Arshiya

Ref: AL/SE/0217/01

Date: 08/02/2017

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 ended 31st December, 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 ended 31st December, 2016.

Pursuant to Regulation 30 and 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.

This is for your information and record.

The Meeting of the Board of Directors commenced at 03:00 P.M. and ended at 08:30 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 31st December, 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 31st December, 2016 estimated at Rs.5,179.12 lacs (including Rs.427.67 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.5,179.12 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.

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. 12,167.61 lacs (including Rs. 3,254.98 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 31st December, 2016) aggregating to Rs. 6,565.08 lacs (including Rs.545.88 lacs for the current quarter) as on 31st December, 2016.

MUMBAI

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The total interest on such assigned loans which is yet to be provided is Rs. 18,732.69 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. 18,732.69 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.1,693.32 lacs (including Rs. 332.70 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. 1,693.32 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. 417.55 lacs (including Rs. 199.46 lacs for the current quarter) from the date of Consent Terms. Had the Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 417.55 lacs

3.4 In addition to the above, the Company has not been able to repay dues to a Financial Institution amounting to Rs.14,727.87 lacs (including interest of Rs. 7,827.87 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. 256.97 lacs, creditors for Capital Expenditure Rs. 2,279.25 lacs and statutory dues remaining unpaid to the extent of Rs.1,139.36 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 crores (being dues from Arshiya Northern FTWZ Limited) and notice dated 19th October, 2015 aggregating to Rs. 586.57 crores (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.

M. A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

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. The company had borrowed a loan in 2012, against which 21,35,000 shares of the Company held by one of the Promoter Directors was given as security by way of pledge. The lender invoked the pledge in 2013 and subsequently sold these shares in the market to recover the loan given to the Company. The Promoter Director suffered a loss on account of the invocation and sale of the shares which is being claimed from the Company. During the quarter, the Company has obtained a legal opinion and has been advised to provide for the compensation payable of Rs. 659.30 lacs and same had been approved by the Board of Directors. The "compensation" represents the difference between the market price of pledged equity shares (as on the date of invocation of the pledge) and the loan amount due to the lender by the Company. The same has been disclosed as an "Exceptional Item" in the Statement. The legal opinion also confirms that this compensation cannot be considered as Managerial Remuneration.

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

6.1 Axis Bank

The Company has entered into a INR to USD Principal only Swap contract with Axis Bank Limited on 30th September, 2015, with 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. 862.40 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. 784.50 lacs upto31st December, 2016 as against the amount of Rs. 862.40 lacs, determined by the Company.

6.2. Kotak Mahindra Bank Limited

In respect of derivative contracts entered into by the company with ING Vysya Bank (amalgamated with Kotak Mahindra Bank Limited), 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.

7. The Company holds strategic and long term investments by way of equity shares in its subsidiaries, the aggregate cost of which is Rs. 83,459.72 lacs as on 31st December, 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.

8. 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 quarter ended 30th June, 2016 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.

9. 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. 1,054.25 lacs upto December, 2016 (including Rs. 335.69 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 Nine months and quarter ended 31st December, 2016 would have been higher by Rs. 1,054.25 lacs and Rs. 335.69 lacs respectively.

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 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 non-provision of interest Rs. 26,022.68 lacs as referred to in note nos. 3.1, 3.2.1, 3.2.2 and 3.3,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

M. A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

Nalin Shah
Partner
Membership No: 136978

Place: Mumbai
Date: 0th February, 2017

Arshiya Limited

CIN: L93000MH1981PLC024747

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

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DECEMBER 2016

(Rs. In Lakhs)

Sr.No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
1	**Income from operations**						
	(a) Income from operations	1,991.00	1,910.85	1,606.67	5,699.98	4,899.56	6,428.33
	Total income from operations	**1,991.00**	**1,910.85**	**1,606.67**	**5,699.98**	**4,899.56**	**6,428.33**
2	**Expenses**						
	(a) Cost of operations	94.52	78.30	105.40	240.80	317.34	400.53
	(b) Employee benefits expense	339.93	345.50	448.15	1,038.60	1,346.01	1,775.01
	(c) Depreciation and amortization expense	470.50	477.32	602.71	1,429.71	1,908.59	2,358.70
	(d) Other expenses	283.95	314.30	316.68	904.28	1,172.68	1,613.32
	Total expenses (a+b+c+d)	**1,188.90**	**1,215.42**	**1,472.94**	**3,613.39**	**4,744.62**	**6,147.56**
3	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	**802.10**	**695.43**	**133.73**	**2,086.59**	**154.94**	**280.77**
4	Other Income	10.10	(17.20)	63.81	17.48	77.64	48.74
5	**Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)**	**812.20**	**678.23**	**197.54**	**2,104.07**	**232.58**	**329.51**
6	Finance costs	2,839.42	3,478.93	3,986.90	9,889.61	14,334.17	17,596.19
7	**Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)**	**(2,027.22)**	**(2,800.70)**	**(3,789.36)**	**(7,785.54)**	**(14,101.59)**	**(17,266.68)**
8	Exceptional Items (Net)	1,123.40	(313.50)	366.13	1,210.63	2,093.50	10,281.24
9	Prior Period Adjustment	13.32	1.48		17.57	(6.02)	47.22
10	**Profit/(Loss) from ordinary activities before tax (7-8-9)**	**(3,163.94)**	**(2,488.68)**	**(4,155.49)**	**(9,013.74)**	**(16,189.07)**	**(27,595.14)**
11	Tax expense						244.38
12	**Net profit/(Loss) for the period from ordinary activities (10-11)**	**(3,163.94)**	**(2,488.68)**	**(4,155.49)**	**(9,013.74)**	**(16,189.07)**	**(27,839.52)**
13	**Paid-up equity share capital (Face value per share Rs. 2/-)**	3,123.59	3,123.59	3,123.59	3,123.59	3,123.59	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	(2.03)	(1.59)	(2.80)	(5.77)	(11.80)	(19.62)
	- Diluted	(2.03)	(1.59)	(2.80)	(5.77)	(11.80)	(19.62)

Notes to Standalone Results:

1) The above financial results for the quarter and nine months ended 31st December, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors on 8th February, 2017.

2) The Statutory Auditors of the Company have carried out a limited review of the standalone financial results for the quarter and nine months ended 31st December, 2016.

3) The Company's Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) have increased to Rs. 1,282.70 lakh for Q3 of F.Y. 2016-17 as compared to Rs.1,155.55 lakh for Q2 of F.Y. 2016-17 i.e. increase of 11% and Rs.800.25 lakh for Q3 of F.Y. 2015-16 i.e. increase of 60%

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 31st December, 2016 estimated at Rs.5,179.12 lakh (including Rs.427.67 lakh 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.5,179.12 lakh. If the Company provides for this interest in the current quarter, the Loss before tax for the quarter would have been

Arshiya Limited

higher by Rs.5,179.12 lakh. 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 lakh 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.12,167.61 lakh (including Rs.3,254.98 lakh 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 31st December, 2016) estimated at Rs.6,565.08 lakh (including Rs. 545.88 lakh for the current quarter) as on 31st December, 2016.

The total interest on such assigned loans which is yet to be provided is Rs.18,732.69 lakh. If the Company provides for this interest in the current quarter, the loss before tax for the quarter would have been higher by Rs.18,732.69 lakh.

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 had assigned its loan to ARC aggregating to Rs.8,692.69 lakh 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.1,693.32 lakh (including Rs.332.70 lakh for the current quarter) on the loan assigned to ARC from the date of assignment.

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If the Company provides for this interest in the current quarter, the loss before tax for the quarter would have been higher by Rs.1,693.32 lakh.

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. 417.55 lakh (including Rs. 199.46 lakh for the current quarter) from the date of Consent Terms. Had the Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 417.55 lakh.

4.4) In addition to the above, the Company has not been able to repay dues to a Financial Institution amounting to Rs.14,727.87 lakh (including interest of Rs.7,827.87 lakh).

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. 256.97 lakh, creditors for capital expenditure of Rs.2,279.25 lakh and statutory dues remaining unpaid to the extent of Rs. 1,139.36 lakh.

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 –

- expanding the business volumes by changing product mix,
- entering into long term business agreements with leading global shipping lines,
- increasing client base by inducting more Fortune 500 companies,
- further improvement of the Inland Container Depot (ICD) operations at Khurja,
- obtaining clarity and resolution of the regulatory issues,
- 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

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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 lakh as on 31st December, 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 lakh 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 lakh paid to its whole time director in the earlier year which has been rejected by the

Arshiya Limited

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 quarter ended 30th June, 2016 by crediting the same to Excess Remuneration to the Whole Time Director recovered as exceptional item. The net amount recoverable from said director is Rs. 42.10 lakh.

8) The company had borrowed a loan in 2012, against which 21,35,000 shares of the Company held by one of the Promoter Directors was given as security by way of pledge. The lender invoked the pledge in 2013 and subsequently sold these shares in the market to recover the loan given to the Company. The Promoter Director suffered a loss on account of the invocation and sale of the shares which is being claimed from the Company. During the quarter, the Company has obtained a legal opinion and has been advised to provide for the compensation payable of Rs. 659.30 lakh and the same has been approved by the Board of Directors. The "compensation" represents the difference between the market price of pledged equity shares (as on the date of invocation of the pledge) and the loan amount due to the lender by the Company. The same has been disclosed as an "Exceptional Item" in the Statement. The legal opinion also confirms that this compensation cannot be considered as Managerial Remuneration.

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

9.1) **Axis Bank**

The Company had entered into a INR to USD Principal only Swap contract with Axis Bank Limited on 30th September, 2015, with the maturity date being 30th September, 2020 for a notional amount of Rs.25,000 lakh (USD 380.75 lakh). The Company has provided an amount of Rs.862.40 lakh 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. 784.50 lakh upto 31st December, 2016 as against the amount of Rs. 862.40 lakh, determined by the Company.

Arshiya Limited

9.2) **Kotak Mahindra Bank Limited**

In respect of derivative contracts entered into by the company with ING Vysya Bank (amalgamated with Kotak Mahindra Bank Limited), the Bank had prematurely terminated the contracts and had demanded termination and liquidation fees aggregating to Rs. 2,875 lakh, which are disputed by the Company and hence, not provided for.

10) Exceptional items (Net) for the current quarter ended 31st December, 2016 are as under:

(Rs. in lakh)

Sr. No.	Particulars	Quarter ended 31st Dec, 2016
a)	Mark to Market loss	498.78
b)	Bad debts earlier written off now recovered	(38.00)
c)	Compensation on shares invoked by lender (Refer Note No.8)	659.30
d)	Settlement of claim	3.32
	Total	**1,123.40**

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

11) 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.1,054.25 lakh (including Rs.335.69 lakh 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 nine months and quarter ended 31st December, 2016 would have been higher by Rs.1,054.25 lakh and Rs.335.69 lakh respectively.

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

Arshiya Limited

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

For and on behalf of Board of Directors of

Arshiya Limited

Arshiya Limited

Ajay S Mittal

Chairman and Managing Director

DIN: 00226355

Place: Mumbai

Date: 8th February, 2017

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 31stDecember, 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 31stDecember, 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 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 31stDecember, 2016 estimated at Rs. 18,112.94 lacs (including Rs. 1,582.97 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. 18,112.94 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. 25,589.35 lacs (including Rs. 5,917.33 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 31stDecember, 2016) aggregating to Rs. 12,707.03 lacs (including Rs. 1,373.56 lacs for the current quarter) as on 31st December,2016.

The total interest on such assigned loans which is yet to be provided is Rs. 38,296.38 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. 38,296.38 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. 1,693.32 lacs (including Rs.332.70 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. 1,693.32 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. 417.55 lacs (including Rs. 199.46 lacs for the current quarter) from the date of Consent Terms. Had the Holding Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 417.55 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. 14,727.87 lacs (Including interest of Rs. 7,827.87 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.607.24lacs, creditors for Capital Expenditure Rs. 8,817.19 lacs and statutory dues remaining unpaid to the extent of Rs. 3,472.70 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 crores (being dues from Arshiya Northern FTWZ Limited) and notice dated 19th October, 2015 aggregating to Rs. 586.57 crores (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(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 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. The Holding Company had borrowed a loan in 2012, against which 21,35,000 shares of the Holding Company held by one of the Promoter Directors was given as security by way of pledge. The lender invoked the pledge in 2013 and subsequently sold these shares in the market to recover the loan given to the Holding Company. The Promoter Director suffered a loss on account of the invocation and sale of the shares which is being claimed from the Holding Company. During the quarter, the Holding Company has obtained a legal opinion and has been advised to provide for the compensation payable of Rs. 659.30 lacs and the same been approved by the Board of Directors. The "compensation" represents the difference between the market price of pledged equity shares (as on the date of invocation of the pledge) and the loan amount due to the lender by the Holding Company. The same has been disclosed as an "Exceptional Item" in the Statement. The legal opinion also confirms that this compensation cannot be considered as Managerial Remuneration.

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

7.1 **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 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.862.40lacsupto 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.784.50 lacs upto 31stDecember, 2016 as against the amount of Rs.862.40 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 (amalgamated with Kotak Mahindra Bank Limited), 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. 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 quarter ended 30th June, 2016 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.

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 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 non-provision of interest Rs. 58,520.19 lacs as referred to in note nos. 4.1, 4.2.1, 4.2.2 and 4.3, 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

M. A. PARIKH & CO. CHARTERED ACCOUNTANTS MUMBAI

Nalin Shah
Partner
MembershipNo:136978

Place: Mumbai
Date: 8thFebruary, 2017

Arshiya Limited

CIN: L93000MH1981PLC024747

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

(Rs.In Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
1	Income from operations						
	(a) Net sales/income from operations	6,434.77	6,338.76	6,871.42	19,111.52	23,597.32	30,870.33
	Total income from operations (net)	**6,434.77**	**6,338.76**	**6,871.42**	**19,111.52**	**23,597.32**	**30,870.33**
2	Expenses						
	(a) Cost of operations	3,802.26	3,604.06	4,086.21	11,100.93	14,955.68	19,515.49
	(b) Employee benefits expense	883.11	879.20	824.61	2,689.60	2,419.26	3,189.19
	(c) Depreciation and amortization expense	2,178.82	2,090.17	1,976.28	6,535.70	7,250.65	9,160.20
	(d) Other expenses	859.12	688.99	529.90	2,349.92	1,913.54	2,708.11
	Total expenses (a+b+c+d)	**7,723.31**	**7,262.42**	**7,417.00**	**22,676.15**	**26,539.13**	**34,572.99**
3	Profit/(Loss) from operations before other income, finance cost and exceptional items (1-2)	(1,288.54)	(923.66)	(545.58)	(3,564.63)	(2,941.81)	(3,702.66)
4	Other Income	115.64	2.11	114.52	206.58	176.58	170.09
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	(1,172.90)	(921.55)	(431.06)	(3,358.05)	(2,765.23)	(3,532.57)
6	Finance costs	7,167.33	8,021.70	8,350.92	23,102.30	26,968.38	34,322.01
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(8,340.23)	(8,943.25)	(8,781.98)	(26,460.35)	(29,733.61)	(37,854.58)
8	Exceptional Items	1,124.33	888.13	362.05	2,409.22	2,280.72	22,303.68
9	Prior Period Adjustments	36.12	24.02	104.15	65.99	(28.10)	(102.89)
10	Profit/(Loss)from ordinary activities before tax (7-8-9)	(9,500.68)	(9,855.40)	(9,248.18)	(28,935.55)	(31,986.23)	(60,055.37)
11	Tax expense	-	-	14.06	-	14.06	319.88
12	Net Profit/(Loss) from ordinary activities after tax (10-11)	(9,500.68)	(9,855.40)	(9,262.24)	(28,935.55)	(32,000.29)	(60,375.25)
13	Minority Interest	-	-	-	-	-	-
14	Extraordinary Item (net of tax expenses)	-	-	-	-	-	-
15	Net profit/Loss) for the period (12-13-14)	(9,500.68)	(9,855.40)	(9,262.24)	(28,935.55)	(32,000.29)	(60,375.25)
16	**Paid-up equity share capital (Face value per share Rs. 2/-)**	3,123.59	3,123.59	3,123.59	3,123.59	3,123.59	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	(6.08)	(6.31)	(6.24)	(18.53)	(23.32)	(42.54)
	- Diluted	(6.08)	(6.31)	(6.24)	(18.53)	(23.32)	(42.54)

Arshiya Limited

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UNAUDITED CONSOLIDATED SEGMENTWISE REPORT FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

(Rs. In Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
1	**Segment Revenue**						
	FTWZ/ICD	2,842.09	2,761.27	2,756.49	8,297.78	8,318.08	11,111.78
	Rail Transport Operations	3,592.68	3,577.49	4,114.93	10,813.74	15,279.24	19,758.55
	TOTAL	**6,434.77**	**6,338.76**	**6,871.42**	**19,111.52**	**23,597.32**	**30,870.33**
2	**Segment Results**						
	Profit Before Tax and Interest						
	FTWZ/ICD	541.52	553.61	188.37	1,643.99	(695.26)	3,551.43
	Rail Transport Operations	(1,010.42)	(780.06)	(617.14)	(2,885.35)	(2,062.87)	(2,711.01)
	Unallocated	(704.00)	(695.10)	(2.29)	(2,116.69)	(7.10)	(4,372.99)
	TOTAL	**(1,172.90)**	**(921.55)**	**(431.06)**	**(3,358.05)**	**(2,765.23)**	**(3,532.57)**
	Less: Interest Expenses (Net)	7,167.33	8,021.70	8,350.92	23,102.30	26,968.38	34,322.01
	Profit Before Tax, Exceptional items and Prior Period Items	**(8,340.23)**	**(8,943.25)**	**(8,781.98)**	**(26,460.35)**	**(29,733.61)**	**(37,854.58)**
3	**Segment Assets**						
	FTWZ/ICD	2,02,540.26	2,03,132.55	2,06,368.81	2,02,540.26	2,06,368.81	2,05,054.15
	Rail Transport Operations	57,810.71	58,565.03	64,398.28	57,810.71	64,398.28	60,237.18
	Unallocated	2,13,081.64	2,13,589.13	2,43,033.62	2,13,081.64	2,43,033.62	2,15,192.19
	Inter Segmental Elimination	(1,35,679.94)	(1,35,425.33)	(1,44,899.08)	(1,35,679.94)	(1,44,899.08)	(1,37,352.98)
	TOTAL	**3,37,752.67**	**3,39,861.38**	**3,68,901.63**	**3,37,752.67**	**3,68,901.63**	**3,43,130.54**
4	**Segment Liabilities**						
	FTWZ/ICD	56,726.92	54,594.32	37,106.54	56,726.92	37,106.54	50,063.18
	Rail Transport Operations	26,175.58	25,013.80	15,308.73	26,175.58	15,308.73	23,045.61
	Unallocated	77,170.08	73,831.70	45,262.17	77,170.08	45,262.17	66,648.37
	Inter Segmental Elimination	(7,923.50)	(8,861.59)	(19,985.87)	(7,923.50)	(19,985.87)	(11,566.84)
	TOTAL	**1,52,149.08**	**1,44,578.23**	**77,691.57**	**1,52,149.08**	**77,691.57**	**1,28,190.32**
5	**Capital Employed**						
	FTWZ/ICD	1,45,813.34	1,48,538.23	1,69,262.27	1,45,813.34	1,69,262.27	1,54,990.97
	Rail Transport Operations	31,635.13	33,551.23	49,089.55	31,635.13	49,089.55	37,191.57
	Unallocated	1,35,911.56	1,39,757.43	1,97,771.45	1,35,911.56	1,97,771.45	1,48,543.82
	Inter Segmental Elimination	(1,27,756.44)	(1,26,563.74)	(1,24,913.21)	(1,27,756.44)	(1,24,913.21)	(1,25,786.14)
	TOTAL	**1,85,603.59**	**1,95,283.15**	**2,91,210.06**	**1,85,603.59**	**2,91,210.06**	**2,14,940.22**

Arshiya Limited

Arshiya Limited

CIN: L93000MH1981PLC024747

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 quarter and nine months ended 31st December, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors on 8th February, 2017.

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 and nine months ended 31st December, 2016.

3.1 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 31st December, 2016 estimated at Rs.18,112.94 lakh (including Rs.1,582.97 lakh 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.18,112.94 lakh. If the Group provides for this interest in the current quarter, the Loss before tax for the quarter would have been higher by Rs.18,112.94 lakh. 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.

Arshiya Limited

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.1,51,240.22 lakh 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.25,589.35 lakh (including Rs.5,917.33 lakh 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 31st December, 2016) estimated at Rs.12,707.03 lakh (including Rs.1,373.56 lakh for the current quarter) as on 31st December, 2016.

The total interest on such assigned loans which is yet to be provided is Rs.38,296.38 lakh. If the Group provides for this interest in the current quarter, the Loss before tax for the quarter would have been higher by Rs.38,296.38 lakh.

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 3.2.1(ii) and 3.2.1(iii) in the period in which it is completed.

3.2.2 A Bank had assigned its loan to ARC aggregating to Rs.8,692,69 lakh on the same terms and conditions of the original financing documents. The ARC and the Holding Company have filed consent 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.1,693.32 lakh (including Rs.332.70 lakh 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.1,693.32 lakh.

3.3 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

Arshiya Limited

Holding Company has not provided for interest of Rs. 417.55 lakh (including Rs. 199.46 lakh for the current quarter) from the date of Consent Terms. Had the Holding Company provided for interest, the loss before tax for the quarter would have been higher by Rs. 417.55 lakh.

3.4 In addition to the above, the Holding Company has not been able to repay dues to a Financial Institution amounting to Rs. 14,727.87 lakh (including interest of Rs. 7,827.87 lakh).

3.5 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.607.24 lakh, creditors for capital expenditure of Rs.8,817.19 lakh and statutory dues remaining unpaid to the extent of Rs.3,472.70 lakh.

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

- expanding the business volumes by changing product mix,
- entering into long term business agreements with leading global shipping lines,
- increasing client base by inducting more Fortune 500 companies,
- further improvement of the Inland Container Depot (ICD) operations at Khurja,
- obtaining clarity and resolution of the regulatory issues,
- 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 Group to improve its net worth and ability to generate cash flows to discharge the debts/liabilities in future.

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

Arshiya Limited

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 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.

5. The Holding Company had applied for waiver of recovery of excess remuneration of Rs. 83.52 lakh 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 quarter ended 30th June, 2016 by crediting the same to Excess Remuneration to the Whole Time Director recovered as exceptional item. The net amount recoverable from said director is Rs. 42.10 lakh.

6. The Holding company had borrowed a loan in 2012, against which 21,35,000 shares of the Holding Company held by one of the Promoter Directors was given as security by way of pledge. The lender invoked the pledge in 2013 and subsequently sold these shares in the market to recover the loan given to the Holding Company. The Promoter Director suffered a loss on account of the invocation and sale of the shares which is being claimed from the Holding Company. During the quarter, the Holding Company has obtained a legal opinion and has been advised to provide for the compensation payable of Rs. 659.30 lakh and the same has been approved by the Board of Directors. The "compensation" represents the difference between the market price of pledged equity shares (as on the date of invocation of the pledge) and the loan amount due to the lender by the Holding Company. The same has been disclosed as an "Exceptional Item" in the Statement. The legal opinion also confirms that this compensation cannot be considered as Managerial Remuneration.

Arshiya Limited