

M. A. PARIKH & CO.
CHARTERED ACCOUNTANTS

**Auditor's Report on Quarterly Financial Results of the Company Pursuant
to Clause 41 of Listing Agreement**

To

The Board of Directors of Arshiya Limited (Formerly known as Arshiya International Limited)

We have reviewed the accompanying 'Un-audited financial statements' of Arshiya Limited for the quarter and nine months ended December 31, 2014, hereinafter referred to as 'Statement' except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding" which have been traced from disclosures made by the management and have not been reviewed by us and the unaudited financial results for the quarter and nine months ended December 31, 2013, which were reviewed by the previous auditors. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. This Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India. Our responsibility is to issue a report on this Statement based on our limited review.

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

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

1. The company continues to be under financial stress as reflected by:
 - a. Non generation of adequate revenue
 - b. Unpaid employee dues amounting to Rs. 4.96 Crores
 - c. Overdue loans from bank and other Parties aggregating to Rs. 264.10 crores (including interest accrued and due Rs. 109.98 crores).
 - d. Unpaid Statutory dues of Rs. 18.55 crores
 - e. Unpaid Trade Creditors amounting to Rs. 3.09 crores.



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

2. Note no. 4.2 of the Statement relating to Corporate Debts Restructuring Scheme (CDR).
3. Note no 5 of the Statement relating to no provision for diminution in value of investments in subsidiaries.
4. Note no. 6 of the Statement relating to remuneration of Rs. 1.15 Crore paid/provided during the financial year 2013-2014 to the ex-Executive Director is subject to the approval of the Central Government
5. Note no 8 of the Statement relating to change in depreciation policy in accordance with Schedule II to the Companies Act, 2013.
6. Note no. 3 of the Statement relating to phasing out its logistics business (freight forwarding).
7. Exceptional items are net off MTM losses on foreign exchange derivatives contract and reversal of excess provisions.

Based on our review conducted as above, subject to Note nos. 1 to 7 stated above and more particularly to note no. 3 relating to AS 13 "Accounting for Investment", nothing has come to our attention that causes us to believe that the Statement prepared, fairly in all material aspects, in accordance with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.



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

Partner
Name: Mukul M. Patel
Membership No: 32489

Place: Mumbai
Date: 09/02/2015

Arshiya Limited

CIN: L27320MH1981PLC024727

[Formerly known as Arshiya International Limited]

Unit NO. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai- 400 025

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DECEMBER, 2014

(Rs In Lacs)

Sr.No.		Quarter Ended			Nine Months Ended		Year Ended
		31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1	Income from operations						
	(a) Income from operations	1,260.61	1,266.53	6,169.63	3,623.42	23,070.15	30,136.16
	(b) Other operating income	-	-	-	-	-	33.42
	Total income from operations (net)	1,260.61	1,266.53	6,169.63	3,623.42	23,070.15	30,169.58
2	Expenses						
	(a) Cost of operations	75.42	90.07	4,936.18	259.29	19,349.42	25,266.06
	(b) Employee benefits expense	371.97	340.35	378.47	1,067.53	1,162.69	1,907.21
	(c) Depreciation and amortization expense	747.18	750.83	469.13	2,278.73	1,432.51	1,958.10
	(d) Other expenses	448.03	552.10	2,735.72	1,539.46	10,696.55	3,314.20
	Total expenses (a+b+c+d)	1,642.60	1,733.04	8,519.50	5,145.01	32,641.17	32,444.57
3	Profit/ (Loss) from operations before other income, finance costs and exceptional items (1-2)	(381.99)	(466.52)	(2,349.87)	(1,521.59)	(9,571.02)	(2,274.99)
4	Other Income	7.20	12.09	2.36	38.89	43.08	1,485.28
6	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(374.79)	(454.43)	(2,347.51)	(1,482.70)	(9,527.94)	(789.71)
6	Finance costs	5,365.05	5,196.99	4,929.89	15,535.12	11,929.64	18,487.80
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(5,739.84)	(5,651.42)	(7,277.40)	(17,017.82)	(21,457.58)	(19,277.51)
8	Exceptional Items (Net)	846.24	263.78	57.42	1,117.51	174.79	10,667.35
9	Prior Period Adjustment	-	-	-	-	-	(81.36)
10	Profit / (Loss) from ordinary activities before tax (7-8-9)	(6,686.09)	(5,915.20)	(7,324.82)	(18,136.34)	(21,632.37)	(29,863.50)
11	Tax expense (Current Tax, MAT Credit and Deferred Tax)	-	-	1,539.65	-	(29.06)	(95.83)
12	Net profit/ (Loss) for the period from ordinary activities (10-11)	(6,686.09)	(5,915.20)	(8,874.47)	(18,136.34)	(21,603.31)	(29,767.67)
13	Paid-up equity share capital (Face value per share Rs.2/-)	2,548.59	2,348.59	1,237.59	2,548.59	1,237.59	1,342.59
14	Reserves excluding Revaluation Reserves as per Balance sheet of previous accounting year						31,509.97
15	Earnings Per Share (EPS)						
	EPS before & after Extraordinary items (not annualised)						
	- Basic	(5.57)	(6.49)	(14.34)	(18.10)	(34.91)	(48.07)
	- Diluted	(5.57)	(6.49)	(14.34)	(18.10)	(34.91)	(48.07)
16A	Particulars of Shareholdings						
i	Public shareholding						
	- Number of Shares	39,059,247	39,059,247	39,059,247	39,059,247	39,059,247	39,059,247
	- Percentage of Shareholding	30.65%	33.26%	63.12%	30.66%	63.12%	68.18%
ii	Promoters & Promoter Group Shareholding						
	a) Merged/Encumbered						
	- Number of Shares	74,370,226	29,370,226	18,770,226	74,370,226	15,770,226	18,820,226
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	84.16%	37.48%	69.11%	84.16%	69.11%	67.05%
	- Percentage of shares (as a % of the total share capital of the company)	58.36%	25.01%	25.49%	58.36%	25.49%	28.04%
	b) Non Encumbered						
	- Number of Shares	14,000,000	49,000,000	7,050,000	14,000,000	7,050,000	9,250,000
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	15.84%	62.52%	30.89%	15.84%	30.89%	32.95%
	- Percentage of shares (as a % of the total share capital of the company)	10.99%	41.73%	11.39%	10.99%	11.39%	13.78%
16B	Investor Complaints	For the quarter ended on 31st December, 2014					
	Pending at the beginning of the quarter						
	Received during the quarter						Nil
	Disposed off during the quarter						Nil
	Remaining unresolved at the end of the quarter						Nil



Arshiya Limited

CIN: L27320MH1981PLC024727

(Formerly known as Arshiya International Limited)

Registered Office : Unit NO. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai- 400 025

UNAUDITED STANDALONE SEGMENTWISE REPORT FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2014

(Rs In Lacs)

Sr.No.		Quarter Ended			Nine Months Ended		Year Ended
		31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1	Segment Revenue						
	Logistics	-	0.58	5,012.66	9.44	19,752.78	25,828.51
	Free Trade Warehousing Zones	1,260.62	1,265.94	1,156.98	3,613.98	3,317.37	4,341.07
	TOTAL	1,260.62	1,266.53	6,169.64	3,623.42	23,070.15	30,169.58
2	Segment Results						
	Profit Before Tax and Interest						
	Logistics	(0.01)	3.67	(2,060.48)	2.23	(4,238.43)	1,241.95
	Free Trade Warehousing Zones	236.05	144.71	448.87	478.59	(3,094.71)	1,326.21
	Unallocated	(610.82)	(602.81)	(776.32)	(1,963.51)	(2,346.57)	(3,357.88)
	TOTAL	(374.78)	(454.43)	(2,387.93)	(1,482.69)	(9,679.71)	(789.72)
	Less : Interest Expenses (Net)	5,365.05	5,196.99	4,889.47	15,535.12	11,777.87	18,487.80
	Profit / (Loss) Before Tax and Interest	(5,739.83)	(5,651.42)	(7,277.40)	(17,017.81)	(21,457.58)	(19,277.52)
	Less : Prior Period Adjustments	-	-	-	-	-	(81.36)
	Less : Exceptional Items activities before tax	846.24	263.78	57.42	1,117.51	174.79	10,667.35
	(6,586.08)	(5,915.20)	(7,334.82)	(18,135.33)	(21,632.37)	(29,863.51)	
Less : Tax Expenses	-	-	1,539.65	-	(29.06)	(95.83)	
Net Profit/ (Loss) for the period	(6,586.08)	(5,915.20)	(8,874.47)	(18,135.33)	(21,603.31)	(29,767.68)	
3	Capital Employed						
	Logistics	-	-	29,420.41	-	29,420.41	28,527.29
	Free Trade Warehousing Zones	13,133.30	19,871.08	39,877.73	13,133.30	39,877.73	15,500.22
	Unallocated	40,149.18	38,515.74	(27,432.82)	40,149.18	(27,432.82)	14,639.61
TOTAL	53,282.47	58,386.81	41,865.32	53,282.47	41,865.32	58,667.12	

For ARSHIYA LIMITED

Ajay S Mittal

Ajay S Mittal
Chairman & Managing Director

DIN: 00226355



Arshiya Limited

CIN: L27320MH1981PLC024727

(Formerly known as Arshiya International Limited)

Registered Office: Unit No. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai-400025.

Notes to Standalone Results:

1. The above financial results for the quarter and nine months ended 31st December, 2014 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 9th February, 2015.
2. The Statutory Auditors of the Company have carried out a limited review on standalone basis of the financial results for the quarter and nine months ended 31st December, 2014.
3. The Company had phased out its logistics operations during the quarter ended 30th June 2014.
- 4.1. The Company's EBIDTA is positive and is improving quarter on quarter {EBIDTA-Q3FY15 Rs. 3.72 crores, Q2FY15 Rs. 2.96 crores, Q3FY14 Rs. (18.78) crores}, {EBIDTA-9 months FY15 Rs. 7.96 crores, 9 months FY14 Rs. (80.95) crores} but the Company continues to be under financial stress which is reflected by non-payment of full and final settlement dues of employees to the extent of Rs.4.96 crores, delay in payment of dues of interest and repayment of principal borrowings to the banks, non-banking finance company and financial institution aggregating to Rs.264.10 crores, including interest of Rs.109.98 crores, statutory dues remaining unpaid to the extent of Rs.18.55 crores and court cases against the Company / Directors for winding up / other legal proceedings for recovery of dues / dishonor of cheques. The Auditors have drawn attention to this in their Limited Review report.

To mitigate the financial stress, the Company has taken various steps including restructuring the business operations as referred to in note 4.3 of the Statement.

4.2. Corporate Debt Restructuring Scheme (CDR)

The Company is unable to repay the structured instalments commencing from October, 2014 aggregating to Rs. 52.86 crores including interest amounting to Rs. 43.92 crores as provided for in the CDR scheme. Such defaults entitle the CDR lenders to reverse the waiver/ sacrifices granted by them, which cannot be quantified. The Company is of the view that in view of the ongoing discussion with the CDR Lenders, such an eventuality is unlikely.



- 4.3. The management of the Company is in the process of restructuring its business operations as also those of its subsidiaries in which it has substantial investments, by -
- * expanding the business volumes,
 - * converting Free Trade Warehousing Zone and Industrial Distribution Hub at Khurja, Uttar Pradesh into Sector Specific Special Economic Zones,
 - * establishing an Inland Container Depot at Khurja, Uttar Pradesh,
 - * Phasing out of Logistic Business (Freight Forwarding)
5. The Company holds strategic and long term investments in its subsidiary companies, the aggregate cost of which is Rs. 834.60 crores as on 31st December, 2014. The present "net asset value" of the said investments is lower than their costs of acquisition. However, keeping in view that the said investments are long-term and strategic in nature as also the said subsidiaries are in the process of implementing their respective revival plans along with the future business plans of the Company, the Management is of the view that the diminution in value of its investments is temporary in nature and no provision for diminution in value is called for.
6. In the absence of profits, the remuneration of Rs.1.15 crores paid /provided to Mr. Suhas Thakar, Executive Director, for the financial year 2013-2014,was in excess of the limits prescribed under Section 198 read with Schedule XIII of the Companies Act,1956.The Company has applied to the Central Government for approval of the excess remuneration.
7. The Company provides gratuity and leave encashment (benefits) based on the actuarial valuation as on 31st 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 year-end liability on actuarial basis is adjusted during the last quarter / year ended 31stMarch of each year.
8. The Company has aligned its depreciation policy in accordance with Schedule II to The Companies Act, 2013. Consequently w.e.f. 1st April, 2014:
- (a) The carrying value of assets is now depreciated over its revised remaining useful life.



- (b) Where the revised remaining useful life of the asset is Nil as on 1st April, 2014, carrying value of assets has been adjusted against opening reserves aggregating to Rs. 2.15 crores in accordance with transitional provision of Schedule II.
- (c) Had the Company continued to provide depreciation as prescribed by Schedule XIV to the Companies Act, 1956, the charge for the quarter would have been lower by Rs. 2.25 crores (net) and hence the loss for the quarter would have been lower by Rs. 2.25 crores.
9. Exceptional items are net off MTM losses on foreign exchange derivatives contract and reversal of excess provisions.
- 10.1 The Company had allotted 1,36,00,000 convertible warrants at Rs.145/- per warrant to promoters/ promoters group on preferential basis pursuant to the special resolution passed by the members of the Company at their meeting held on 18th October, 2012. These warrants have been converted into equity shares (in the ratio of 1 share for 1 warrant) of Rs. 2/- each at a premium of Rs.143/- per share in three tranches i.e. 53,00,000, 52,50,000 and 30,50,000 during the financial years 2014-2015, 2013-2014 and 2012-2013 respectively. In accordance with the CDR package, the promoters' have pledged all the above equity shares converted out of the aforesaid warrants to the lenders by 21st July, 2014.
- 10.2 The Company has allotted 4,50,00,000 and 1,00,00,000 equity shares to promoters/ promoters group on preferential basis on 17th July, 2014 and 24th December, 2014 respectively pursuant to the special resolution passed by the members of the Company on 12th May, 2014. In accordance with the CDR package, out of above, the promoters' have pledged 4,50,00,000 equity shares to the lenders on 20th October, 2014.
- 11.1 The Board of Directors of the subsidiary Companies at their meeting held on 24th January, 2014 approved the Scheme of Amalgamation under Section 391/394 of the Companies Act, 1956 of amalgamation of Arshiya Industrial & Distribution Hub Limited and Arshiya Northern FTWZ Limited with Arshiya Transport and Handling Limited. The shareholders of the respective companies have approved the scheme.
- 11.2 The petition relating to the Scheme of Amalgamation filed by the relevant companies and admitted by the High Court of Bombay on 21st July, 2014 is pending for approval.



12. The figures for the year ended 31st March, 2014, Nine months ended 31st December, 2013, quarter ended 30th September, 2014 and quarter ended 31st December, 2013 have been regrouped and/or re-arranged, wherever necessary to conform to the classification adopted in the nine months ended 31st December, 2014.

For and on behalf of board of directors of
Arshiya limited



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

Ajay Mittal

Chairman & Managing Director

DIN:00226355

Place: Mumbai

Date: 9th February, 2015

Arshiya Limited

CIN: L27320MH1981PLC024727

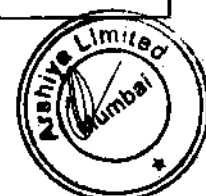
(Formerly known as Arshiya International Limited)

Registered Office: Unit NO. A1, 4th Floor, Chenergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai- 400 025

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DECEMBER, 2014

(Rs In Lacs)

SR. NO.	PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1	Income from operations (a) Net sales/income from operations (b) Other operating income Total Income from operations (net)	8,556.26	7,701.61	15,004.49	23,618.37	36,651.23	51,655.73
2	Expenses (a) Cost of operations (b) Employee benefits expense (c) Depreciation and amortization expense (d) Other expenses Total expenses (a+b+c+d)	6,087.20 750.68 2,545.11 713.61 10,086.61	5,304.90 603.16 2,580.41 853.08 9,341.55	12,787.69 1,334.33 3,030.47 6,518.46 23,670.95	16,762.74 2,124.17 7,758.74 2,375.25 29,020.91	31,763.17 2,753.05 5,322.42 14,791.90 54,630.54	44,550.85 4,087.38 8,352.89 6,396.60 63,387.72
3	Profit/(Loss) from operations before other income, finance cost and exceptional items (1-2)	(1,540.35)	(1,639.94)	(8,666.45)	(5,402.54)	(17,979.30)	(11,731.99)
4	Other Income	271.36	80.49	944.49	376.86	1,047.40	1,991.88
5	Profit/ (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(1,268.99)	(1,559.45)	(7,721.97)	(5,025.68)	(16,931.91)	(9,740.11)
6	Finance costs	9,412.10	9,535.73	12,660.23	28,606.33	23,969.29	36,629.52
7	Profit/ (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(10,681.09)	(11,095.18)	(20,382.20)	(33,632.01)	(40,901.20)	(46,369.62)
8	Exceptional Items	937.82	247.66	7,637.59	1,439.69	13,628.36	21,265.95
9	Prior Period Adjustments	-	-	-	-	-	14,913.74
10	Profit / (Loss) from ordinary activities before tax (7-8-9)	(11,618.91)	(11,342.84)	(28,019.79)	(35,071.70)	(54,529.56)	(82,549.32)
11	Tax expense (Current Tax, MAT Credit and Deferred Tax)	-	-	1,821.17	-	252.45	2,073.63
12	Net Profit/ (Loss) from ordinary activities after tax (10-11)	(11,618.91)	(11,342.84)	(29,840.96)	(35,071.70)	(54,782.01)	(84,622.95)
13	Minority Interest	-	-	-	-	-	-
14	Extraordinary Item (net of tax expenses)	-	-	-	-	-	-
15	Net profit / (Loss) for the period (12-13-14)	(11,618.91)	(11,342.84)	(29,840.96)	(35,071.70)	(54,782.01)	(84,622.95)
16	Paid-up equity share capital (Face value per share Rs.2/-)	2,548.59	2,348.59	1,237.59	2,548.59	1,237.59	1,342.59
17	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	(10,637.71)
18	Earning Per Share (EPS) EPS before & after Extraordinary items (not annualised) - Basic - Diluted	(9.82) (9.82)	(12.45) (12.45)	(48.22) (48.22)	(35.00) (35.00)	(88.53) (88.53)	(136.66) (136.66)
19	Public shareholding - Number of Shares - Percentage of Shareholding	39,059,247 30.65%	39,059,247 33.26%	39,059,247 63.12%	39,059,247 30.65%	39,059,247 63.12%	39,059,247 58.18%
20	Promoters & Promoter Group Shareholding a) Pledged/Encumbered - Number of Shares - Percentage of shares (as a % of the total shareholding of promoter & promoter group) - Percentage of shares (as a % of the total share capital of the company) b) Non Encumbered - Number of Shares - Percentage of shares (as a % of the total shareholding of promoter & promoter group) - Percentage of shares (as a % of the total share capital of the company)	74,370,225 84.16% 58.36%	29,370,225 37.48% 25.01%	15,770,225 69.11% 25.49%	74,370,225 84.16% 58.36%	15,770,225 69.11% 25.49%	18,820,225 67.05% 28.04%
21	Investor Complaints Pending at the beginning of the Year Received during the Quarter Disposed of during the Quarter Remaining unresolved at the end of the Quarter				For the quarter ended Dec., 31,2014		
					Nil		



Arshiya Limited
CIN: L27320MH1981PLC024727

(Formerly known as Arshiya International Limited)

Registered Office: Unit no. A1, 4th Floor, Cnergy, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400 025

Notes to Consolidated Financial Results:

1. The above financial results for the quarter and nine months ended 31st December, 2014 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 9th February, 2015.
- 2.1 The Group had phased out its logistics operations during the quarter first quarter ended 30th June 2014.
- 2.2 The Group's EBIDTA is positive and is improving quarter on quarter {EBIDTA-Q3FY15 Rs. 12.76 crores, Q2FY15 Rs. 10.21 crores, Q3FY14 Rs. (46.92) crores}, {EBIDTA-9 months FY15 Rs. 27.33 crores, 9 months FY14 Rs. (116.09) crores}, but the Group continues to be under financial stress which is reflected by non-payment of full and final settlement dues of employees to the extent of Rs. 9.57 crores delay in payment of dues of interest and repayment of principal borrowings to the bank, non-banking finance company and financial institutions aggregating to Rs. 383.91 crores, statutory dues remaining unpaid to the extent of Rs. 36.70 crores and court cases against the Group/ Directors for winding up / recovery of dues and due to dishonor of cheques.

To mitigate the financial stress, the Company has taken various steps including restructuring the business operations as referred to in note 2.4 of the Statement.

2.3 Corporate Debt Restructuring Scheme (CDR)

The Group is unable to repay the structured instalments aggregating to Rs. 172.67 crores including interest amounting to Rs. 148.64 crores as provided for in the CDR scheme. Such defaults entitle the CDR lenders to reverse the waiver/ sacrifices granted by them, which



cannot be quantified. The Company is of the view that in view of the ongoing discussion with the CDR Lenders, such an eventuality is unlikely.

- 2.4. The management of the Group is in the process of restructuring its business operations as also those of its subsidiaries in which it has substantial investments, by –
- * expanding the business volumes,
 - * converting Free Trade Warehousing Zone and Industrial Distribution Hub at Khurja, Uttar Pradesh into Sector Specific Special Economic Zones,
 - * establishing an Inland Container Depot at Khurja, Uttar Pradesh,
 - * Phasing out of Logistics Business (Freight Forwarding)
3. In the absence of profits, the remuneration of Rs. 1.15 crores paid / provided to Mr. Suhas Thakar, Executive Director, for the financial year 2013-2014, was in excess of the limits prescribed under Section 198 read with Schedule XIII of the Companies Act, 1956. The Group has applied to the Central Government for approval of the excess remuneration.
4. One of the Subsidiaries had paid remuneration of Rs. 1.21 crores (excluding Gratuity and Leave Encashment) to its then Managing Director for the period from 1st October 2011 to 14th May 2012 as against the Central Government's approval for Rs. 0.75 crore. The excess remuneration of Rs. 0.46 crore paid to the Ex-Managing Director is held by him in trust for the said Subsidiary and is pending recovery.
5. The Group provides gratuity and leave encashment (benefits) based on the actuarial valuation as on 31st 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 31st March of each year.
6. The Group has aligned its depreciation policy in accordance with Schedule II to The Companies Act, 2013. Consequently w.e.f. 1st April, 2014:



- (a) The carrying value of assets is now depreciated over its revised remaining useful life.
- (b) Where the revised remaining useful life of the asset is Nil as on 1st April, 2014, carrying value of assets has been adjusted against opening reserves aggregating to Rs. 2.35 crores in accordance with transitional provision of Schedule II.
- (c) Had the Group continued to provide depreciation as prescribed by Schedule XIV to the Companies Act, 1956, the charge for the quarter ended 31st December, 2014 would have been lower by Rs. 9.20 crores (net) and hence the loss for the quarter would have been lower by Rs. 9.20 crores.
- 7 Exceptional items are net off MTM losses on foreign exchange derivatives contract and reversal of excess provisions.
- 8.1. The Holding Company had allotted 1,36,00,000 convertible warrants at Rs.145/- per warrant to promoters/ promoters group on preferential basis pursuant to the special resolution passed by the members of the Holding Company at their meeting held on 18th October, 2012. These warrants have been converted into equity shares (in the ratio of 1 share for 1 warrant) of Rs. 2/- each at a premium of Rs.143/- per share in three tranches i.e. 53,00,000, 52,50,000 and 30,50,000 during the financial years 2014-2015, 2013-2014 and 2012-2013 respectively. In accordance with the CDR package, the promoters' have pledged all the above equity shares converted out of the aforesaid warrants to the lenders by 21st July, 2014.
- 8.2. The Holding Company has allotted 4,50,00,000 and 1,00,00,000 equity shares to promoters/ promoters group on preferential basis on 17th July, 2014 and 24th December, 2014 respectively pursuant to the special resolution passed by the members of the Company at their meeting held on 12th May, 2014. In accordance with the CDR package, out of above, the promoters' have pledged 4,50,00,000 equity shares to the lenders on 20th October, 2014.
- 9.1. The Board of Directors of the subsidiary Companies at their meeting held on 24th January, 2014 approved the Scheme of Amalgamation under Section 391/394 of the Companies



Act, 1956 of amalgamation of Arshiya Industrial & Distribution Hub Limited and Arshiya Northern FTWZ Limited with Arshiya Transport and Handling Limited. The shareholders of the respective companies have approved the scheme.

- 9.2. The petition relating to the Scheme of Amalgamation filed by the relevant companies and admitted by the High Court of Bombay on 21st July, 2014 is pending for approval.
10. The figures for the year ended 31st March, 2014, Nine month ended 31st December, 2013, quarter ended 30th September, 2014 and quarter ended 31st December, 2013 have been regrouped and/or re-arranged, wherever necessary to conform to the classification adopted in the quarter / nine month ended 31st December, 2014.

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 & Managing Director
DIN:00226355

Place: Mumbai

Date: 9th February, 2015

Arshiya Limited
(formerly known as Arshiya International Limited)
Regd Off: - Unit No. A1, 4th Floor, Cnergy,
Appa Saheb Marathe Marg, Prabhadevi, Mumbai - 400 025

Dear Friends, 9th February, 2015

This is the first time I'm writing a personal mail directly to you all as my fellow Shareholders.

I have been at the helm of your Company and it's Group Subsidiaries since inception and will continue as long as I can with your support. It has been an honour and I'm grateful for the responsibility and faith you all have bestowed in me.

Our Company has been through very challenging times over the past 3 years due to various factors beyond our control, had it not been for the support of the Staff at every level, Top Management of the Company, Board of Directors of the Company, including your Joint Managing Director, and the many Well-Wishers, it would have been impossible for me to have steered the Company to its present situation.

We had made huge investments into a new business area and had to face immense turbulence due to regulatory uncertainties and various other issues – being Pioneers in the sector, but our faith had never diminished and remained undeterred. Today after 3 years of turbulence, I am happy to say that our faith in the business has been validated by acceptance of large/ marquee Global Clients getting into long-term contracts.

I also want to highlight that our belief of superior returns from business has been reinforced due to promising rent contracts, as our business offers great value proposition to our esteemed Clientele. We believe that when both these Free Trade & Warehousing Zones (FTWZ) operate at optimum level, we will be able to fulfill all our obligations and deliver superior returns to our Shareholders / Stakeholders.

Today our Company has turned the corner in many ways and is once again on a positive traction. There are a few challenges that we still need to address like payments to old creditors, full & final settlements of ex-employees, some statutory dues and debt burden. We are addressing all of these challenges simultaneously and are sure in the very near future, these challenges will all be behind us.

Your Company's Parvel FTWZ has become EBIDTA positive and this EBIDTA number is growing month on month. Assets owned by subsidiary entities at Khurja were lying idle for past two and a half years due regulatory reasons-the same have been addressed and we will see them becoming EBDITA positive in FY-16. Rail's Rolling Stock Business even with unfavorable policies has become EBIDTA positive. All of this was due to the hard work of all my Team Members and trust me they have all given the Company their sweat and blood. I'm very proud of this fact.

Some challenges as mentioned above that are still staring at us will be mainly addressed through strong growth in EBIDTA numbers and we are also exploring reduction of debt costs through dollarization of debt, where we have natural hedge, as most of the revenues are in dollars.

We have some old and new Senior Members-Top Management from great backgrounds in our Team now, who are supporting me to attain not only the desired revenues but also to address the above pending issues.

Today with great confidence, conviction and energy, I can say that your Company has turned the corner and with its invaluable assets on ground, we will soon be a Company to reckon with. The pro-active and business friendly Government will only add to our success.

I want to thank each one of you for your continued support and look forward to remain guided over the years to come.

If you need any further information or clarifications please contact Mr. Vaibhav Sanjay Bakhare, at Telephone: +91-22-42305500, email: vaibhav.bakhare@arshiyalimited.com

Warmly,



Ajay S Mittal
Group Chairman and Managing Director
Arshiya Limited
DIN: 00226355