **5.1 Axis Bank**

- The Company has terminated the cross currency swap derivative contract with Axis Bank Limited on 30<sup>th</sup> September, 2015 for an agreed valuation of Rs. 4,200 lacs. The Company had already provided for an amount of Rs. 2,552.19 lacs for the MTM loss upto 30<sup>th</sup> June, 2015. The balance amount of Rs. 1,647.81 lacs was provided for as an exceptional item during the quarter ended 30<sup>th</sup> September, 2015.
- The Company has entered into a new INR to USD Principal only Swap contract with Axis Bank Limited on 30<sup>th</sup> September, 2015, with effect from 5<sup>th</sup> October, 2015, the maturity date being 30<sup>th</sup> September, 2020 for a notional amount of Rs. 25,000.00 lacs (USD 380.75 lacs). During the quarter the Company has provided an amount of Rs.226.55 lacs in respect of MTM losses based on determination of fair market value of derivatives entered into by the Company. The Company is of the view that MTM loss has to be worked out taking into account the spot





exchange rate(s) on the reporting date as it is committed to continue derivative contracts till their maturity and hence, applying the fair market values presuming that the derivative contracts would be cancelled on the reporting date, shall not reflect the correct financial position. However, the Bank which has entered into derivative contract with the Company has intimated that, the loss on account of MTM is Rs. 1,298.26 lacs as on 31st March, 2016 as against the amount of Rs. 226.55 lacs, determined by the Company, which is disclosed as Exceptional Item in the Statement.

## 5.2. **Kotak Mahindra Bank Limited**

In respect of derivative contracts entered into by the company with ING Vysya Bank (now amalgamated with Kotak Mahindra Bank Limited w.e.f. 1st April, 2015), the bank had prematurely terminated the contracts and had demanded termination and liquidation fees aggregating to Rs. 2,875 lacs, which are disputed by the Company and hence disclosed as a contingent liability.

6. The Company holds strategic and long term investments by way of equity shares in its subsidiaries, the aggregate cost of which is Rs. 82,348.72 lacs as on 31st March, 2016. The present "net asset value" of the said investments are either negative/lower than their costs of acquisition. Considering that the said investments are long-term and strategic in nature and the said subsidiaries are implementing their respective Revival Plans along with the future business plans of the Company, the Management is of the view that, the diminution in value of its investments being temporary in nature, no further provision for diminution in value is called for at this juncture, except in case of two subsidiaries for which the Company has already made a provision of Rs. 35.31 lacs for diminution in value of investments in the earlier period.
7. Remuneration of Rs. 114.82 lacs paid/provided to the Executive Director for F.Y. 2013-14: The Company had filed an application to the Central Government for waiver of excess remuneration paid. The Company has received final reminder dated 3rd March received on 16th March 2016 from the Central Government directing it to furnish certain information/document/clarification which has been provided to the Central Government on 1st April 2016.
8. The Company is required to appoint Chief Financial Officer (CFO) as a Key Managerial Person per sub-section (1) of section 203. Mr. Shyam Rathi ceased to be CFO w.e.f. 14<sup>th</sup> November 2014 and Mr. V. L. Ganesh was appointed in his place w.e.f. 10th July 2015 and hence sub section 4 of section 203 has not been complied with. Further Mr. V. L. Ganesh has resigned w.e.f. 19th February 2016.
9. The Company provides gratuity and leave encashment (benefits) based on actuarial valuation as on 31<sup>st</sup> March. As regards the provision for benefits for the quarter ended June, September and December, the Company provides the liability on an estimated basis as per the rules applicable to its employees in this regard. The difference between



the liability on estimated basis for the first three quarters with the liability on actuarial basis is adjusted during the last quarter / year ended 31<sup>st</sup> March of every year.

10. Certain lenders and creditors have filed winding up petitions/cases/other legal proceedings against the Company and its Directors for recovery of the amounts due to them which are at different stages before the respective judicial forums/authorities. Claims by the said lenders and creditors have been contested by the Company in those proceedings and not acknowledged as debts. The Financial implication of such claims will be recognized as and when finality in the matter is reached.
11. In our opinion and to the best of our information and according to the explanations given to us, *subject to paragraphs 3.1, 3.2, 3.2.1, 7 and 8 above*, the Statement:
- (i) has been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in this regard;
  - and
  - (ii) gives a true and fair view of the net loss and other financial information for the quarter ended 31st March, 2016 as well as the year to date results for the year ended 31st March, 2016.



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

Mukul M. Patel  
Partner  
Membership No: 32489

Place: Mumbai  
Date: 25<sup>th</sup> May, 2016



# Arshiya Limited

CIN: L27320MH1981PLC024747

Registered Office: 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018  
Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

## AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2016

(Rs. in Lacs)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2016 (Audited)	31.12.2015 (Unaudited)	31.03.2015 (Audited)	31.03.2016 (Audited)	31.03.2015 (Audited)
1	<b>Income from operations</b>					
	(a) Income from operations	1,528.77	1,606.67	1,260.61	6,428.33	5,050.53
	<b>Total income from operations</b>	<b>1,528.77</b>	<b>1,606.67</b>	<b>1,260.61</b>	<b>6,428.33</b>	<b>5,050.53</b>
2	<b>Expenses</b>					
	(a) Cost of operations	83.18	105.40	82.83	400.53	360.13
	(b) Employee benefits expense	429.00	448.15	371.97	1,775.01	1,598.98
	(c) Depreciation and amortization expense	450.11	602.71	747.18	2,358.70	2,922.02
	(d) Other expenses	440.64	316.68	440.62	1,613.31	1,901.79
	<b>Total expenses (a+b+c+d)</b>	<b>1,402.93</b>	<b>1,472.94</b>	<b>1,642.60</b>	<b>6,147.55</b>	<b>6,782.92</b>
3	<b>Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>125.84</b>	<b>133.73</b>	<b>(381.99)</b>	<b>280.78</b>	<b>(1,732.39)</b>
4	Other Income	(28.90)	63.81	7.20	48.74	60.23
5	<b>Profit/(Loss) from ordinary activities before finance costs and exceptional items [3+4]</b>	<b>96.94</b>	<b>197.54</b>	<b>(374.79)</b>	<b>329.52</b>	<b>(1,672.16)</b>
6	Finance costs	3,262.00	3,986.90	5,365.05	17,596.18	21,320.83
7	<b>Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>(3,165.06)</b>	<b>(3,789.36)</b>	<b>(5,739.84)</b>	<b>(17,266.66)</b>	<b>(22,992.99)</b>
8	Exceptional Items (Net)	8,187.74	366.13	846.24	10,281.24	1,089.94
9	Prior Period Adjustment	53.24	-	-	47.22	317.40
10	<b>Profit/(Loss) from ordinary activities before tax (7-8-9)</b>	<b>(11,406.04)</b>	<b>(4,155.49)</b>	<b>(6,586.08)</b>	<b>(27,598.12)</b>	<b>(24,400.33)</b>
11	Tax expense	244.38	-	-	244.38	-
12	<b>Net profit/(Loss) for the period from ordinary activities (10-11)</b>	<b>(11,650.42)</b>	<b>(4,155.49)</b>	<b>(6,586.08)</b>	<b>(27,839.50)</b>	<b>(24,400.33)</b>
13	<b>Paid-up equity share capital (Face value per share Rs. 2/-)</b>	<b>3,123.59</b>	<b>3,123.59</b>	<b>2,548.59</b>	<b>3,123.59</b>	<b>2,548.59</b>
14	<b>Reserves excluding Revaluation Reserves as per Balance sheet of previous accounting year</b>					<b>21,503.33</b>
15	<b>Earnings Per Share (EPS)</b>					
	EPS before and after Extraordinary items (not annualised)					
	- Basic	(7.46)	(2.80)	(5.57)	(19.62)	(22.82)
	- Diluted	(7.46)	(2.80)	(5.57)	(19.62)	(22.82)



# Arshiya Limited

CIN: L27320MH1981PLC024747

Registered Office: 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road,  
Worli, Mumbai- 400 018 Phone No. 022 42305500

# Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

## AUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2016

(₹ in Lacs)

Sr.No.	Particulars	STANDALONE	
		31.03.2016 (Audited)	31.03.2015 (Audited)
<b>I</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>(1) Shareholders' funds</b>		
	(a) Share capital	3,123.59	2,548.59
	(b) Reserves and surplus	19,903.45	44,468.86
		<b>23,027.04</b>	<b>47,017.45</b>
	<b>(2) Non-current liabilities</b>		
	(a) Long-term borrowings	19,729.06	1,04,702.78
	(b) Other long-term liabilities	13,498.04	3,204.07
	(c) Long-term Provision	88.02	77.00
		<b>33,315.12</b>	<b>1,07,983.85</b>
	<b>(3) Current liabilities</b>		
	(a) Short-term borrowings	11,946.86	11,773.56
	(b) Trade payables	226.02	675.84
	(c) Other current liabilities	1,53,639.00	68,575.04
	(d) Short-term provisions	1,854.96	4,190.37
		<b>1,67,666.84</b>	<b>85,214.81</b>
	<b>TOTAL</b>	<b>2,24,009.00</b>	<b>2,40,216.11</b>
<b>II</b>	<b>ASSETS</b>		
	<b>(1) Non-current assets</b>		
	(a) Fixed assets	1,23,813.35	1,44,923.24
	(b) Non-current investments	83,424.41	83,424.41
	(c) Long-term loans and advances	13,077.55	9,008.46
		<b>2,20,315.31</b>	<b>2,37,356.11</b>
	<b>(2) Current assets</b>		
	(a) Trade receivables	1,217.78	336.34
	(b) Cash and bank balances	396.46	218.44
	(c) Short-term loans and advances	2,079.45	2,305.22
		<b>3,693.69</b>	<b>2,860.00</b>
	<b>TOTAL</b>	<b>2,24,009.00</b>	<b>2,40,216.11</b>



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**Arshiya Limited**  
**CIN: L27320MH1981PLC024747**

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

**Notes to Standalone Results:**

- 1) The above financial results for the quarter and year ended 31<sup>st</sup> March, 2016 have been reviewed by the Audit Committee at their meeting held on 24<sup>th</sup> May, 2016 and approved by the Board of Directors on 25<sup>th</sup> May, 2016.
- 2) The Statutory Auditor of the Company has carried out the audit of standalone financial results for the quarter and year ended 31<sup>st</sup> March, 2016.
- 3) The figures of last quarter are the balancing figures between the audited figures in respect of full financial year and the published year to date figures up to third quarter of the current financial year.
- 4) The Company's Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) has increased to Rs. 547.05 lacs for Q4 of F.Y. 2015-16 as compared to Rs.372.40 lacs for Q4 of F.Y. 2014-15 and has increased to Rs.2,688.22 lacs for the F.Y. 2015-16 as compared to Rs.1,249.86 lacs for the F.Y. 2014 -15.

**5.1) Secured Lenders (Banks) excluding loans assigned to Asset Reconstruction Company:**

During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR). The Company has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Company's borrowings becoming "Non-Performing Assets" (NPAs) with the Banks. Such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.

Further to the above, CDR-EG issued a letter dated 29th December, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In the absence of any communication from these lenders, the Company has not provided for additional interest from CDR cut-off date till 31st March 2016 estimated at Rs.5,202.35 lacs which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanctioned terms and penal interest on overdue amount of interest and installment. Had the company provided for additional Interest, as stated above, on such loans, the loss before tax for the year ended 31st March, 2016 would have been higher by Rs.5,202.35 lacs. Upon reconciliation and finalization of the estimated entitlements of these lenders, the



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company will recognize the liability in its books during the year in which finality is reached.

**5.2) Loans Assigned to Asset Reconstruction Company (ARC):**

i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs.63,869.41 lacs on the same terms and conditions of the original financing documents.

ii) Pending finalization of the terms of restructuring with ARC, the Company has not provided for Interest of Rs.4,325.89 lacs on loans assigned to the ARC from the respective dates of assignment.

iii) Consequent to CDR exit, the Company has not provided for additional interest (from CDR cut-off date to 31st March 2016) estimated at Rs.3,516.64 lacs as on 31st March 2016.

iv) On finalization of the terms of restructuring with ARC, the Company will record the effect of the revised terms as to repayment of principal and Interest, as referred to in 5.2(ii) and 5.2(iii), in the period in which it is completed.

Had the Company provided for interest on such assigned loans, the loss before tax for the year would have been higher by Rs.7,842.53 lacs.

5.2.1) A Bank has assigned its loan to ARC aggregating to Rs.8,692.69 lacs on the same terms and conditions of the original financing documents. ARC and the Company have filed Consent Terms with the Hon'ble Bombay High Court. On the basis of said consent terms Company has not provided for interest of Rs.729.89 lacs on loan assigned to ARC from the date of assignment.

Had the Company provided for interest on above loan, the loss before tax for the year would have been higher by Rs.729.89 lacs.

5.3) In addition to the above, the Company has not been able to repay dues to a Financial Institution and a Non-Banking Financial Company (NBFC) aggregating to Rs.17,083.54 lacs (including interest of Rs.7,516.88 lacs).

5.4) The Company has not been able to generate sufficient cash flows as reflected by non-payment of full and final settlement of employment dues to the extent of Rs. 296.79 lacs, creditors for capital expenditure of Rs.2,273.33 lacs and statutory dues remaining unpaid to the extent of Rs. 896.97 lacs.

5.5) The Management of the Company is restructuring its business operations as also those of its subsidiaries in which it has substantial investments, by –



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- expanding the business volumes by changing product mix,
- clarity and resolution of regulatory issues,
- increasing client base by inducting more Fortune 500 companies,
- commencing Inland Container Depot (ICD) operations at Khurja in April 2016,
- support from ARC in terms of Growth Capital / Working Capital support,
- revamping the entire business with an emphasis on operational efficiency.

The above steps shall enable the Company to improve its net worth and ability to generate cash flows to discharge the debts/liabilities in future.

## 6. Corporate Guarantee

- 6.1 With respect to two subsidiaries, Punjab National Bank (Bank), on behalf of certain Consortium Banks of those subsidiaries, has initiated debt recovery action under Section 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) vide notice dated 14<sup>th</sup> October, 2015 aggregating to Rs. 322.23 crore (being dues from Arshiya Northern FTWZ Limited) and notice dated 19<sup>th</sup> October, 2015 aggregating to Rs. 586.57 crore (being dues from Arshiya Industrial & Distribution Hub Limited) (the Subsidiaries of the Company). The bank has also invoked the Corporate Guarantee issued by the Promoter Company, Arshiya Limited and personal guarantees of Promoter Directors i.e. Mr. Ajay S. Mittal and Mrs. Archana A. Mittal. Further on 19<sup>th</sup> January, 2016 the Company received a Notice of possession from the authorized officer of the bank under power conferred on the bank u/s 13(4) of the said Act read with Rule 8(i) of the Rules.
- 6.2 The subsidiaries have requested the banks to withdraw the said notices and support their revival efforts.
- 6.3 Given the above, the Company is of the view that:
- i. at this juncture there is no obligation which is expected to result in an outflow of resources from the Company
  - ii. the disclosure of the Corporate Guarantees issued to the Banks on behalf of its subsidiaries under the head Contingent Liabilities not provided for in respect of Guarantees given on behalf of subsidiaries is adequate.
- 7) The Company holds strategic and long term investments by way of equity shares in its subsidiaries, the aggregate cost of which is Rs. 83,424.41 lacs as on 31<sup>st</sup> March, 2016. The present "net asset value" of the said investments are either negative/lower than their costs of acquisition. Considering that the said investments are long-term and strategic in



9



nature and the said subsidiaries are implementing their respective Revival Plans along with the future business plans of the Company, the Management is of the view that, the diminution in value of its investments being temporary in nature, no further provision for diminution in value is called for at this juncture, except in case of two subsidiaries for which the Company has already made provision of Rs. 35.31 lacs for diminution in value of investments in the earlier period.

- 8) Remuneration of Rs. 114.82 lacs paid/provided to the Executive Director Major Suhas Thakkar for F.Y. 2013-14:

The Company had filed an application to the Central Government for waiver of excess remuneration paid. The Company has received final reminder dated 3<sup>rd</sup> March received on 16<sup>th</sup> March 2016 from the Central Government directing it to furnish certain information/document/clarification which has been provided to the Central Government on 1<sup>st</sup> April 2016.

- 9) As per Provisions of sub section 1 of Section 203 of Companies Act, 2013 the Company is required to appoint Chief Financial Officer (CFO) as Key Managerial Person. Mr. Shyam Rathi ceased to be CFO w.e.f. 14<sup>th</sup> November 2014 and Mr. V. L. Ganesh was appointed in his place w.e.f. 10<sup>th</sup> July 2015. Further, Mr. V. L. Ganesh has resigned w.e.f. 19<sup>th</sup> February 2016. The Company is in the process of identifying a suitable individual for this role. In the interim Company has appointed Mr. Santosh Maheshwari as Group President who has extensive experience of over 26 years with very large Indian Corporate entities.

10) **Mark to Market (MTM) Losses:**

10.1) **Axis Bank**

- (i) The Company has terminated the cross currency swap derivative contract with Axis Bank Limited on 30<sup>th</sup> September, 2015 for an agreed valuation of Rs.4,200 lacs. The Company had already provided for an amount of Rs.2,552.19 lacs for the MTM loss upto 30<sup>th</sup> June, 2015. The balance amount of Rs.1,647.81 lacs was provided for as an exceptional item in the quarter ended 30<sup>th</sup> September, 2015.
- (ii) The Company has entered into a new INR to USD Principal only Swap contract with Axis Bank Limited on 30<sup>th</sup> September, 2015, with effect from 5<sup>th</sup> October, 2015, the maturity date being 30<sup>th</sup> September, 2020 for a notional amount of Rs.25,000 lacs (USD 380.75 lacs). During the year the Company has provided an amount of Rs.226.55 lacs in respect of MTM losses based on determination of fair market value of derivatives entered into by the Company. The Company is of the view that MTM loss has to be worked out taking into account the spot exchange rate(s) on the reporting date as it is committed to continue derivative contracts till their maturity and hence, applying the fair market values presuming that the derivative contracts would be cancelled on the reporting date, shall not reflect the correct financial position. However, the Bank which has entered into derivative contract with the Company has intimated that, the loss on



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account of MTM is Rs. 1,298.26 lacs as on 31st March, 2016 as against the amount of Rs. 226.55 lacs, determined by the Company, which is disclosed as Exceptional Item.

#### 10.2) Kotak Mahindra Bank Limited

In respect of derivative contracts entered into by the company with ING Vysya Bank (now amalgamated with Kotak Mahindra Bank Limited w.e.f. 1st April, 2015), the bank had prematurely terminated the contracts and had demanded termination and liquidation fees aggregating to Rs. 2,875 lacs, which are disputed by the Company and hence not provided for.

- 11) Exceptional items (Net) for the current quarter and year ended 31<sup>st</sup> March, 2016 are as under:

		Rs. in Lacs	
Sr. No.	Particulars	Quarter Ended 31st March, 2016	Year Ended 31st March, 2016
a)	Provision on Investments in Subsidiary Written Back	(5)	-
b)	Bad Debts Written Off	(0.39)	22.31
c)	Loss on sale of Assets	(0.66)	338.06
d)	Mark to Market Losses	38.07	2,041.91
e)	Fixed Assets/Other assets written off	17,480.57	17,480.57
f)	Corporate Debt Revival and Advisory Fees	-	100.00
g)	Irrevocable Advance Written off (Net)	58.78	266.73
h)	Sundry balance written off (Net)	(111.75)	(696.47)
i)	Forfeiture of Capital Advances received	(9,204.93)	(9,204.93)
j)	Excess Provision Written Back	(24.84)	(24.84)
k)	Recovery of Expenses provided prior year	(42.10)	(42.10)
	<b>Total</b>	<b>8,187.74</b>	<b>10,281.24</b>

**Note :** Figures in brackets denote items of income nature.

- 12) Certain lenders and creditors have filed winding up petitions/cases/other legal proceedings against the Company and its Directors for recovery of the amounts due to them which are at different stages before the respective judicial forums/authorities. Claims by the said lenders and creditors have been contested by the Company in those proceedings and not acknowledged as debts. The financial implication of such claims will be recognized as and when finality in the matter is reached.
- 13) The Company is primarily engaged in developing and operating Free Trade Warehousing Zone (FTWZ). In the opinion of the Company, the entire business is governed by same set of risks and returns and hence, the same has been considered as representing a single primary segment. The Company provides services only within



*[Handwritten signature]*

India and hence, does not have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in a single geographical segment.

- 14) The Company provides gratuity and leave encashment (benefits) based on actuarial valuation as on 31<sup>st</sup> March. As regards the provision for benefits for the quarter ended June, September and December, the Company provides the liability on an estimate basis as per the rules applicable to its employees in this regard. The difference between the liabilities on estimate basis for the first three quarters with the liability on actuarial basis is adjusted during the last quarter/year ended 31<sup>st</sup> March of every year.
- 15) The previous quarter/year figures have been regrouped/re-arranged, wherever necessary.



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


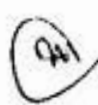

A handwritten signature in black ink, appearing to read "Ajay S Mittal".

**Ajay S Mittal**  
Chairman and Managing Director  
DIN: 00226355

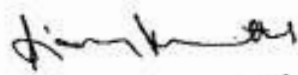
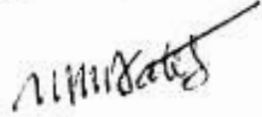

Place: Mumbai  
Date: 25<sup>th</sup> May, 2016

**FORM B- for Audit Report with modified opinion**

1.	Name of the Company:	Arshiya Limited- <b>CONSOLIDATED FINANCIALS</b>
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2016
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	First Time/ Repetitive
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>i.) Refer Point No. 3.1 of Auditors Report (First Time)</p> <p><b>Management Response -</b> Post CDR exit, lenders are entitled to exercise rights and remedies available under the original loan documents, however in the absence of any communication from these lenders, the Company has not provided for additional interest from CDR cut-off date till 31<sup>st</sup> March 2016.</p> <p>ii.) Refer Point No. 3.2 of Auditors Report (First Time)</p> <p><b>Management Response -</b> Upon finalization of restructuring with ARC, the Company will record the effect of the revised terms as to repayment of Principal and Interest.</p> <p>iii.) Refer Point No. 3.2.1 of Auditors Report</p> <p><b>Management Response -</b> On the basis of Consent Terms filed by the Company and ARC with the Hon'ble Bombay High Court, the Company has not provided for interest on loan assigned to ARC from the date of assignment.</p>



		<p>iv) Refer Point No. 6 of Auditors Report (Appearing since 2015)</p> <p><b>Management Response -</b> The Company has filed an application to the Central Government for waiver of recovery of excess remuneration paid and the same is pending before the Central Government.</p> <p>iv.) Refer Point No. 7.1, 7.2 &amp; 7.3 of Auditors Report (First Time)</p> <p>Mr. Shyam Rathi resigned w.e.f. 14<sup>th</sup> November 2014 and the Company found a suitable candidate only in the month of July 2015 when Mr. V.L. Ganesh was appointed as CFO w.e.f. 10<sup>th</sup> July 2015.</p> <p>One of the subsidiary has not commenced its operations and the other two are in nascent stages and are non-operating Companies. The Subsidiary Companies are in process of appointing CEO/WTD/MD/Manager and Company Secretary and CFO in compliance with the provisions of Section 203 of the Companies Act, 2013.</p>
6.	Additional comments from the board/audit committee chair	Is in agreement to the aforesaid
7.	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• Mr. Ajay S Mittal - Managing Director</li> <li>• Mr. Mukul Patel, M. A. Parikh &amp; Co. Chartered Accountants, Statutory Auditor</li> <li>• Mr. Ashish Bairagra - Audit Committee Chairman</li> </ul>	  

**M. A. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

**Auditor's Report on Consolidated Financial Results for the Year of the Company**  
**Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure**  
**Requirements) Regulation, 2015**

To,  
**The Board of Directors of Arshiya Limited**

1. We have audited the consolidated quarterly financial results of Arshiya Limited ("the Holding Company") for the year ended 31st March, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. These consolidated financial results have been prepared by the Holding Company on the basis of the interim financial statements, which are the responsibility of the holding company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such interim consolidated financial statements, except as referred to in Note No. 1.1 stated below, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS) 25, prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
- 1.1 Since the audited financial statements of subsidiaries registered overseas are yet to be received, the Holding Company has furnished "Management Accounts" for the purpose of consolidation of financial Results for the year ended 31st March, 2016. The total assets of these overseas subsidiaries as on 31st March, 2016 aggregate to Rs.32,967.59 lacs.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as consolidated financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
- 3.1 Secured Lenders (Banks) excluding loans assigned to Asset Reconstruction Company:  
During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR). The Group has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into group's borrowings from Banks becoming "Non-Performing Assets" (NPAs). Such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.





Further to the above, CDR-EG issued a letter dated 29th December, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In the absence of any communication from these lenders, the group has not provided for additional interest from CDR cut-off date till 31st March 2016 estimated at Rs.15,750.53 lacs which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanction letter and penal interest on overdue amount of interest and installment. Had the Group provided for additional Interest as stated above on such loans, the loss before tax for the year ended 31st March, 2016 would have been higher by Rs. 15,750.53 lacs. Upon reconciliation and finalization of the estimated entitlements of these lenders, the respective Companies will recognize the liability in its books during the year in which finality is reached.

### 3.2 Loans Assigned to Asset Reconstruction Company (ARC):

- i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs 105,341.43 Lacs on the same terms and conditions as per the original financing documents.
- ii) Pending finalization of the terms of assignment, the Group has not provided for Interest of Rs. 10,773.99 lacs on loans assigned to the ARC from the respective dates of assignment.
- iii) Consequent to CDR exit, the Group has not provided for additional interest (from CDR cut-off date to 31st March 2016) estimated at Rs. 6,711.14 lacs as on 31st March 2016.
- iv) On finalization of restructuring with ARC, the Group will record the effect of the revised terms as to repayment of principal and Interest as referred to in 3.2(ii) and 3.2(iii) in the period in which it is completed.

Had the Group provided for interest on such assigned loans, the loss before tax for the year would have been higher by Rs. 17,485.13 lacs.

#### 3.2.1 A Bank has assigned its loan to ARC aggregating to Rs. 8,692.69 lacs on the same terms and conditions as per the original financing documents. ARC and the Holding Company have filed consent terms with the Hon'ble Bombay High Court. On the basis of said consent terms, the Holding Company has not provided for interest of Rs. 729.89 lacs on loan assigned to ARC from the date of assignment.

Had the Holding Company provided for interest on above loan, the loss before tax for the year would have been higher by Rs. 729.89 lacs.





3.3 In addition to the above, the Holding Company has not been able to repay dues to the Non- CDR lenders being bank, a Financial Institution and a Non-Banking Financial Company (NBFC) aggregating to Rs. 17,083.54 lacs (including interest of Rs. 7,516.78 lacs).

3.4 The Group has not been able to generate sufficient cash flows as reflected by non-payment of full and final settlement of employment dues to the extent of Rs. 577.97 lacs, Creditor for Capital Expenditure Rs. 8,378.29 lacs and statutory dues remaining unpaid to the extent of Rs. 2,584.15 lacs.

#### **4. Corporate Guarantee**

4.1 Punjab National Bank (Bank), on behalf of certain Consortium Banks, has initiated debt recovery action under Section 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) vide notice dated 14<sup>th</sup> October, 2015 aggregating to Rs. 322.23 crore (being dues from Arshiya Northern FTWZ Limited) and notice dated 19<sup>th</sup> October, 2015 aggregating to Rs. 586.57 crore (being dues from Arshiya Industrial and Distribution Hub Limited) (the Subsidiaries of the Company). The bank has also invoked the Corporate Guarantee issued by the Promoter Company, Arshiya Limited and personal guarantees of Promoter Directors i.e. Mr. Ajay S. Mittal and Mrs. Archana A. Mittal. Further on 19<sup>th</sup> January, 2016 the Company received a Notice of possession from the authorized officer of the bank under powers conferred on the bank u/s 13(4) of the said Act read with Rule 8(i) of the Rules.

4.2 The subsidiaries have requested the banks to withdraw the said notices and support their revival efforts.

4.3.1 Given the above, the Holding Company is of the view that:

- i) at this juncture there is no obligation which is expected to result in an outflow of resources from the Holding Company.
- ii) the disclosure, of the Corporate Guarantees issued to the Banks on behalf of its subsidiaries under the head Contingent Liabilities not provided for in respect of Guarantees given on behalf of subsidiaries, is adequate.

#### **5. Mark to Market (MTM) Losses:**

##### **5.1 Axis Bank**

(i) The Holding Company has terminated the cross currency swap derivative contract with Axis Bank Limited on 30<sup>th</sup> September, 2015 for an agreed valuation of Rs. 4,200 lacs. The Holding Company had already provided for an amount of Rs. 2,552.19 lacs for the MTM loss upto 30<sup>th</sup> June, 2015. The balance amount of Rs. 1,647.81 lacs was provided for as an exceptional item during the quarter ended 30<sup>th</sup> September, 2015.

(ii) The Holding Company has entered into a new INR to USD Principal only Swap contract with Axis Bank Limited on 30<sup>th</sup> September, 2015, with effect from 5<sup>th</sup> October, 2015, the maturity date being 30<sup>th</sup> September, 2020 for a notional amount of Rs.25,000.00 lacs (USD 380.75 lacs). During the quarter the Holding





Company has provided an amount of Rs.226.55 lacs in respect of MTM losses based on determination of fair market value of derivatives entered into by the Holding Company. 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 Bank which has entered into derivative contract with the Holding Company has intimated that, the loss on account of MTM is Rs. 1,298.26 lacs as on 31st March, 2016 as against the amount of Rs. 226.55 lacs, determined by the Holding Company, which is disclosed as Exceptional Item in the Statement.

## 5.2. Kotak Mahindra Bank Limited

In respect of derivative contracts entered into by the Holding Company with ING Vysya Bank (now amalgamated with Kotak Mahindra Bank Limited w.e.f. 1st April, 2015), the bank had prematurely terminated the contracts and had demanded termination and liquidation fees aggregating to Rs. 2,875 lacs, which are disputed by the Holding Company and hence disclosed as a Contingent liability.

## 6. Remuneration of Rs. 114.82 lacs paid/provided to the Executive Director for F.Y. 2013-14:

The Holding Company had filed an application to the Central Government for waiver of excess remuneration paid. The Holding Company has received final reminder dated 3rd March received on 16th March 2016 from the Central Government directing it to furnish certain information/document/clarification which has been provided to the Central Government on 1st April 2016.

- 7.1 The Holding Company is required to appoint a Chief Financial Officer (CFO) [Key Managerial Person] as per sub-section (1) of section 203. Mr. Shyam Rathi ceased to be CFO w.e.f. 14<sup>th</sup> November 2014 and Mr. V. L. Ganesh was appointed in his place w.e.f. 10th July 2015 and hence sub section 4 of section 203 has not been complied with. Further Mr. V. L. Ganesh has resigned w.e.f. 19th February 2016.
- 7.2 As per sub-section (1) of section 203 of the Companies Act 2013, a Company Secretary and a Chief Financial Officer (CFO) is required to be appointed by Arshiya Rail Infrastructure Limited, Arshiya Northern FTWZ Limited, Arshiya Central FTWZ Limited and Arshiya Industrial and Distribution Hub Limited. However, the said requirements have not been complied with.
- 7.3 As per sub-section (1) of section 203 of the Companies Act 2013, the Subsidiaries i.e. Arshiya Northern FTWZ Limited, Arshiya Central FTWZ Limited and Arshiya Industrial Distribution Hub Limited are required to appoint a Managing Director or Whole Time Director or Chief executive officer. However, these companies have not complied with the said requirement.





8. The Group provides gratuity and leave encashment (benefits) based on actuarial valuation as on 31<sup>st</sup> March. As regards the provision for benefits for the quarter ended June, September and December, the Group provides the liability on an estimated basis as per the rules applicable to its employees in this regard. The difference between the liability on estimated basis for the first three quarters with the liability on actuarial basis is adjusted during the last quarter / year ended 31<sup>st</sup> March of every year.
9. Certain lenders and creditors have filed winding up petitions/cases/other legal proceedings against the Group and its Directors for recovery of the amounts due to them which are at different stages before the respective judicial forums/authorities. Claims by the said lenders and creditors have been contested by the Group in those proceedings and not acknowledged as debts. The Financial implication of such claims will be recognized as and when finality in the matter is reached.
10. Certain balances relating to trade receivables and loans and advances outstanding as on 31<sup>st</sup> March, 2016 are subject to reconciliation and confirmation and hence the impact thereof on the accounts as up to that date is not presently ascertainable. The adjustments if any arising on account of the same shall be carried out upon completion of the process of reconciliation and confirmation.
11. In our opinion and to the best of our information and according to the explanations given to us, *subject to paragraphs 3.1, 3.2, 3.2.1, 6, 7.1, 7.2 and 7.3 above*, the Statement:
- (i) has been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in this regard;
  - and
  - (ii) gives a true and fair view of the net loss and other financial information for the quarter ended 31<sup>st</sup> March, 2016 as well as the year to date results for the year ended 31<sup>st</sup> March, 2016.



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

Mukul M. Patel  
Partner  
Membership No: 32489

Place: Mumbai  
Date: 25<sup>th</sup> May, 2016

# Arshiya Limited

CIN: L27320MH1981PLC024747

Registered Office: 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli,  
Mumbai- 400 018

Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

## AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2016

(Rs. In Lacs)

Sr. No.	Particulars	Year Ended	
		31.03.2016 (Audited)	31.03.2015 (Audited)
1	Income from operations		
	(a) Net sales/income from operations	30,870.33	32,423.04
	Total income from operations (net)	<b>30,870.33</b>	<b>32,423.04</b>
2	Expenses		
	(a) Cost of operations	19,515.49	22,921.93
	(b) Employee benefits expense	3,189.19	2,748.51
	(c) Depreciation and amortization expense	9,160.20	10,109.33
	(d) Other expenses	2,708.11	3,459.86
	Total expenses (a+b+c+d)	<b>34,572.99</b>	<b>39,239.63</b>
3	Profit/(Loss) from operations before other income, finance cost and exceptional items (1-2)	<b>(3,702.66)</b>	<b>(6,816.59)</b>
4	Other Income	170.09	203.46
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	<b>(3,532.57)</b>	<b>(6,613.13)</b>
6	Finance costs	34,322.01	40,402.24
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	<b>(37,854.58)</b>	<b>(47,015.37)</b>
8	Exceptional Items	22,303.68	595.77
9	Prior Period Adjustments	(102.89)	354.75
10	Profit/(Loss) from ordinary activities before tax (7-8-9)	<b>(60,055.37)</b>	<b>(47,965.89)</b>
11	Tax expense	319.88	(565.19)
12	Net Profit/(Loss) from ordinary activities after tax (10-11)	<b>(60,375.25)</b>	<b>(47,400.70)</b>
13	Minority Interest	-	-
14	Extraordinary Item (net of tax expenses)	-	-
15	Net profit/(Loss) for the period (12-13-14)	<b>(60,375.25)</b>	<b>(47,400.70)</b>
16	Paid-up equity share capital (Face value per share Rs. 2/-)	3,123.59	2,548.59
17	Reserves excluding Revaluation Reserves as per Balance sheet of previous accounting year		(43,795.60)
18	Earnings Per Share (EPS)		
	EPS before and after Extraordinary items (not annualised)		
	- Basic	(42.54)	(44.33)
	- Diluted	(42.54)	(44.33)



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# Arshiya Limited

CIN: L27320MH1981PLC024747

Registered Office: 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli,  
Mumbai- 400 018

Phone No. 022 42305500 # Email id: info@arshyalimited.com # website: www.arshyalimited.com

## AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2016

(Rs in Lacs)

Sr No	Particulars	31.03.2016 (Audited)	31.03.2015 (Audited)
<b>I</b>	<b>EQUITY AND LIABILITIES</b>		
<b>(1)</b>	<b>Shareholders' funds</b>		
	(a) Share Capital	3,123.59	2,548.59
	(b) Reserves and surplus	(37,499.03)	19,743.60
		<b>(34,375.44)</b>	<b>22,292.19</b>
<b>(2)</b>	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	55,344.36	2,50,411.40
	(b) Other long-term liabilities	4,469.87	593.99
	(c) Long-term provisions	97.50	10.93
		<b>59,911.73</b>	<b>2,51,016.32</b>
<b>(3)</b>	<b>Current liabilities</b>		
	(a) Short-term borrowings	18,035.82	16,626.24
	(b) Trade payables	1,399.93	2,200.67
	(c) Other current liabilities	2,96,202.84	79,624.98
	(d) Short-term provisions	1,955.67	4,714.60
		<b>3,17,594.26</b>	<b>1,03,166.49</b>
	<b>TOTAL</b>	<b>3,43,130.55</b>	<b>3,76,475.00</b>
<b>II</b>	<b>ASSETS</b>		
<b>(1)</b>	<b>Non-current assets</b>		
	(a) Fixed assets	3,27,172.43	3,62,068.25
	(b) Long-term loans and advances	8,107.05	5,141.59
	(c) Other non-current assets	41.73	70.85
		<b>3,35,321.21</b>	<b>3,67,280.69</b>
<b>(2)</b>	<b>Current assets</b>		
	(a) Inventories	160.41	41.98
	(b) Trade receivables	2,328.49	2,191.13
	(c) Cash and Bank balances	1,169.37	615.14
	(d) Short-term loans and advances	4,146.30	6,336.90
	(e) Other current assets	4.77	9.16
		<b>7,809.34</b>	<b>9,194.31</b>
	<b>TOTAL</b>	<b>3,43,130.55</b>	<b>3,76,475.00</b>



# Arshiya Limited

CIN: L27320MH1981PLC024747

Registered Office: 302, Level 3, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besent Road, Worli, Mumbai- 400 018  
Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

## AUDITED CONSOLIDATED SEGMENTWISE REPORT FOR THE YEAR ENDED MARCH 31, 2016

(Rs. In Lacs)

Sr. No.	Particulars	Year Ended	
		31.03.2016 (Audited)	31.03.2015 (Audited)
1	<b>Segment Revenue</b>		
	FTWZ/ICD	11,111.78	8,589.69
	Rail Transport Operations	19,758.55	23,823.90
	Unallocated	-	9.45
	<b>TOTAL</b>	<b>30,870.33</b>	<b>32,423.04</b>
2	<b>Segment Results</b>		
	Profit Before Tax and Interest		
	FTWZ/ICD	(805.20)	(860.57)
	Rail Transport Operations	(2,711.01)	(2,598.28)
	Unallocated	(16.36)	(2,717.03)
	<b>TOTAL</b>	<b>(3,532.57)</b>	<b>(6,175.88)</b>
	Less: Interest Expenses (Net)	34,322.01	40,402.24
	<b>Profit Before Tax, Exceptional items and Prior Period Items</b>	<b>(37,854.58)</b>	<b>(46,578.12)</b>
3	<b>Capital Employed</b>		
	FTWZ/ICD	64,209.19	74,913.03
	Rail Transport Operations	(5,484.51)	3,022.29
	Unallocated	20,557.51	56,317.38
	Inter Segmental Elimination	(1,13,657.63)	(1,11,960.53)
	<b>TOTAL</b>	<b>(34,375.44)</b>	<b>22,292.17</b>



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**Arshiya Limited**

**CIN: L27320MH1981PLC024747**

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

**Notes to Consolidated Results:**

1. The above consolidated financial results for the year ended 31<sup>st</sup> March, 2016 have been reviewed by the Audit Committee at their meeting held on 24<sup>th</sup> May, 2016 and approved by the Board of Directors on 25<sup>th</sup> May, 2016.
2. The Statutory Auditor has carried out the audit of the financial statement of Holding company and its Subsidiaries registered in India for the year ended 31<sup>st</sup> March, 2016.
- 2.1 Since the audited financial statement of subsidiaries registered overseas are yet to be received, the Holding Company has furnished "Management Accounts" for the purpose of consolidated purpose. The total assets of these overseas subsidiaries as on 31<sup>st</sup> March, 2016 aggregate to Rs.32,967.59 lacs.
3. The Consolidated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) has increased to Rs. 5,627.64 lacs for F.Y. 2015-16 as compared to Rs. 3,496.20 lacs for F.Y. 2014-15.
- 4.1. **Secured Lenders (Banks) excluding loans assigned to Asset Reconstruction Company:**

During the financial year 2013-2014, Secured Lenders (Banks) had approved the restructuring package under "Corporate Debt Restructuring Package" (CDR). The Group has not been able to generate sufficient cash flows to service the loan repayments/interest payments which resulted into Group's borrowings becoming "Non-Performing Assets" (NPAs) with the Banks. Such defaults entitle the CDR lenders to revoke the CDR Package approved by them and hence the CDR Lenders decided to exit the CDR.

Further to the above, CDR-EG issued a letter dated 29th December, 2015 approving the exit from CDR on account of failure of the restructuring package. Upon exit, lenders are entitled to exercise rights and remedies available under the original loan documents. In the absence of any communication from these lenders, the Group has not provided for additional interest from CDR cut-off date till 31st March 2016 estimated at Rs. 15,750.53 lacs which arises on account of difference between interest rate as approved under CDR package and interest rate decided as per original sanctioned terms and penal interest on overdue amount of interest and installment. Had the Group provided for additional Interest as stated above, on such loans, the loss before tax for the year ended 31st March, 2016 would have been higher by Rs. 15,750.53 lacs. Upon reconciliation and finalization of the



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estimated entitlements of these lenders, the company will recognize the liability in its books during the year in which finality is reached.

#### **4.2 Loans Assigned to Asset Reconstruction Company (ARC):**

- i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs.1,05,341.43 lacs on the same terms and conditions of the original financing documents.
- ii) Pending finalization of the terms of restructuring with ARC, the Group has not provided for Interest of Rs.10,773.99 lacs on loans assigned to the ARC from the respective dates of assignment.
- iii) Consequent to CDR exit, the Group has not provided for additional interest (from CDR cut-off date to 31st March 2016) estimated at Rs. 6,711.14 lacs as on 31st March 2016.
- iv) On finalization of the terms of restructuring with ARC, the Group will record the effect of the revised terms as to repayment of principal and interest as referred to in 4.2(ii) and 4.2(iii) in the period in which it is completed.

Had the Group provided for interest on such assigned loans, the loss before tax for the year would have been higher by Rs 17,485.13 lacs.

- 4.3 A** Bank has assigned its loan to ARC aggregating to Rs. 8,692,69 lacs on the same terms and conditions of the original financing documents. ARC and the Holding Company have filed consent terms with the Hon'ble Bombay High Court. On the basis of said consent terms Company has not provided for interest of Rs.729.89 lacs on loan assigned to ARC from the date of assignment.

Had the Company provided for interest on above loan, the loss before tax for the year would have been higher by Rs. 729.89 lacs.

- 4.4** In addition to the above, the Holding Company has not been able to repay dues to a Financial Institution and a Non-Banking Financial Company (NBFC) aggregating to Rs. 17,083.54 lacs (including interest of Rs. 7,516.78 lacs).
- 4.5** The Group has not been able to generate sufficient cash flows as reflected by non-payment of full and final settlement of employment dues to the extent of Rs.577.97 lacs, creditors for capital expenditure of Rs.8,378.29 lacs and statutory dues remaining unpaid to the extent of Rs.2,584.15 lacs.
- 4.6** The Management of the Group is restructuring its business operations as also those of its subsidiaries in which it has substantial investments, by –



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- expanding the business volumes by changing product mix,
- clarity and resolution of regulatory issues,
- increasing client base by inducting more Fortune 500 companies,
- commencing Inland Container Depot (ICD) operations at Khurja in April 2016,
- support from ARC in terms of Growth Capital / Working Capital support,
- revamping the entire business with an emphasis on operational efficiency.

The above steps shall enable the Group to improve its net worth and ability to generate cash flows to discharge the debts/liabilities in future.

## 5 Corporate Guarantee

- 5.1 With respect to two subsidiaries, Punjab National Bank (Bank), on behalf of certain Consortium Banks of those subsidiaries, has initiated debt recovery action under Section 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) vide notice dated 14<sup>th</sup> October, 2015 aggregating to Rs. 322.23 crore (being dues from Arshiya Northern FTWZ Limited) and notice dated 19<sup>th</sup> October, 2015 aggregating to Rs. 586.57 crore (being dues from Arshiya Industrial & Distribution Hub Limited) (the Subsidiaries of the Company). The bank has also invoked the Corporate Guarantee issued by the Promoter Company, Arshiya Limited and personal guarantees of Promoter Directors i.e. Mr. Ajay S. Mittal and Mrs. Archana A. Mittal. Further on 19<sup>th</sup> January, 2016 the Company received a Notice of possession from the authorized officer of the bank under power conferred on the bank u/s 13(4) of the said Act read with Rule 8(i) of the Rules.
- 5.2 The subsidiaries have requested the banks to withdraw the said notices and support their revival efforts.
- 5.3 Given the above, the Company is of the view that:
- at this juncture there is no obligation which is expected to result in an outflow of resources from the Company
  - the disclosure of the Corporate Guarantees issued to the Banks on behalf of its subsidiaries under the head Contingent Liabilities not provided for in respect of Guarantees given on behalf of subsidiaries is adequate.
6. Remuneration of Rs. 114.82 lacs paid/provided to the Executive Director Major Suhash Thakkar for F.Y. 2013-14:

The Holding Company has filed an application to the Central Government for waiver of excess remuneration paid. The Holding Company has received final reminder dated 3<sup>rd</sup> March received on 16<sup>th</sup> March 2016 from the Central Government directing it to





furnish certain information/document/clarification which has been provided to the Central Government on 1<sup>st</sup> April 2016.

7. As per Provisions of sub section 1 of Section 203 of Companies Act, 2013 the Holding Company is required to appoint Chief Financial Officer (CFO) as Key Managerial Person. Mr. Shyam Rathi ceased to be CFO w.e.f. 14th November 2014 and Mr. V. L. Ganesh was appointed in his place w.e.f. 10th July 2015. Further, Mr. V. L. Ganesh has resigned w.e.f. 19th February 2016. The Holding Company is in the process of identifying a suitable individual for this role. In the interim Holding Company has appointed Mr. Santosh Maheshwari as Group President who has extensive experience of over 26 years with very large Indian Corporate entities.
8. As per Provisions of sub section 1 of Section 203 of Companies Act, 2013 the Company is required to appoint Company Secretary and Chief Financial Officer (CFO), however, Arshiya Rail Infrastructure Limited, Arshiya Central FTWZ Limited and Arshiya Industrial and Distribution Hub Limited has not complied with. In case of Arshiya Northern FTWZ Limited Company Secretary is not appointed by the company.
9. As per Provisions of sub section 1 of Section 203 of Companies Act, 2013 the Company is required to appoint Managing Director or Whole Time Director or Chief Executive Officer however, Arshiya Central FTWZ Limited and Arshiya Industrial and Distribution Hub Limited has not complied with.

**10. Mark to Market (MTM) Losses:**

**10.1 Axis Bank**

- (i) The Holding Company has terminated the cross currency swap derivative contract with Axis Bank Limited on 30th September, 2015 for an agreed valuation of Rs.4,200 lacs. The Holding Company had already provided for an amount of Rs.2,552.19 lacs for the MTM loss upto 30th June, 2015. The balance amount of Rs.1,647.81 lacs was provided for as an exceptional item in the quarter ended 30<sup>th</sup> September, 2015.
- (ii) The Holding Company has entered into a new INR to USD Principal only Swap contract with Axis Bank Limited on 30<sup>th</sup> September, 2015, with effect from 5<sup>th</sup> October, 2015, the maturity date being 30<sup>th</sup> September, 2020 for a notional amount of Rs. 25,000 lacs (USD 380.75 lacs). During the year the Holding Company has provided an amount of Rs.226.55 lacs in respect of MTM losses based on determination of fair market value of derivatives entered into by the Holding Company. 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 Bank which has entered into derivative contract with the Holding Company has intimated that, the loss on account of MTM is



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Rs. 1,298.26 lacs as on 31st March, 2016 as against the amount of Rs. 226.55 lacs, determined by the Holding Company, which is disclosed as Exceptional Item.

## 10.2 Kotak Mahindra Bank Limited

In respect of derivative contracts entered into by the Holding company with ING Vysya Bank (now amalgamated with Kotak Mahindra Bank Limited w.e.f. 1st April, 2015), the bank had prematurely terminated the contracts and had demanded termination and liquidation fees aggregating to Rs. 2,875 lacs, which are disputed by the Holding company and hence not provided for.

## 11. Exceptional items (Net) for the year ended 31st March, 2016 are as under:

(Rs. in lacs)

S. No.	Particulars	Year Ended 31st March, 2016
a)	Bad debts Written off	225.77
b)	Loss on Sale of Asset	814.41
c)	Mark to Market Loss	2,041.91
d)	Excess Provision Written Back	(33.08)
e)	Sundry balance written off (Net)	(1,133.90)
f)	Corporate Debt Revival and Advisory Fees	200.00
g)	Recovery of Expenses provided in prior year	(80.86)
h)	Irrecoverable Advance Written off (Net)	319.14
i)	Fixed Assets/Other assets written off	19,583.13
j)	Settlement of Claims	431.93
k)	Provision for Interest on Delay Payment written Back	(64.77)
	<b>Total</b>	<b>22,303.68</b>

**Note:** Figures in brackets denote items of income nature.

12. Certain lenders and creditors have filed winding up petitions/cases/other legal proceedings against the Group and its Directors for recovery of the amounts due to them which are at different stages before the respective judicial forums/authorities. Claims by the said lenders and creditors have been contested by the Group in those proceedings and not acknowledged as debts. The financial implication of such claims will be recognized as and when finality in the matter is reached.
13. The Group operates in two primary reportable segments i.e. "Developing and Operating FTWZ/ICD" and "Rail Transport Operations" and in a single geographical segment i.e. India as per Accounting Standard 17 – "Segment Reporting".



14. The Group provides gratuity and leave encashment (benefits) based on actuarial valuation as on 31st March. As regards the provision for benefits for the quarter ended June, September and December, the Group provide the liability on an estimate basis as per the rules applicable to its employees in this regard. The difference between the liabilities on estimate basis for the first three quarters with the liability on actuarial basis is adjusted during the last quarter/year ended 31st March of every year.
15. The previous year figures have been regrouped/re-arranged, wherever necessary.



Place: Mumbai  
Date: 25<sup>th</sup> May, 2016

For and on behalf of Board of Directors of  
Arshiya Limited

A handwritten signature in black ink, appearing to read "Ajay S Mittal".

**Ajay S Mittal**  
Chairman and Managing Director  
DIN: 00226355