Ref: AL/SE/1116/03

Date: 12/11/2016

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra- Kurla Complex,
Bandra (East),
Mumbai - 400051.
Fax No. 2659 8237 / 38

Corporate Relationship Department
BSE Ltd.
Phiroze Jeejeebhoy Towers,
2nd Floor, Dalal Street,
Mumbai – 400 001
Fax No. 2272 3121/ 2037

Re.: - Arshiya Limited – **NSE Scrip Name: ARSHIYA**
BSE Scrip Code: 506074

Sub: Outcome of the Board Meeting and submission of Unaudited Financial Results for the Quarter & Half Year ended 30th September, 2016

Dear Sir/Madam,

This is to inform you that the Board of Directors of the Company at its meeting held today, have considered, approved and taken on record the Unaudited Financial Results (Standalone and Consolidated) for the Quarter & Half Year ended 30th September, 2016.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the Unaudited Financial Results (Standalone and Consolidated) along with the Limited Review Report.

Further, the Board has appointed Mr. Ananya A Mittal as Chief Strategy Officer (CSO) of Arshiya Group with immediate effect.

This is for your information and record.

The Meeting of the Board of Directors commenced at 10:30 A.M. and ended at 02:00 P.M.

Thanking you.

Yours faithfully,
For ARSHIYA LIMITED

ARSHIYA LIMITED MUMBAI

Savita Dalal
Company Secretary & Compliance Officer

M. A. PARIKH & CO.
CHARTERED ACCOUNTANTS

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

To,
The Board of Directors of Arshiya Limited

1. We have reviewed the accompanying statement of 'Un-audited financial results' of **Arshiya Limited** ("the Company") for the quarter ended 30th September, 2016 hereinafter referred to as 'Statement'. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on this Statement based on our limited review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, "Engagement to Review Financial Statements" 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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Secured Lenders (Banks):

3.1 Loans other than assigned to Asset Reconstruction Company (ARC):

The Secured Lenders (Banks) revoked the CDR package dated 29th December, 2015 approved by them due to Company not being able to fulfill the terms of the CDR package. Accordingly the said 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 30th September, 2016 estimated at Rs. 4,751.46 lacs (including Rs. 419.10 lacs for the current quarter) arising on account of difference between interest rates as approved under CDR package and interest rate decided as per the original sanctioned terms and penal interest on overdue amounts of interest and installments. Had the company provided for additional Interest, as stated herein, on such loans, the Loss before tax for the quarter would have been higher by Rs. 4,751.46 lacs. Upon reconciliation and finalization of the estimated entitlements of these lenders, the Company shall recognize the liability in books during the period in which finality is reached.

YUSUF BUILDING, 2ND FLOOR, 43, MAHATMA GANDHI ROAD, FORT, MUMBAI - 400 001.
TELEPHONE : 2204 1018 · 2204 3850 · 2202 9187 · FAX : 91-22-2287 4524 · E-MAIL : maparikh@eth.net

3.2 Loans Assigned to Asset Reconstruction Company (ARC):

3.2.1 i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs. 89,439.28 lacs on the same terms and conditions as per the original loan documents.

ii) Pending finalization of the terms of restructuring with ARC, the Company has not provided for Interest aggregating to Rs. 8,912.62 lacs (including Rs. 2,348.72 lacs for the current quarter) on loans assigned to the ARC from the respective dates of assignment.

iii) Consequent to CDR exit, the Company has not provided for additional estimated interest (from CDR cut-off date to 30th September, 2016) aggregating to Rs. 6,019.21 lacs (including Rs.584.31 lacs for the current quarter) as on 30th September 2016..

The total interest on such assigned loans which is yet to be provided is Rs. 14,931.83 lacs. Had the Company provided for this interest in the current quarter, the loss before tax for the quarter would have been higher by Rs. 14,931.83 lacs.

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 (Including penal interest if any), as referred to in 3.2.1(ii) and 3.2.1(iii), in the period in which it is completed.

3.2.2 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 loan documents. ARC and the Company have filed Consent Terms in relation to "Winding up Proceedings" with the Hon'ble Bombay High Court. On the basis of said consent terms Company has not provided for interest of Rs. 1,360.62 lacs (including Rs.322.03 lacs for the current quarter) 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 quarter would have been higher by Rs. 1360.62 lacs.

3.3 A Non-Banking Financial Company (NBFC) and the Company have filed Consent Terms with the Hon'ble Bombay High Court. On the basis of the said consent terms the Company has not provided for interest of Rs. 218.09 lacs for the quarter ended 30th September, 2016. Had the Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 218.09 lacs

3.4 In addition to the above, the Company has not been able to repay dues to a Financial Institution amounting to Rs. 14,028.49 lacs (including interest of Rs.7,128.49 lacs).

3.5 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. 257.32 lacs, creditors for Capital Expenditure Rs. 2,304.34 lacs and statutory dues remaining unpaid to the extent of Rs. 1,058.90 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 power 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:

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.

5. Mark to Market (MTM) Gain/Loss:

5.1 Axis Bank

The Company has entered into a INR to USD Principal only Swap contract with Axis Bank Limited on 30th September, 2015, with effect from 5th October, 2015, the maturity date being 30th September, 2020 for a notional amount of Rs. 25,000.00 lacs (USD 380.75 lacs). The Company has provided an amount of Rs. 363.62 lacs (Net of MTM gain of Rs. 346.48 lacs) upto the current quarter, in respect of MTM loss 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 has intimated that, the loss on account of MTM is Rs. 1,297.90 lacs upto 30th September, 2016 as against the amount of Rs. 363.62 lacs, determined by the Company.

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 not provided for.

6. The Company holds strategic and long term investments by way of equity shares in its subsidiaries, the aggregate cost of which is Rs. 83,459.72 lacs as on 30th September, 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. The Company had applied for waiver of recovery of excess remuneration of Rs. 83.52 lacs paid to its whole time director in the earlier year which has been rejected by the Ministry of Corporate Affairs vide their letter dated 2nd June, 2016. In view of the same the Company has accounted the recoverable amount from the said Director in the previous quarter by crediting the same to Excess Remuneration to Whole Time Director recovered as exceptional item. The net amount recoverable from the said director is Rs. 42.10 lacs.

8. During the current year, the Company has recovered certain common costs and expenses incurred by it, being the Holding Company, from its subsidiaries aggregating to Rs.718.56 lacs upto September 2016 (including Rs. 345.20 lacs for the current quarter) based on management's estimates of such costs and expenses attributable to them. Earlier, such common costs and expenses were being borne entirely by the Company. Had the Company continued the earlier practice, loss for the six months and quarter ended 30th September, 2016 would have been higher by Rs.718.56 lacs and Rs. 345.20 lacs respectively.

9. 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 recognised as and when finality in the matter is reached.



Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, except:

i. Non provision of interest Rs. 21,262.00 lacs as referred to in note nos. 3.1, 3.2.1, 3.2.2 and 3.3
ii. Short provision of loss on account of MTM of Rs. 934.28 lacs as referred to in note no.5.1

has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



Mukul Patel
Partner
Membership No: 32489

Place: Mumbai
Date: 12th November, 2016

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

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED ON 30TH SEPTEMBER 2016

(Rs. In Lacs)

Sr.No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1	**Income from operations**						
	(a) Income from operations	1,910.85	1,798.14	1,684.49	3,708.98	3,292.90	6,428.33
	Total income from operations	**1,910.85**	**1,798.14**	**1,684.49**	**3,708.98**	**3,292.90**	**6,428.33**
2	**Expenses**						
	(a) Cost of operations	78.30	67.98	86.30	146.28	188.70	400.53
	(b) Employee benefits expense	345.50	353.17	454.10	698.67	897.86	1,775.01
	(c) Depreciation and amortization expense	477.32	481.90	654.59	959.21	1,305.88	2,358.70
	(d) Other expenses	314.30	306.03	434.80	620.33	879.25	1,613.32
	Total expenses (a+b+c+d)	**1,215.42**	**1,209.08**	**1,629.79**	**2,424.49**	**3,271.69**	**6,147.56**
3	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	**695.43**	**589.06**	**54.70**	**1,284.49**	**21.21**	**280.77**
4	Other Income	(17.20)	24.57	13.74	7.37	13.84	48.74
5	**Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)**	**678.23**	**613.63**	**68.44**	**1,291.86**	**35.05**	**329.51**
6	Finance costs	3,478.93	3,571.26	4,603.17	7,050.19	10,347.28	17,596.19
7	**Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)**	**(2,800.70)**	**(2,957.63)**	**(4,534.73)**	**(5,758.33)**	**(10,312.23)**	**(17,266.68)**
8	Exceptional Items (Net)	(313.50)	400.73	1,646.04	87.23	1,727.36	10,281.24
9	Prior Period Adjustment	1.48	2.77	(6.02)	4.25	(6.02)	47.22
10	**Profit/(Loss) from ordinary activities before tax (7-8-9)**	**(2,488.68)**	**(3,361.13)**	**(6,174.75)**	**(5,849.81)**	**(12,033.57)**	**(27,595.14)**
11	Tax expense	-	-	-	-		244.38
12	**Net profit/(Loss) for the period from ordinary activities (10-11)**	**(2,488.68)**	**(3,361.13)**	**(6,174.75)**	**(5,849.81)**	**(12,033.57)**	**(27,839.52)**
13	**Paid-up equity share capital (Face value per share Rs. 2/-)**	**3,123.59**	**3,123.59**	**2,843.99**	**3,123.59**	**2,843.99**	**3,123.59**
14	**Reserves excluding Revaluation Reserves as per Balance sheet of previous accounting year**						**(2,713.67)**
15	**Earnings Per Share (EPS)**						
	EPS before and after Extraordinary items (not annualised)						
	- Basic	(1.59)	(2.15)	(4.67)	(3.75)	(9.15)	(19.62)
	- Diluted	(1.59)	(2.15)	(4.67)	(3.75)	(9.15)	(19.62)

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

UNAUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER, 2016

(Rs. in Lacs)

Sr.No.	Particulars	STANDALONE	
		30.09.2016 (Unaudited)	31.03.2016 (Audited)
I	**EQUITY AND LIABILITIES**		
	(1) Shareholders' funds		
	(a) Share capital	3,123.59	3,123.59
	(b) Reserves and surplus	14,053.64	19,903.45
		17,177.23	**23,027.04**
	(2) Non-current liabilities		
	(a) Long-term borrowings	12,492.22	19,729.06
	(b) Other long-term liabilities	10,874.72	13,498.04
	(c) Long-term Provision	104.67	88.02
		23,471.61	**33,315.12**
	(3) Current liabilities		
	(a) Short-term borrowings	11,654.73	11,946.86
	(b) Trade payables	359.83	226.02
	(c) Other current liabilities	1,68,558.79	1,53,639.00
	(d) Short-term provisions	1,993.39	1,854.96
		1,82,566.74	**1,67,666.84**
	TOTAL	**2,23,215.57**	**2,24,009.00**
II	**ASSETS**		
	(1) Non-current assets		
	(a) Fixed assets	1,22,876.61	1,23,813.35
	(b) Non-current investments	83,424.41	83,424.41
	(c) Long-term loans and advances	14,138.79	13,077.55
		2,20,439.81	**2,20,315.31**
	(2) Current assets		
	(a) Trade receivables	413.57	1,217.78
	(b) Cash and bank balances	78.65	396.46
	(c) Short-term loans and advances	2,283.54	2,079.45
		2,775.76	**3,693.69**
	TOTAL	**2,23,215.57**	**2,24,009.00**

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 six months ended 30th September, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors on 12th November 2016.

2) The Statutory Auditors of the Company have carried out a limited review of the standalone financial results for the quarter and six months ended 30th September, 2016.

3) The Company's Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) have increased to Rs. 1,155.55 lacs for Q2 of F.Y. 2016-17 as compared to Rs.1,095.52 lacs for Q1 of F.Y. 2016-17 and Rs.723.03 lacs for Q2 of F.Y. 2015-16.

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

The Secured Lenders (Banks) revoked the CDR package on dated 29th December, 2015 approved by them due to Company not being able to fulfill the terms of the CDR package. Accordingly the said 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 30th September, 2016 estimated at Rs.4,751.46 lacs (including Rs.419.10 lacs for the current quarter) arises on account of difference between interest rates as approved under CDR package and interest rate decided as per the original sanctioned terms and penal interest on overdue amounts of interest and installments. The total interest on such loans which is yet to be provided is Rs.4,751.46 lacs. If the Company provides for this interest in the current quarter, the Loss before tax for the quarter would have been higher by Rs.4,751.46 lacs. Upon reconciliation and finalization of the

estimated entitlements of these lenders, the Company shall recognize the liability in the books during the period in which finality is reached.

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

4.2.1) i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs.89,439.28 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.8,912.62 lacs (including Rs.2,348.72 lacs for the current quarter) on the loans assigned to the ARC from the respective dates of assignments.

iii) Consequent to CDR exit, the Company has not provided for additional interest (from CDR cut-off date to 30th September, 2016) estimated at Rs.6,019.21 lacs (including Rs. 584.31 lacs for the current quarter) as on 30th September 2016.

The total interest on such assigned loans which is yet to be provided is Rs.14,931.83 lacs. If the Company provides for this interest in the current quarter, the loss before tax for the quarter would have been higher by Rs.14,931.83 lacs.

iv) On finalization of the terms of restructuring with ARC, the Company shall record the effect of the revised terms as to the repayment of principal and Interest, as referred to in 4.2.1(ii) and 4.2.1(iii), in the period in which it is completed.

4.2.2) 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. The ARC and the Company have filed Consent Terms in relation to "Winding up Proceedings" with the Hon'ble Bombay High Court. On the basis of said consent terms Company has not provided for interest of Rs.1,360.62 lacs (including Rs.322.03 lacs for the current quarter) on the loan assigned to ARC from the date of assignment.

If the Company provides for this interest in the current quarter, the loss before tax for the quarter would have been higher by Rs.1,360.62 lacs.

4.3) A Non-Banking Financial Company (NBFC) and the Company have filed Consent Terms with the Hon'ble Bombay High Court. On the basis of the said consent terms, the Company has not provided for interest of Rs. 218.09 lacs for the quarter ended 30th September, 2016. Had the Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 218.09 lacs

4.4) In addition to the above, the Company has not been able to repay dues to a Financial Institution amounting to Rs.14,028.49 lacs (including interest of Rs. 7,128.49 lacs).

4.5) 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. 257.32 lacs, creditors for capital expenditure of Rs.2,304.34 lacs and statutory dues remaining unpaid to the extent of Rs. 1,058.90 lacs.

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

- commencement of Inland Container Depot (ICD) operations at Khurja,
- expanding the business volumes by changing product mix,
- obtaining clarity and resolution of the regulatory issues,
- increasing client base by inducting more Fortune 500 companies,
- obtaining support from ARC in terms of Growth Capital / Working Capital,
- 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.

5. **Corporate Guarantee**

5.1 In respect to two subsidiaries, 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 14th October, 2015 for recovery of Rs. 322.23 crore (being dues from Arshiya Northern FTWZ Limited) and notice dated 19th October, 2015 for recovery of 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 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:

i. at this juncture there is no obligation which is expected to result in an outflow of the resources from the Company.

ii. 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) The Company holds strategic and long term investments by way of equity shares in its subsidiaries, the aggregate cost of which is Rs. 83,459.72 lacs as on 30th September, 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 provision of Rs. 35.31 lacs for diminution in value of investments in the earlier period.

7) The Company had applied for waiver of recovery of excess remuneration of Rs. 83.52 lacs paid to its whole time director in the earlier year which has been rejected by the Ministry of Corporate Affairs vide their letter dated 2nd June, 2016, In view of the same the Company has accounted the recoverable amount from the said Director in the current quarter by crediting the same to Excess Remuneration to the Whole Time Director recovered. The net amount recoverable from said director is Rs. 42.10 lacs.

8) **Mark to Market (MTM) Gain/Loss :**

8.1) **Axis Bank**

The Company had entered into a INR to USD Principal only Swap contract with Axis Bank Limited on 30th September, 2015, with effect from 5th October, 2015, the maturity date being 30th September, 2020 for a notional amount of Rs.25,000 lacs (USD 380.75 lacs). The Company has provided an amount of Rs.363.62 lacs (Net of MTM gain of Rs. 346.48 lacs) upto the current quarter, in respect of MTM loss 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 has intimated that, the loss on account of MTM is Rs. 1,297.90 lacs upto 30th September, 2016 as against the amount of Rs. 363.62 lacs, determined by the Company.

8.2) **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.

9) Exceptional items (Net) for the current quarter ended 30th September, 2016 are as under:

(Rs. in lacs)

Sr. No.	**Particulars**	**Quarter Ended 30th Sep, 2016**
a)	Mark to Market gain	(346.48)
b)	Sundry Balance written off	1.21
c)	Settlement of claim	31.77
	Total	**(313.50)**

Note: Figures in brackets denote items of income nature.

10) During the current year, the Company has recovered certain common costs and expenses incurred by it, being the Holding Company, from its subsidiaries aggregating to Rs.718.56 lacs (including Rs. 345.20 lacs for the current quarter) based on management's estimates of such costs and expenses attributable to them. Earlier, such common costs and expenses were being borne entirely by the Company. Had the Company continued the earlier practice, loss for the six months and quarter ended 30th September, 2016 would have been higher by Rs.718.56 lacs and Rs.345.20 lacs respectively.

11) 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.

12) 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 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.

13) The previous quarter/year figures have been regrouped/re-arranged, wherever necessary.

For and on behalf of Board of Directors of
Arshiya Limited

Ajay S Mittal
Chairman and Managing Director
DIN: 00226355

Place: Mumbai
Date: 12th November, 2016

M. A. PARIKH & CO.
CHARTERED ACCOUNTANTS

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

To,
The Board of Directors of Arshiya Limited

1. We have reviewed the accompanying statement of 'Un-audited consolidated financial results' of **Arshiya Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended 30th September, 2016 hereinafter referred to as 'Statement'. This Statement is the responsibility of the Holding Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on this Statement based on our limited review.

2. Since the reviewed financial statements of the subsidiaries registered overseas are yet to be received, the Holding Company has furnished "Management Accounts of its subsidiaries" for the purpose of consolidation of financial results for the quarter ended 30th September, 2016, which have not been reviewed by us.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, "Engagement to Review Financial Statements" 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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4 Secured Lenders (Banks):

4.1 Loans other than assigned to Asset Reconstruction Company (ARC):
The Secured Lenders (Banks) revoked the CDR package dated 29th December, 2015 approved by them due to Group not being able to fulfill the terms of the CDR package. Accordingly the said 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 30th September, 2016 estimated at Rs. 16,529.97 lacs (including Rs. 1,533.05 lacs for the current quarter) arising on account of difference between interest rates as approved under CDR package and interest rate decided as per the original sanctioned terms and penal interest on overdue amounts of interest and installments. Had the Group provided for additional Interest, as stated herein, on such loans, the Loss before tax for the quarter would have been higher by Rs. 16,529.97 lacs. Upon reconciliation and finalization of the estimated entitlements of these lenders, the Group shall recognize the liability in books during the period in which finality is reached.

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4.2 Loans Assigned to Asset Reconstruction Company (ARC):

4.2.1 i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs. 1,51,240.22 lacs on the same terms and conditions as per the original loan documents.

ii) Pending finalization of the terms of restructuring with ARC, the Group has not provided for Interest aggregating to Rs. 19,672.02 lacs (including Rs. 4,564.35 lacs for the current quarter) on loans assigned to the ARC from the respective dates of assignment.

iii) Consequent to CDR exit, the Group has not provided for additional estimated interest (from CDR cut-off date to 30th September, 2016) aggregating to Rs. 11,333.48 lacs (including Rs.1,391.04 lacs for the current quarter) as on 30th September 2016..

The total interest on such assigned loans which is yet to be provided is Rs. 31,005.50 lacs. Had the Group provided for this interest in the current quarter, the loss before tax for the quarter would have been higher by Rs. 31,005.50 lacs.

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 (Including penal interest if any), as referred to in 4.2.1(ii) and 4.2.1(iii), in the period in which it is completed.

4.2.2 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 loan documents. ARC and the Holding Company have filed Consent Terms in relation to "Winding up Proceedings" with the Hon'ble Bombay High Court. On the basis of said consent terms the Holding Company has not provided for interest of Rs. 1,360.62 lacs (including Rs. 322.03 lacs for the current quarter) 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 quarter would have been higher by Rs. 1,360.62 lacs.

4.3 A Non-Banking Financial Company (NBFC) and the Holding Company have filed Consent Terms with the Hon'ble Bombay High Court. On the basis of the said consent terms the Holding Company has not provided for interest of Rs. 218.09 lacs for the quarter ended 30th September, 2016. Had the Holding Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 218.09 lacs.

4.4. In addition to the above, the Holding Company has not been able to repay dues to a Financial Institution amounting to Rs. 14,028.49 lacs (including interest of Rs. 7,128.49 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. 571.13/- lacs, creditors for Capital Expenditure Rs. 8,919.76/- lacs and statutory dues remaining unpaid to the extent of Rs. 3,197.12/- lacs.

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 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). 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 Holding 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(1) 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 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.

6. **Mark to Market (MTM) Gain/Loss:**

6.1 **Axis Bank**

The Holding Company has entered into a INR to USD Principal only Swap contract with Axis Bank Limited on 30th September, 2015, with effect from 5th October, 2015, the maturity date being 30th September, 2020 for a notional amount of Rs. 25,000.00 lacs (USD 380.75 lacs). The Holding Company has provided an amount of Rs. 363.62 lacs (Net of MTM gain of Rs. 346.48 lacs) upto the current quarter, in respect of MTM loss 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 has intimated that, the loss on account of MTM is Rs. 1297.90 lacs upto 30th September, 2016 as against the amount of Rs. 363.62 lacs, determined by the Holding Company.

6.2 **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.

7. The Holding Company had applied for waiver of recovery of excess remuneration of Rs.83.52 lacs paid to its whole time director in the earlier year which has been rejected by the Ministry of Corporate Affairs vide their letter dated 2nd June, 2016. In view of the same the Holding Company has accounted the recoverable amount from the said Director in the previous quarter by crediting the same to Excess Remuneration to Whole Time Director recovered as exceptional item. The net amount recoverable from the said director is Rs. 42.10 lacs.

8. 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 recognised as and when finality in the matter is reached.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, except:

i. Non provision of interest Rs. 49,114.18 as referred to in note nos. 4.1, 4.2.1, 4.2.2 and 4.3
ii. Short provision of loss on account of MTM of Rs. 934.28 as referred to in note no.6.1

has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Mukul Patel
Partner
Membership No:32489

Place: Mumbai
Date: 12th November, 2016

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016

(Rs.In Lacs)

Sr. No.	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1	Income from operations						
	(a) Net sales/income from operations	6,338.76	6,337.99	7,935.66	12,676.75	16,725.90	30,870.33
	Total income from operations (net)	**6,338.76**	**6,337.99**	**7,935.66**	**12,676.75**	**16,725.90**	**30,870.33**
2	Expenses						
	(a) Cost of operations	3,604.06	3,694.61	4,955.98	7,298.67	10,869.47	19,515.49
	(b) Employee benefits expense	879.20	927.29	805.08	1,806.49	1,594.65	3,189.19
	(c) Depreciation and amortization expense	2,090.17	2,266.71	2,643.67	4,356.88	5,274.37	9,160.20
	(d) Other expenses	688.99	801.81	668.84	1,490.80	1,383.64	2,708.11
	Total expenses (a+b+c+d)	**7,262.42**	**7,690.42**	**9,073.57**	**14,952.84**	**19,122.13**	**34,572.99**
3	Profit/(Loss) from operations before other income, finance cost and exceptional items (1-2)	**(923.66)**	**(1,352.43)**	**(1,137.91)**	**(2,276.09)**	**(2,396.23)**	**(3,702.66)**
4	Other income	2.11	88.83	33.05	90.94	62.06	170.09
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	**(921.55)**	**(1,263.60)**	**(1,104.86)**	**(2,185.15)**	**(2,334.17)**	**(3,532.57)**
6	Finance costs	8,021.70	7,913.27	7,459.57	15,934.97	18,617.45	34,322.01
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	**(8,943.25)**	**(9,176.87)**	**(8,564.43)**	**(18,120.12)**	**(20,951.62)**	**(37,854.58)**
8	Exceptional Items	888.13	396.76	1,530.93	1,284.89	1,918.67	22,303.68
9	Prior Period Adjustments	24.02	5.85	9.75	29.87	(132.25)	(102.89)
10	Profit/(Loss)from ordinary activities before tax (7-8-9)	**(9,855.40)**	**(9,579.48)**	**(10,105.11)**	**(19,434.88)**	**(22,738.04)**	**(60,055.37)**
11	Tax expense	-	-	-	-	-	319.88
12	Net Profit/(Loss) from ordinary activities after ta	**(9,855.40)**	**(9,579.48)**	**(10,105.11)**	**(19,434.88)**	**(22,738.04)**	**(60,375.25)**
13	Minority Interest	-	-	-	-	-	-
14	Extraordinary Item (net of tax expenses)	-	-	-	-	-	-
15	Net profit/Loss) for the period (12-13-14)	**(9,855.40)**	**(9,579.48)**	**(10,105.11)**	**(19,434.88)**	**(22,738.04)**	**(60,375.25)**
16	**Paid-up equity share capital (Face value per share Rs. 2/-)**	3,123.59	3,123.59	2,843.99	3,123.59	2,843.99	3,123.59
17	**Reserves excluding Revaluation Reserves as per Balance sheet of previous accounting year**						(1,00,478.93)
18	**Earnings Per Share (EPS)**						
	EPS before and after Extraordinary items (not annualised)						
	- Basic	(6.31)	(6.13)	(7.68)	(12.44)	(17.28)	(42.54)
	- Diluted	(6.31)	(6.13)	(7.68)	(12.44)	(17.28)	(42.54)

Arshiya Limited Mumbai

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UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2016

(Rs in Lacs)

Sr No	Particulars	30.09.2016 (Unaudited)	31.03.2016 (Audited)
I	**EQUITY AND LIABLITIES**		
(1)	**Shareholders' funds**		
	(a) Share Capital	3,123.59	3,123.59
	(b) Reserves and surplus	(56,914.73)	(37,499.03)
		(53,791.14)	**(34,375.44)**
(2)	**Non-current liabilities**		
	(a) Long-term borrowings	46,031.76	55,344.36
	(b) Other long-term liabilities	3,744.02	4,469.87
	(c) Long-term provisions	126.49	97.50
		49,902.27	**59,911.73**
(3)	**Current liabilities**		
	(a) Short-term borrowings	18,676.27	18,035.82
	(b) Trade payables	1,605.16	1,399.93
	(c) Other current liabilities	3,21,372.86	2,96,202.84
	(d) Short-term provisions	2,095.96	1,955.67
		3,43,750.25	**3,17,594.26**
	TOTAL	**3,39,861.38**	**3,43,130.55**
II	**ASSETS**		
(1)	**Non-current assets**		
	(a) Fixed assets	3,22,969.22	3,27,172.43
	(b) Long-term loans and advances	8,556.17	8,107.05
	(c) Other non-current assets	43.15	41.73
		3,31,568.54	**3,35,321.21**
(2)	**Current assets**		
	(a) Inventories	160.41	160.41
	(b) Trade receivables	2,660.51	2,328.49
	(c) Cash and Bank balances	933.16	1,169.37
	(d) Short-term loans and advances	4,522.69	4,146.30
	(e) Other current assets	16.07	4.77
		8,292.84	**7,809.34**
	TOTAL	**3,39,861.38**	**3,43,130.55**

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UNAUDITED CONSOLIDATED SEGMENTWISE REPORT FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016

(Rs. In Lacs)

Sr. No.	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1	**Segment Revenue**						
	FTWZ/ICD	2,761.27	2,694.42	2,780.54	5,455.69	5,561.59	11,111.78
	Rail Transport Operations	3,577.49	3,643.57	5,155.12	7,221.06	11,164.30	19,758.55
	TOTAL	**6,338.76**	**6,337.99**	**7,935.66**	**12,676.75**	**16,725.89**	**30,870.33**
2	**Segment Results**						
	Profit Before Tax and Interest						
	FTWZ/ICD	553.61	548.86	(390.25)	1,102.47	(883.65)	3,551.43
	Rail Transport Operations	(780.06)	(1,094.88)	(712.03)	(1,874.94)	(1,445.73)	(2,711.01)
	Unallocated	(695.11)	(717.58)	(2.59)	(1,412.69)	(4.80)	(4,372.99)
	TOTAL	**(921.56)**	**(1,263.60)**	**(1,104.87)**	**(2,185.16)**	**(2,334.18)**	**(3,532.57)**
	Less: Interest Expenses (Net)	8,021.70	7,913.27	7,459.56	15,934.97	18,617.45	34,322.01
	Profit Before Tax, Exceptional items and Prior Period Items	**(8,943.26)**	**(9,176.87)**	**(8,564.43)**	**(18,120.13)**	**(20,951.63)**	**(37,854.58)**
3	**Segment Assets**						
	FTWZ/ICD	2,03,132.55	2,05,951.59	1,94,022.21	2,03,132.55	1,94,022.21	2,05,054.15
	Rail Transport Operations	58,565.03	59,636.51	65,135.43	58,565.03	65,135.43	60,237.18
	Unallocated	2,13,589.13	2,14,815.87	2,47,937.29	2,13,589.13	2,47,937.29	2,15,192.19
	Inter Segmental Elimination	(1,35,425.33)	(1,39,162.91)	(1,38,430.77)	(1,35,425.33)	(1,38,430.77)	(1,37,352.98)
	TOTAL	**3,39,861.38**	**3,41,241.06**	**3,68,664.16**	**3,39,861.38**	**3,68,664.16**	**3,43,130.54**
4	**Segment Liabilities**						
	FTWZ/ICD	54,594.32	53,138.72	28,480.00	54,594.32	28,480.00	50,063.18
	Rail Transport Operations	25,013.80	24,163.48	14,312.25	25,013.80	14,312.25	23,045.61
	Unallocated	73,831.70	70,537.38	41,120.61	73,831.70	41,120.61	66,648.37
	Inter Segmental Elimination	(8,861.59)	(11,663.89)	(14,039.04)	(8,861.59)	(14,039.04)	(11,566.84)
	TOTAL	**1,44,578.23**	**1,36,175.69**	**69,873.82**	**1,44,578.23**	**69,873.82**	**1,28,190.32**
5	**Capital Employed**						
	FTWZ/ICD	1,48,538.24	1,52,812.87	1,65,542.21	1,48,538.24	1,65,542.21	1,54,990.97
	Rail Transport Operations	33,551.23	35,473.03	50,823.18	33,551.23	50,823.18	37,191.57
	Unallocated	1,39,757.43	1,44,278.49	2,06,816.68	1,39,757.43	2,06,816.68	1,48,543.82
	Inter Segmental Elimination	(1,26,563.74)	(1,27,499.02)	(1,24,391.73)	(1,26,563.74)	(1,24,391.73)	(1,25,786.14)
	TOTAL	**1,95,283.16**	**2,05,065.37**	**2,98,790.34**	**1,95,283.16**	**2,98,790.34**	**2,14,940.22**

Arshiya Limited Mumbai

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Notes to Consolidated Results:

1. The above consolidated financial results for the quarter and six months ended 30thSeptember, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors on 12th November, 2016.

2. The Statutory Auditors have carried out a limited review of the consolidated financial results except financial statements of subsidiaries registered overseas for which reviewed financial statements are yet to be received, the Holding Company has furnished "Management Accounts" of such overseas subsidiaries for the purpose of consolidation of financial results for the quarter ended 30th September, 2016.

3. The Consolidated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) have increased to Rs. 1,168.61 lacs for Q2 of F.Y. 2016-17 as compared to Rs.1,003.11 lacs for Q1 of F.Y. 2016-17.

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

The Secured Lenders (Banks) revoked the CDR package approved by them due to Group not being able to fulfill the terms of the CDR package. Accordingly the said 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 30th September, 2016 estimated at Rs.16,529.97 lacs (including Rs.1,533.05 lacs for the current quarter) arises on account of difference between interest rates as approved under CDR package and interest rate decided as per the original sanctioned terms and penal interest on overdue amounts of interest and installments. The total interest on such loans which is yet to be provided is Rs.16,529.97 lacs. If the Group provides for this interest in the current quarter, the Loss before tax for the quarter would have been higher by Rs.16,529.97 lacs. Upon reconciliation



and finalization of the estimated entitlements of these lenders, the Group shall recognize the liability in the books during the period in which finality is reached.

4.2 Loans Assigned to Asset Reconstruction Company (ARC):

4.2.1 i) Some of the Secured CDR Lenders had assigned their outstanding dues to an ARC, aggregating to Rs.1,51,240.22 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.19,672.02 lacs (including Rs. 4,564.35 lacs for the current quarter) 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 30th September, 2016) estimated at Rs. 11,333.48 lacs (including Rs. 1,391.04 lacs for the current quarter) as on 30th September, 2016.

The total interest on such assigned loans which is yet to be provided is Rs.31,005.50 lacs. If the Group provides for this interest in the current quarter, the Loss before tax for the quarter would have been higher by Rs.31,005.50 lacs.

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 4.2.1(ii) and 4.2.1(iii) in the period in which it is completed.

4.2.2 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.1,360.62 lacs (including Rs.322.03 lacs for the current quarter) on loan assigned to ARC from the date of assignment.

If the Holding Company provides for this interest in the current quarter, the Loss before tax for the quarter would have been higher by Rs.1,360.62 lacs.

4.3 A Non-Banking Financial Company (NBFC) and the Holding Company have filed Consent Terms with the Hon'ble Bombay High Court. On the basis of the said consent terms, the Holding Company has not provided for interest of Rs. 218.09 lacs for the quarter ended 30th September, 2016. Had the Holding Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 218.09 lacs.

4.4 In addition to the above, the Holding Company has not been able to repay dues to a Financial Institution amounting to Rs. 14,028.49 lacs (including interest of Rs. 7,128.49 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.571.13 lacs, creditors for capital expenditure of Rs.8,919.76 lacs and statutory dues remaining unpaid to the extent of Rs.3,197.12 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 –

- commencement of Inland Container Depot (ICD) operations at Khurja,
- expanding the business volumes by changing product mix,
- clarity and resolution of regulatory issues,
- increasing client base by inducting more Fortune 500 companies,
- 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 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 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 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 Company

ii. 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. The Holding Company had applied for waiver of recovery of excess remuneration of Rs. 83.52 lacs paid to its whole time director in the earlier year which has been rejected by the Ministry of Corporate Affairs vide their letter dated 2nd June, 2016, In view of the same the Holding Company has accounted the recoverable amount from the said Director in the previous quarter by crediting the same to Excess Remuneration to Whole Time Director recovered. The net amount recoverable from said director is Rs. 42.10 lacs.

7. Mark to Market (MTM) Gain/Loss:

7.1 Axis Bank

The Holding Company had entered into a INR to USD Principal only Swap contract with Axis Bank Limited on 30th September, 2015, with effect from 5th October, 2015, the maturity date being 30th September, 2020 for a notional amount of Rs.25,000 lacs (USD 380.75 lacs). The Holding Company has provided an amount of Rs. 363.62 lacs (Net of MTM gain Rs.346.48 lacs) upto the current quarter, in respect of MTM loss 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 has intimated that, the loss on account of MTM is Rs. 1,297.90 lacs upto 30th September, 2016 as against the amount of Rs. 363.62 lacs, determined by the Holding Company.

7.2 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.

8. Exceptional items (Net) for the quarter ended 30th September, 2016 are as under:

(Rs. in lacs)

S. No.	**Particulars**	**Quarter ended 30th Sep, 2016**
a)	Mark to Market gain	(346.48)
b)	Bad debts	0.93
c)	Excess Provisions written back	(3.65)
d)	Sundry Balance written off	0.71
e)	Settlement of claims	1,236.62
	Total	**888.13**

Note: Figures in brackets denote items of income nature.

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. The Group operates in two primary reportable segments i.e. "FTWZ/ICD" and "Rail Transport Operations" and in a single geographical segment i.e. India as per Accounting Standard 17 – "Segment Reporting".

11. The previous quarter/year figures have been regrouped/re-arranged, wherever necessary.

For and on behalf of Board of Directors of
Arshiya Limited





Ajay S Mittal
Chairman and Managing Director
DIN: 00226355

Place: Mumbai
Date: 12th November, 2016