CHATURVEDI & SHAH LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF

ARSHIYA LIMITED

Report on the audit of the Standalone Financial Results

Qualified Opinion

We have audited the accompanying standalone quarterly financial results of **Arshiya Limited** ("the Company") for the quarter ended 31st March, 2022 and the year to date results for the period from 1st April, 2021 to 31st March, 2022 ("the statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us except for the effects of matter described in the *Basis of qualified opinion*, these standalone financial results:

i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit/loss and other comprehensive income and other financial information for the quarter ended 31st March, 2022 and the year to date results for the period from 1st April, 2021 to 31st March, 2022.

Basis for Qualified Opinion

i. We draw attention to the Note no. 6 of the statement, during the current quarter ended 31st March 2022, the Company received settlement of debt letter from Edelweiss Assets Reconstruction Company Limited ("EARC"). The settlement of debts would have become effective upon due completion of all conditions precedent to the satisfaction of EARC as mentioned in the settlement letter which were only partially achieved. However, the Company has given accounting effects of settlement letter in the standalone financial statements for the year ended 31st March 2022. Had the accounting effects of settlement letter not considered in the books of accounts of the Company, borrowing, finance cost, exceptional items, net profit/(loss) for the year, other equity and EPS for the year ended 31st March 2022 would have been Rs. 814,10.59 Lakh, Rs. 186,58.05 Lakh, Rs. 5,45.70 Lakh, Rs. (165,52.82) Lakh, Rs. 257,45.22 Lakh, Rs. (6.31) respectively, as against the reported figure of Rs. 598,43.54 Lakh, Rs. 86,46.77 Lakh, Rs. 472,44.27 Lakh, Rs. 401,57.04 Lakh, Rs. 859,55.28 Lakh, Rs. 15.31 respectively.

ii. *We draw attention to the Note no. 7 of the statement, during the course of preparation of standalone financial statements for the year ended 31st March 2022, e-mails have been sent to lenders by the Company with a request to confirm their balances directly to us. As at 31st March 2022, direct balance confirmations of total borrowings including interest accrued (including current maturities and current borrowings), aggregating to Rs. 651,89.29 Lakh have not been received. We are unable to obtain sufficient appropriate audit evidence about these borrowings (including interest) outstanding as at 31st March 2022. Consequently, we are unable to determine whether any adjustment to these amounts are necessary and consequential impacts on the standalone financial statements of the Company.*

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern:-

We draw attention to the Note no. 8 of the statement, the Company is unable to pay it's dues to operational and financial creditors, the Company has defaulted in repayment of dues to lenders and lenders has started recovery proceeding, the Company has given guarantees for loan taken by the subsidiary out of which guarantees are invoked by lenders, some of the lenders have even called back their loans, lenders have classified Company's borrowing as NPA, current liabilities exceeded its current assets of the Company, operational and financial creditors have applied before NCLT under Insolvency and Bankruptcy Code, 2016. The Company also received notice under SARFAESI from EARC, for certain borrowings, to discharge it's liabilities failing which they will realize the amount by enforcing securities on secured assets. These matters including other matters as set out in the notes indicate that a material uncertainty exists that may cast significant doubt about its ability to continue as a going concern. The management's plans as a developer of the business indicate that monetization will happen periodically, and staggered but significant payments will be received to streamline the cash flows. These along with other developments in the sector are detailed in the notes. The said assumption of going concern is dependent upon Company's plan to monetize its assets in timely manner and generate cash flows to meet its obligations. Our opinion is not modified in respect of the said matter.

Emphasis of Matters

i. We draw attention to Note no. 5 (i) to the statement, regarding accounting of the scheme from the appointed date being 1st April 2019 as approved by the National Company Law Tribunal, though the Scheme has become effective on 2nd February, 2022 and restatement of comparatives for the previous periods / years by the management of the Company.

ii. We draw attention to Note no. 5 (ii) to the statement, one of the lenders of the Company, had preferred an appeal in "Hon'able National Company Law Appellate Tribunal", ("NCLAT"), against the order of Hon'able National Company Law Tribunal, Mumbai sanctioning the Scheme of Arrangement between the Company and Arshiya Rail Infrastructure Limited. NCLAT ordered to maintain the status quo prevailing as on that date, vide it's order dated 4th March 2022. According to the legal opinion obtained by the Company and in view of the Management, it can prepare the financial statements of the Company as per sanctioned scheme of arrangement.

iii. We draw attention to the Note no. 9 to the statement, regarding invocation of corporate guarantee by the Company to lenders of Arshiya Northern FTWZ Limited (ANFTWZ). The Company carried out the fair valuation of above guarantee through an independent Chartered Accountants firm and as per their report the value of assets in favor of lenders of ANFTWZ is higher than the total liabilities to them. Accordingly, no provision against the claims under the invoked corporate guarantee is considered necessary by management.

iv. We draw attention to the Note no. 10 to the statement, regarding Company's non-current investment in Arshiya Northern FTWZ Limited (ANFTWZ) and its loans dues amounting to Rs. 453,22.25 Lakh and Rs. 147,05.56 Lakh, respectively. The operations of ANFTWZ are dependent on business plans and various steps taken by the management. Based on this and other factors stated in aforesaid note, management has considered that no adjustment, at this stage, are required to be made to the carrying value of investment and receivables as at 31st March, 2022.

v. We draw attention to the Note no. 11 of the statement, pending execution of restructuring agreement for assignment of its debt to Edelweiss Asset Reconstruction Company (EARC), the Company has continued to provide interest for the quarter and year 31st March, 2022 in line with major terms negotiated with EARC in case of other agreements. In view of the management, no penal interest needs to be provided for the above said debt presently.

vi. We draw attention to the Note no. 12 of the statement, regarding the balance confirmations of trade receivables and trade payables. During the course of preparation of standalone financial statements, e-mails/letters have been sent to various parties by the Company with a request to confirm their balances directly to us out of which only few parties have responded. The management is confident and is of the view that there will not be any material variation in the said balances.

vii. We draw attention to Note no. 13 of the statement regarding recoverability of trade receivables amounting to Rs. 429.25 Lakh as at 31st March 2022 from one of the customer. The Management is of the view that the said amounts are considered to be good and fully recoverable as on 31st March, 2022, and accordingly, no provision is required to be made in view of the reasons stated in the aforesaid note.

Our opinion on the statement is not modified in respect of these matters.

Management's Responsibilities for the Standalone Financial Results

The Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the standalone financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Continuation sheet...

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We report that the figures for the quarter ended 31st March, 2022 and 2021 represent the derived figures between the audited figures in respect of the financial year ended 31st March, 2022 and 2021 and the restated year-to-date figures up to 31st December, 2021 and 2020 being the date of the end of the third quarter of the respective financial year. Our opinion is not modified in respect of this matter.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration Number: 101720W/W100355

Vijay Napawaliya
Partner
Membership Number: 109859

UDIN: 22109859AJXMNV5865

Place: Mumbai
Date: 30th May 2022

Arshiya Limited

CIN: L93000MH1981PLC024747
Registered Office: 205 & 206 (Part), 2nd Floor, Ceejay House, Shiv Sagar Estate, F-Block,
Dr. Annie Besant Road, Worli, Mumbai- 400 018
Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2022

(Rs. in Lakhs)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		(Refer note no. 17)	(Unaudited)	(Refer note no. 17)	(Audited)	(Audited & Refer note no.16)
1	**Income**					
	(a) Revenue from operations	1,840.33	1,195.98	2,152.59	6,193.34	6,632.39
	(b) Other Income	239.97	197.37	168.92	818.96	1,094.85
	Total Income (a+b)	**2,080.30**	**1,393.35**	**2,321.51**	**7,012.30**	**7,727.24**
2	**Expenses**					
	(a) Employee benefits expense	361.29	288.02	223.30	1,299.13	961.13
	(b) Finance costs	(3,985.59)	4,328.84	3,782.62	8,646.77	14,812.38
	(c) Depreciation and amortization expense	255.02	280.50	262.30	1,032.54	1,289.67
	(d) Other expenses	2,560.97	187.42	1,038.92	3,121.09	1,520.17
	Total Expenses (a to d)	**(808.31)**	**5,084.78**	**5,307.14**	**14,099.53**	**18,583.35**
3	**Profit/(Loss) before exceptional items and Tax (1-2)**	**2,888.61**	**(3,691.43)**	**(2,985.63)**	**(7,087.23)**	**(10,856.11)**
4	Exceptional Items (Net) (Refer note no.6 & 15)	(47,244.27)	-	-	(47,244.27)	-
5	**Profit/(Loss) before tax (3-4)**	**50,132.88**	**(3,691.43)**	**(2,985.63)**	**40,157.04**	**(10,856.11)**
6	Tax expense	-	-	-	-	-
7	**Net profit/(Loss) after Tax (5-6)**	**50,132.88**	**(3,691.43)**	**(2,985.63)**	**40,157.04**	**(10,856.11)**
8	**Other Comprehensive Income**					
	Items that will not be reclassified to profit and loss:					
	Remeasurement of net defined benefit plan	(1.91)	(1.58)	(4.40)	(6.65)	1.93
7	**Total Comprehensive Income**	**50,130.97**	**(3,693.01)**	**(2,990.03)**	**40,150.39**	**(10,854.18)**
8	**Paid-up equity share capital (Face value per share Rs. 2/-)**	**5,245.52**	**5,245.52**	**5,245.52**	**5,245.52**	**5,245.52**
9	**Other Equity excluding Revaluation reserve**				**85,955.28**	**45,457.23**
10	**Earnings Per Equity Share (EPS) in Rs.**					
	- Basic	19.11*	(1.41)*	(1.15)*	15.31	(4.20)
	- Diluted	19.11*	(1.41)*	(1.15)*	15.31	(4.20)
	(*not annualised)					

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

ARSHIYA LIMITED MUMBAI

Arshiya Limited

CIN: L93000MH1981PLC024747

Registered Office: 205 & 206 (Part), 2nd Floor, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018

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

AUDITED STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2022

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31.03.2022	As at 31.03.2021
I	**ASSETS**		
	Non-Current Assets		
	(a) Property, Plant and Equipment	61,491.60	62,145.50
	(b) Right of use assets	612.56	168.07
	(c) Intangible Assets	91.65	308.79
	(d) Intangible Assets Under Development	-	60.00
	(e) Financial Assets		
	(i) Investments	50,906.36	50,157.18
	(ii) Loans	4,380.56	2,173.47
	(iii) Other Financial Assets	96.09	48.94
	(f) Other Non-Current Assets	210.44	389.91
		1,17,789.26	**1,15,451.86**
	Current assets		
	(a) Inventories	12,537.34	12,537.34
	(b) Financial Assets		
	(i) Trade Receivables	13,555.59	24,631.32
	(ii) Cash and Cash Equivalents	20.29	38.04
	(iii) Bank Balances Other than (ii) above	15.03	15.03
	(iv) Loans	20,273.68	20,469.30
	(v) Other Financial Assets	4,709.53	4,165.88
	(c) Other Current Assets	2,057.09	2,245.36
		53,168.55	**64,102.27**
	(d) Assets held for sale (Refer note no. 3)	5.00	1,145.89
	Total Assets	**1,70,962.81**	**1,80,700.02**
II	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share Capital	5,245.52	5,245.52
	(b) Other Equity	85,955.28	45,457.23
		91,200.80	**50,702.75**
	Liabilities		
	Non Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	18,382.88	40,378.55
	(ii) Lease Liabilities	496.70	130.74
	(iii) Other Financial Liabilities	168.29	422.99
	(b) Provisions	81.57	69.87
		19,129.44	**41,002.15**
	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	41,460.66	48,184.71
	(ii) Trade Payables		
	Micro and Small Enterprises	269.95	148.64
	Others	1,099.02	1,152.97
	(iii) Lease Liabilities	165.91	46.80
	(iv) Other Financial Liabilities	12,595.04	34,423.13
	(b) Other Current Liabilities	5,035.17	5,033.76
	(c) Provisions	6.82	5.11
		60,632.57	**88,995.12**
	Total Equity and Liabilities	**1,70,962.81**	**1,80,700.02**

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AUDITED STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. in Lakh)

Particulars		Year Ended 31st March, 2022	Year Ended 31st March, 2021
Cash flow from operating activities			
Profit/(Loss) before tax		**40,157.04**	**(10,856.11)**
Adjustments for			
Sundry balances written back (net)		(4.50)	989.81
Discarding/written off of Capital Work in progress, Property, plant and equipment and Intangible assets		60.00	-
Profit on disposal of Property, plant and equipment (net)		-	(0.17)
Bad debts		1,481.04	-
Provision for doubtful debts/Expected credit loss		28.58	8.50
Gain on settlement on debts (net)		(47,244.27)	-
Depreciation and amortization expense		1,032.54	1,289.67
Finance costs		8,646.77	14,812.38
Unwinding interest income on loan to subsidiaries		(261.15)	(232.87)
Interest income on fixed deposits		-	(1.02)
Interest income on others		(50.23)	(2.72)
Interest income on tax refund		(17.70)	(30.96)
Gain on derecognised of Liability Component of Compound Financial Instruments (OCRPS)		-	(16.13)
Financial guarantees income		(458.86)	(554.42)
Financial assets carried at amortised cost		(1.57)	-
Gain on derecognised of Financial guarantee income		-	(18.97)
Loss on disposal of investment in subsidiary		1,040.89	-
Gain on Lease modification		-	(4.66)
Share based payment		86.92	107.67
Foreign exchange difference (net)		14.55	(3.67)
Operating profit before working capital changes		**4,510.05**	**5,486.33**
Adjustments for			
(Increase) in financial and other assets		8,407.39	(3,148.86)
(Decrease) in financial and other liabilities		(402.82)	802.73
Cash generated from operations		**12,514.62**	**3,140.20**
Direct taxes paid (net of refunds)		197.17	265.33
Net cash flow from operating activities	(A)	**12,711.79**	**3,405.53**
Cash flow from investing activities			
Purchase of property, plant and equipments		(59.55)	(24.53)
Proceeds from sale of property, plant and equipment		-	0.51
Investment made in equity shares		-	(1.00)
Sale of Investment in subsidiaries		101.00	-
Loans given to subsidiaries & related party (net)		(3,247.99)	(2,904.56)
Interest income on fixed deposits		-	2.14
Net cash flow from investing activities	(B)	**(3,206.54)**	**(2,927.44)**
Cash flow from financing activities			
Issue of Equity shares		-	34.00
Repayment of non-current borrowings		(2.40)	(1.60)
Short-term borrowings (Net)		(5,137.67)	905.06
Lease liability paid		(101.57)	(36.11)
Interest paid		(4,281.36)	(1,351.07)
Net cash flow from financing activities	(C)	**(9,523.00)**	**(449.72)**
Net (Decrease) in cash and cash equivalents (A+B+C)		**(17.75)**	**28.37**
Cash and cash equivalents at the beginning of the year		38.04	9.67
Cash and cash equivalents at the end of the year		**20.29**	**38.04**

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ARSHIYA LIMITED MUMBAI

Notes to Audited Standalone Financial Results: -

1. The Audit Committee has reviewed the results and the Board of Directors has approved these results for the quarter and year ended 31st March 2022 and its release in the meeting held on 30th May, 2022.

2. During the quarter and year ended 31st March 2022, the Company has sold it's investment in 100% shares of Anomalous Infra Private Limited (AIPL) which owns a 3.25 Lakh square feet warehouse at the Arshiya Free Trade Warehousing Zone, Panvel to Ascendas Property Fund Trustee Pte. Limited ("Acendas"), this operational warehouse is the seventh warehouse acquired by APFI from Arshiya group. It comprises, *inter alia*, additional deferred consideration of up to Rs. 2,122.60 Lakh to be paid over the next four years, subject to the achievement of certain performance milestones as per transaction documents.

   Similar to the previous arrangement for the six acquired warehouses by APFI, this newly acquired seventh warehouse is also operated by a step-down subsidiary of the Company for a period of six years which will continue to give the Company a spread on lease revenue as well as additional Value-added services (VAS) income over and above the payout received by the above monetisation.

3. The Company has entered into Share Purchase Agreement with Acendas for sale of entire equity shares in Arshiya Northern Projects Private Limited (ANPPL) upon fulfilment of certain conditions precedent and is subject to various approvals. Hence, investment in ANPPL has been considered as Investment held for sale and discontinued operation as per Ind AS 105 "Non-Current Assets Held for Sale and Discontinued Operations".

4. Post demerger, the Company's activities during the period / year revolve around "Developing and Operating Free Trade & Warehousing Zone (FTWZ) and Special Economic Zone (SEZ)" within "India". Considering the nature of the Company's business and operations, as well as, based on reviews of operating results by the chief operating decision maker there is only one reportable segment in accordance with the requirement of Ind AS 108 "Operating Segment" prescribed under Companies (Indian Accounting Standards) Rules 2015.

5. (i) During the quarter ended 31st March 2022, Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) has approved the Scheme of Arrangement (Scheme) vide it's order dated 21st January 2022. The Scheme became effective from 2nd February 2022. The Appointed date of the said scheme is 1st April 2019. Pursuant to Scheme:

   a) Domestic Business of the Company comprising of 43.23 acres of land situated at Khurja and other assets and liabilities pertaining to domestic business has been demerged from the Company into the Resulting company i.e. Arshiya Rail Infrastructure Limited ("ARIL"). All assets and liabilities of the demerged undertakings have been derecognised at their respective carrying values and the net differential amount of Rs. 7,561.85 lakh is adjusted against the retained earnings.

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ARSHIYA LIMITED MUMBAI

b) Investments and inter-company balances held in ARIL by the Company stand cancelled and adjusted in retained earnings.

c) ARIL ceased to be subsidiary of the Company.

d) The Scheme is accounted for as per the accounting treatment approved by the NCLT read with applicable accounting standards prescribed under section 133 of the Companies Act, 2013.

e) Accumulated balances in retained earnings as on the appointed date are utilised against the securities premium account of the Company, resulting in retained earnings reduced to NIL as on the appointed date.

f) Upon the scheme becoming effective and in consideration of the demerger, for every 2 (two) fully paid-up equity shares of the Company, the Resulting Company shall issue and allot to each member of the Company as on the record date i.e. 4th March 2022, 1 (one) fully paid-up equity share of the Rs. 2/- each of the Resulting Company (ARIL). These equity shares of ARIL are proposed to be listed, on the stock exchanges where the equity shares of the Company are listed, on receipt of regulatory approvals.

The auditors have referred to the accounting treatment of the scheme as on the appointed date i.e. 1st April, 2019 as an emphasis of matter paragraph in their audit report

(ii) Post NCLT order dated 21st January,2022, one of the lenders has appealed against the said order at the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pursuant to an order dated 4th March 2022, NCLAT has ordered to maintain *'status quo'* in the matter and hence the matter is now *'sub - judice'*. The Company has appealed for setting aside the said order of 4th March 2022 and requested the NCLAT to allow the Company to complete the formalities such as allotment procedures of the demerger and listing of the shares of the Resulting Company. As the scheme is in the interest of stakeholders of both the companies, the Company shall be pursuing the appeal. Based on the legal opinion obtained, the Company has continued to prepare the financial statements for the year ended 31st March 2022 after giving accounting effects of the scheme as per the NCLT order. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

6. During the quarter ended 31st March 2022, the Company has received Settlement of Debt letter (settlement) dated 4th March 2022 from Edelweiss Assets Reconstruction Company Limited (EARC) with Cut-off date as on 30th September 2021. EARC has settled its existing dues at Rs. 38,510.00 Lakh as the Settlement Amount. The Company has partially complied with conditions precedent of the settlement. The Company is in discussion with EARC for pending compliances of the conditions precedent, further, there is no communication about revocation of settlement from EARC.

In view of the above, accounting treatment of the settlement has been continued to be given in the books during the quarter ended 31st March 2022. The Company has recorded the gain on settlement as an exceptional item of Rs. 46,698.57 Lakh (comprising of principal of Rs. 21,567.05 Lakh and interest of Rs. 25,131.52 Lakh).

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Further interest expenses accounted in the books till 31st December 2021 has been reversed during the current quarter ended 31st March 2022. Accordingly, interest expenses of current year ended 31st March 2022 has been recorded after giving impact of settlement, hence interest expenses during the quarter ended 31st March 2022 is post net off reversal. The Auditors have qualified their opinion in respect of this matter in their audit report.

7. The Company has requested all its lenders for independent confirmation of their outstanding as on 31st March 2022 with a request to confirm their balances directly to the statutory auditors. The Company is confident that there will not be significant changes in its liabilities. The Auditors have qualified their opinion in respect of this matter in their audit report.

8. The management believes that Government's focus on logistics infrastructure sector, which is currently one of the fastest growing sector, will help the company to expand its business. The recent amendments in the SEZ policy, will enable the Company to offer additional value propositions to its clients. These macro factors coupled with other economic benefits will improve the Company's ability to expand the client base multi-fold. Further the company has appointed a global consulting firm for business development of its FTWZ business. This will improve the company's ability for global outreach to increase its customer base.

The Company is also working with all its lenders on re-alignment of existing debt of the Company. The Company has received letters for Settlement of Debt from all major lenders to reduce debt at sustainable level. Hence the Company is optimistic that the proposed re-alignment of debt with Lenders will improve overall cash flows of the Company.

The management's plan as a developer of the business indicate that asset light business model through monetization will help the company to improve cashflow of the company. Monetisation will happen periodically and staggered manner, but significant payments will be received to streamline the cash flows.

Forward sale and lease-back arrangement with Ascendas will provide capital cushion for future growth. Ascendas provided an attractive valuation for warehouses in past and on similar lines, it is expected for future warehouses.

Further, India is witnessing a rapid growth in internet penetration and telecommunication technology. The expansion of the consumer base is complemented by the Government's drive to digitalise the economy, all of which is propelling the demand for data centres in India. This has enhanced the Company's capabilities to expand its business into data centre and related infrastructure. The Company has received the requisite approval from the concerned authority for the development of an additional sector i.e. Electronic Hardware and Software (including IT/ITES) at its existing facility at Panvel.

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In addition to the above, various resource optimization initiatives undertaken by the Company, can lead to stabilization and revival. Therefore, the Company continues to prepare the financial results on Going Concern basis.

9. The Company had issued a corporate guarantee of Rs. 40,700.44 Lakh to the lenders of Arshiya Northern FTWZ Limited ("ANFL") a subsidiary Company. This guarantee has been invoked by the lenders since ANFL had defaulted in servicing its borrowings towards principal and interest. The Company has carried out a fair valuation of this corporate guarantee through an independent chartered accountant firm and as per their report the value of security created in favour of the lender is higher than the total liability towards the borrowing. Accordingly, no provision is required towards the guarantee so invoked. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

10. Based on Arshiya Northern FTWZ Limited's (ANFL, a subsidiary of the Company), debt restructuring, business development efforts, revival plans with cost optimisation and, the in-principle term sheet signed with Ascendas for monetisation of one warehouse, an assessment was carried out by the management of the Company and no provision for impairment on it's investment in ANFL and loan to ANFL is considered necessary as on 31st March 2022. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

11. One of the Public Financial Institution (PFI) and one of the Non-Banking Financial Company (NBFC) which were lenders, have assigned their debts to EARC. The Company continues to provide normal interest in line with major terms negotiated with EARC until the finalisation of the restructuring agreement. Upon finalization of the terms of restructuring with EARC, the Company shall record the effect of the revised terms as to the repayment of principal and interest (including penal interest) in the period in which it is completed. With respect to these borrowings, EARC has issued SARFAESI Notice for recovery of dues. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

    Subsequent to the year ended 31st March 2022, with respect to borrowing from PFI, under SARFAESI process, EARC has identified buyers for sale of security exclusively charged under said loan. Details of the transaction are awaited from EARC. Upon receipt of details the Company will give necessary impact in the books of account.

12. During the course of preparation of standalone financial statements, e-mails have been sent to various parties, in respect of trade receivables and trade payables, etc. by the company with a request to confirm their balances out of which only few parties have responded, accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

13. Trade receivable includes amount aggregating to Rs. 429.25 Lakh from one of the Customer of the Company who have warehoused imported goods. The said Customer has been doing business in Panvel FTWZ since more than five years and have cleared all their dues though there are some delays in payment. The management is confident

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that the outstanding balance is fully recoverable. Further in the event of any default, the Company will be entitled to lien on their goods stored in FTWZ warehouses, as per terms of agreements. In view of the same, the Company has not made any provision in the books. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

14. Two lenders of a subsidiary company i.e. ANFL have filed petition for recovery of dues at NCLT under Insolvency and Bankruptcy Code, 2016. ANFL is under discussion with its consortium lenders for resolution of debt for all lenders. A lender of ANFL has also called upon the Company as a corporate guarantor to the said loan. Certain operational creditors of the Company have also filed petitions at NCLT under Insolvency and Bankruptcy Code, 2016. Currently the matters are pending at pre-admission stage.

15. Exceptional items represent net gain on settlement of debts.

16. The financial statements / results of the Company for the period from 1st April, 2019 upto 31st March 2021 have been restated and approved by the Board of Directors to give impact of the aforesaid NCLT order for Scheme of arrangement as mentioned above. Accordingly, comparative figures for earlier periods / years are given based on restated financial statements / results.

17. The figures of the corresponding previous period / year have been rearranged / regrouped / restated by the management in view of the Schemes as detailed in above note. The figures for the quarter ended 31st March 2021 and 2022 are the balancing figures between audited figures of the full financial year and restated year to date figures upto the third quarter of respective financial year.

For and on behalf of Board of Directors of Arshiya Limited

Ajay S Mittal
Chairman & Managing Director
DIN No.: 00226355

ARSHIYA LIMITED MUMBAI

Place: Mumbai
Date: 30th May, 2022

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ARSHIYA LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lakhs)

	Sl. No.	Particulars	Audited Figures as of Mar-2022 (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
I.	1.	Turnover / Total income	7,012.30	7,012.30
	2.	Total Expenditure (net of exceptional item)	33,144.74	(23,565.12)
	3.	Net Profit/(Loss) after Tax	40,157.04	(16,552.82)
	4.	Earnings Per Share (in Rupees per share)	15.31	(6.31)
	5.	Total Assets	1,70,962.81	1,70,962.81
	6.	Total Liabilities	79,762.01	1,39,972.07
	7.	Net Worth	91,200.80	30,990.74
	8.	Any other financial item(s) (as felt appropriate by the management)		

II. **Audit Qualification (each audit qualification separately):**

1. **Details of Audit Qualification**

The Note no. 6 of the statement, during the current quarter ended 31st March 2022, the Company received settlement of debt letter from Edelweiss Assets Reconstruction Company Limited ("EARC"). The settlement of debts would have become effective upon due completion of all conditions precedent to the satisfaction of EARC as mentioned in the settlement letter which were only partially achieved. However, the Company has given accounting effects of settlement letter in the standalone financial statements for the year ended 31st March 2022. Had the accounting effects of settlement letter not considered in the books of accounts of the Company, borrowing, finance cost, exceptional items, net profit/(loss) for the year, other equity and EPS for the year ended 31st March 2022 would have been Rs. 814,10.59 Lakh, Rs. 186,58.05 Lakh, Rs. 5,45.70 Lakh, Rs. (165,52.82) Lakh, Rs. 257,45.22 Lakh, Rs. (6.31) respectively, as against the reported figure of Rs. 598,43.54 Lakh, Rs. 86,46.77 Lakh, Rs. 472,44.27 Lakh, Rs. 401,57.04 Lakh, Rs. 859,55.28 Lakh, Rs. 15.31 respectively.

b. **Type of Audit Qualification :** Qualified Opinion ~~/ Disclaimer of Opinion / Adverse Opinion~~

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	c. **Frequency of qualification:** ~~Whether~~ appeared first time / ~~repetitive~~ / ~~since how long continuing~~
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** The Company has partially complied with condition precedent of Settlement of Debt. The management of the Company is in discussion with EARC for pending compliances of conditions precedent, further, there is no communication about revocation of settlement of debt from EARC.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) **Management's estimation on the impact of audit qualification: NA**
	(ii) **If management is unable to estimate the impact, reasons for the same: NA**
	(iii) **Auditors' Comments on (i) or (ii) above: NA**
2.	**Audit Qualification (each audit qualification separately):**
	Details of Audit Qualification We draw attention to the Note no. 7 of the statement, during the course of preparation of standalone financial statements for the year ended 31st March 2022, e-mails have been sent to lenders by the Company with a request to confirm their balances directly to us. As at 31st March 2022, direct balance confirmations of total borrowings including interest accrued (including current maturities and current borrowings), aggregating to Rs. 65,189.29 Lakh have not been received. We are unable to obtain sufficient appropriate audit evidence about these borrowings (including interest) outstanding as at 31st March 2022. Consequently, we are unable to determine whether any adjustment to these amounts are necessary and consequential impacts on the standalone financial statements of the Company.
	b. **Type of Audit Qualification :** Qualified Opinion / ~~Disclaimer of Opinion / Adverse Opinion~~
	c. **Frequency of qualification:** ~~Whether~~ appeared first time / ~~repetitive~~ / ~~since how long continuing~~
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** The management of the Company is in process of arranging balance confirmation. The Company is confident that there will not be significant changes in its liabilities.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) **Management's estimation on the impact of audit qualification: NA**
	(ii) **If management is unable to estimate the impact, reasons for the same: NA**
	(iii) **Auditors' Comments on (i) or (ii) above: NA**

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III.	**Signatories:**	
	Ajay S Mittal **Chairman & Managing Director** **DIN: 00226355**	
	Dinesh Kumar Sodani **Chief Financial Officer**	
	Ashishkumar Bairagra **Audit Committee Chairman**	
	Statutory Auditor Chaturvedi & Shah LLP Registration No. 101720W/W100355 Vijay Napawaliya Partner Membership No.: 109859	
Place: Mumbai		
Date: 30th May, 2022		

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF

ARSHIYA LIMITED

Report on the audit of Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Statement of Consolidated Financial Results of **Arshiya Limited** ("Holding company") and its subsidiaries (Holding company and its subsidiaries together referred to as "the Group") for the quarter ended 31st March, 2022 and for the period from 1st April, 2021 to 31st March, 2022 ("the Statement"), being submitted by the holding company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us except for the effects of matter described in the *Basis of qualified opinion*, and based on the consideration of the reports of the other auditors on separate financial statements / financial information of subsidiaries, the Statement:

a. includes the results of the entities as mentioned below;
   - Arshiya Lifestyle Limited
   - Arshiya Logistics Services Limited
   - Arshiya Northern Projects Private Limited
   - Arshiya Northern FTWZ Limited
   - Arshiya Technologies (India) Private Limited
   - Arshiya 3PL Services Private Limited
   - Anomalous Infra Private Limited (Till 28th March 2022)
   - Arshiya Infrastructure Developers Private Limited
   - Unrivalled Infrastructure Private Limited
   - Arshiya Panvel FTWZ Services Private Limited
   - Arshiya Panvel Logistics Services Private Limited
   - Arshiya Data Centre Private Limited
   - Arshiya Distribution Hub Private Limited

b. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and

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c. gives a true and fair view, in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of consolidated total comprehensive income comprising of net profit/loss and other comprehensive income and other financial information of the Group for the quarter ended 31st March, 2022 and for the period from 1st April, 2021 to 31st March, 2022.

Basis for Qualified Opinion

i. *We draw attention to the Note no. 6 of the statement, during the current quarter ended 31st March 2022, the Holding Company and one of the subsidiary company received settlement of debt letter of Edelweiss Assets Reconstruction Company Limited ("EARC"). The settlement of debts would have become effective upon due completion of all conditions precedent to the satisfaction of EARC as mentioned in the settlement letter which were only partially achieved. However, the Group has given accounting effects of settlement letter in the consolidated financial statements for the year ended 31st March 2022. Had the accounting effects of settlement letter not considered in the books of accounts of the respective Company, borrowing, finance cost, exceptional items, net profit/(loss) for the year, other equity and EPS for the year ended 31st March 2022 would have been Rs. 1046,65.73 Lakh, Rs. 282,00.94 Lakh, Rs. 545.70 Lakh, Rs. (173,05.77) Lakh, Rs. (386,77.74) Lakh, Rs. (6.88), respectively, as against the reported figure of Rs. 869,52.43 Lakh, Rs. 162,17.40 Lakh, Rs. 489,88.99 Lakh, Rs. 423,90.77 Lakh, Rs. 259,77.10 Lakh, Rs. 16.16 respectively.*

ii. *We draw attention to the Note no. 7 of the statement, during the course of preparation of consolidated financial statements for the year ended 31st March 2022, e-mails have been sent to lenders by the respective Company with a request to confirm their balances directly to us. As at 31st March 2022, direct balance confirmations of total borrowings including interest accrued (including current maturities and current borrowings), aggregating to Rs. 13,64,65.38 Lakh have not been received. We are unable to obtain sufficient appropriate audit evidence about these borrowing (including interest) outstanding as at 31st March 2022. Consequently, we are unable to determine whether any adjustment to these amounts are necessary and consequential impacts on the consolidated financial statements of the Group.*

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group and in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to the Going Concern

I. We draw attention to the Note no. 8.1 of the statement, the Holding Company is unable to pay its dues to operational and financial creditors, the Holding Company has defaulted in repayment of dues to lenders and lenders has started recovery proceeding, some of the lenders have even called back their loans, lenders have classified Holding Company's borrowing as NPA, current liabilities exceeded its current assets of the holding Company, operational and financial creditors has applied before NCLT under Insolvency and Bankruptcy Code, 2016. The Holding Company also received notice under SARFAESI from EARC, for certain borrowings, to discharge it's liabilities failing which they will realize the amount by enforcing securities on secured assets. These matters including others matters as set out in the notes indicate that a material uncertainty exists that may cast significant doubt about their ability to continue as a going concern. The management's plans as a developer of the business indicate that monetization will happen periodically and staggered but significant payments will be received to streamline the cash flows. These along with other developments in the sector are detailed in the notes. The said assumption of going concern is dependent upon Holding Company's plan to monetize its assets in timely manner and generate cash flows to meet its obligations.

II. We draw attention to the Note No. 8.2 of the statement, in respect of Arshiya Northern FTWZ Limited (ANFTWZ), a subsidiary company's networth turned negative as at 31st March 2022, unable to pay its dues to operational and financial creditors, it has defaulted in repayment of dues to lenders, lenders have classified Company's borrowing as NPA, current liabilities exceeded its current assets of ANFTWZ. It has appointed external agency for business development. These matters including others matters as set out in the notes indicate that a material uncertainty exists that may cast significant doubt about their ability to continue as a going concern. The financial statements of the Arshiya Northern FTWZ Limited (ANFTWZ) have been prepared on the going concern basis. The said assumption of going concern is dependent upon Company's plan to monetize its assets in timely manner and generate cash flows to meet its obligations.

III. The auditor of Arshiya Logistic Services Limited (one of the subsidiary) in their report on the financial statements of that subsidiary have reported, following paragraph:-

We draw attention to note no. 8.3 to the accompanying financial statements which indicates that as at 31 March 2022, the Company has accumulated losses of Rs. 347.38 Lakh resulting in full erosion of its net worth, and current liabilities exceeded its current assets by Rs. 158.07 Lakh. These conditions indicate the

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existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, basis the future business projections which are dependent on certain assumptions and estimates along with other factors mentioned in aforesaid note to the financial statements, management is of the view that the going concern basis of accounting is appropriate. Such assessment is dependent on the Company achieving its business plans as stated in aforesaid note.

IV. We draw attention to Note 8.4 of the statement, which indicates that the Arshiya 3PL Services Private Limited incurred a net loss of Rs. 8.60 Lakh during the year ended March 31, 2022 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 299.97 Lakh. These conditions, along with other matters as set forth in above Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters.

Emphasis of Matters

i. We draw attention to Note no. 5 (i) to the statement, regarding accounting of the scheme from the appointed date being 1st April 2019 as approved by the National Company Law Tribunal, though the Scheme has become effective on 2nd February, 2022 and restatement of comparatives for the previous periods / years by the management of the Holding Company.

ii. We draw attention to Note no. 5 (ii) to the statement, one of the lenders of the Holding Company, had preferred an appeal in "Hon'able National Company Law Appellate Tribunal" ("NCLAT"), against the order of Hon'able National Company Law Tribunal, Mumbai sanctioning the Scheme of Arrangement between the Holding Company and Arshiya Rail Infrastructure Limited. NCLAT ordered to maintain the status quo prevailing as on that date, vide it's order dated 4th March 2022. According to the legal opinion obtained by the Holding Company and in view of the Management, it can prepare the financial statements of the Holding Company as per sanctioned scheme of arrangement.

iii. We draw attention to the note no. 9 of the statement, pending execution of restructuring agreement for assignment of its debt to Edelweiss Asset Reconstruction Company (EARC), the Holding Company has continued to provide interest for the quarter and year 31st March, 2022 in line with major terms negotiated with EARC in case of other agreements. In view of the management, no penal interest needs to be provided for the above said debt presently.

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iv. We draw attention to the note no. 10 of the statement, regarding the balance confirmations of trade receivables and trade payables. During the course of preparation of consolidated financial statements, e-mails/letters have been sent to various parties by the Group with a request to confirm their balances directly to us out of which only few parties have responded. The management is confident and is of the view that there will not be any material variation in the said balances.

v. We draw attention to Note no. 11 of the statement regarding recoverability of trade receivables aggregating to Rs. 429.25 Lakh as at 31st March 2022 from one of the customer. The Management is of the view that the said amounts are considered to be good and fully recoverable as on 31st March, 2022, and accordingly, no provision is required to be made in view of the reasons stated in the aforesaid note.

vi. The auditor of two subsidiaries in their report on the financial statements of those subsidiaries have reported, following paragraph:-
We draw attention to note no. 12 and 13 to the statement regarding recoverability of trade receivables and other financial assets aggregating to Rs. 2078.39 Lakh as at 31st March 2022 from certain customers. The Management of the Companies is of the view that the said amounts are considered to be good and fully recoverable as on 31st March, 2022, and accordingly, no provision is required to be made in view of the reasons stated in the aforesaid note.

Our opinion on the statement is not modified in respect of these matters.

Management's Responsibilities for the Consolidated Financial Results

The Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the consolidated financial statements

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of

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the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under section 143 (3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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Continuation sheet...

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

(i) The consolidated financial results include the audited financial results of 5 subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 307,56.05 Lakh as at 31st March, 2022, total revenue of Rs. 49,69.81 Lakh & Rs. 175,38.93 Lakh, total net profit/(loss) after tax of Rs. (129.33) Lakh & Rs. (12,20.79) Lakh and total comprehensive income of Rs. (127.08) Lakh & Rs. (12,22.18) Lakh for the quarter ended 31st March, 2022 and for the period from 1st

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April, 2021 to 31st March, 2022 respectively, and cash outflow (net) of Rs. (139.93) Lakh for the period from 1st April 2021 to 31st March 2022, as considered in the consolidated financial results. The independent auditors' reports on financial statements /financial information of these entities have been furnished to us and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

(ii) The Statement include the unaudited financial results of one subsidiary (which ceases to be subsidiary from 28th March 2022), whose financial statements/ financial information reflect total revenue of Rs. 128.11 Lakh & Rs. 324.43 Lakh, total net profit/(loss) after tax of Rs. (211.09) Lakh and Rs. (595.24) Lakh and total comprehensive income of Rs. (211.09) Lakh & Rs. (595.24) Lakh till 28th March, 2022 and for the period from 1st April, 2021 to 28th March 2022 respectively, as considered in the Statement. These financial statements/ financial information have been furnished to us by the Board of Directors and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements / financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Board of Directors.

(iii) We report that the figures for the quarter ended 31st March, 2022 and 2021 represent the derived figures between the audited figures in respect of the financial year ended 31st March, 2022 and 2021 and the restated year-to-date figures up to 31st December, 2021 and 2020 being the date of the end of the third quarter of the respective financial year. Our opinion is not modified in respect of this matter.

For Chaturvedi & Shah LLP
Chartered Accountants
Registration Number: 101720W/W100355

Vijay Napawaliya
Partner
Membership Number: 109859

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UDIN: 22109859AJXMWD9782
Place: Mumbai
Date: 30th May 2022

Arshiya Limited

CIN: L93000MH1981PLC024747

Registered Office: 205 & 206 (Part), 2nd Floor, Ceejay House, Shiv Sagar Estate, F-Block,
Dr. Annie Besant Road, Worli, Mumbai- 400 018
Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2022

(Rs. In Lakhs)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		(Refer note no. 17)	(Unaudited)	(Refer note no. 17)	(Audited)	(Audited & Refer note no.16)
1	**Income**					
	(a) Revenue from operations	3,891.02	3,693.13	3,646.35	15,014.12	14,278.42
	(b) Other Income (Refer note no.2)	9,113.53	160.65	799.49	9,674.09	1,727.62
	Total Income	**13,004.55**	**3,853.78**	**4,445.84**	**24,688.21**	**16,006.04**
2	**Expenses**					
	(a) Warehousing, transportation and handling costs	465.10	502.26	394.37	1,775.45	1,419.74
	(b) Employee benefits expense	584.22	540.98	331.87	1,996.63	1,380.51
	(c) Finance costs	(3,021.97)	6,563.08	5,888.37	16,217.40	23,193.87
	(d) Depreciation and amortization expense	1,832.14	1,820.46	1,755.27	7,181.47	7,297.95
	(e) Other expenses	1,658.22	630.58	1,431.44	3,356.37	3,026.59
	Total Expenses (a to e)	**1,517.71**	**10,057.36**	**9,801.32**	**30,527.32**	**36,318.66**
3	**Profit/(Loss) before exceptional and Tax (1-2)**	**11,486.84**	**(6,203.58)**	**(5,355.48)**	**(5,839.11)**	**(20,312.62)**
4	Exceptional Items (Net) (Refer note no.6 & 15)	48,988.99	-	-	48,988.99	-
5	**Profit/(Loss) before tax (3+4)**	**60,475.83**	**(6,203.58)**	**(5,355.48)**	**43,149.88**	**(20,312.62)**
6	Tax expense	(1.97)	3.38	(2.73)	28.82	8.64
7	**Net profit/(Loss) after Tax from Continuing Operations (5-6)**	**60,477.80**	**(6,206.96)**	**(5,352.75)**	**43,121.06**	**(20,321.26)**
8	Profit/(loss) from Discontinuing Operations	(294.69)	(208.37)	(107.36)	(730.29)	(224.44)
9	**Net profit/(Loss) after Tax (7+8)**	**60,183.11**	**(6,415.33)**	**(5,460.11)**	**42,390.77**	**(20,545.70)**
10	**Other Comprehensive Income**					
	Item that will not be reclassified to profit and loss: Remeasurement of gains / (losses) on defined benefit plans	(3.55)	(1.18)	(4.68)	(7.38)	4.76
11	**Total Comprehensive Income**	**60,179.56**	**(6,416.51)**	**(5,464.79)**	**42,383.39**	**(20,540.94)**
12	**Profit/(Loss) attributable to:**					
(a)	Owner of the parent	60,183.11	(6,415.33)	(5,460.11)	42,390.77	(20,545.70)
(b)	Non-controlling interest	-	-	-	-	-
		60,183.11	**(6,415.33)**	**(5,460.11)**	**42,390.77**	**(20,545.70)**
13	**Other Comprehensive Income attributable to:**					
(a)	Owner of the parent	(3.55)	(1.18)	(4.68)	(7.38)	4.76
(b)	Non-controlling interest	-	-	-	-	-
		(3.55)	**(1.18)**	**(4.68)**	**(7.38)**	**4.76**
14	**Total Comprehensive Income attributable to:**					
(a)	Owner of the parent	60,179.56	(6,416.51)	(5,464.79)	42,383.39	(20,540.94)
(b)	Non-controlling interest	-	-	-	-	-
		60,179.56	**(6,416.51)**	**(5,464.79)**	**42,383.39**	**(20,540.94)**
15	**Paid-up equity share capital (Face value per share Rs. 2)**	**5,245.52**	**5,245.52**	**5,245.52**	**5,245.52**	**5,245.52**
16	**Other Equity excluding Revaluation reserve**				**25,977.10**	**(16,753.96)**
17	**Earnings Per Share (EPS) in Rs. (for continuing operation)**					
	- Basic	23.06*	(2.37)*	(2.06)*	16.44	(7.86)
	- Diluted	23.06*	(2.37)*	(2.06)*	16.44	(7.86)
18	**Earnings Per Share (EPS) in Rs. (for discontinuing operation)**					
	- Basic	(0.11)*	(0.08)*	(0.04)*	(0.28)	(0.09)
	- Diluted	(0.11)*	(0.08)*	(0.04)*	(0.28)	(0.09)
19	**Earnings Per Share (EPS) in Rs. (for continuing and discontinuing operation)**					
	- Basic	22.95*	(2.45)*	(2.10)*	16.16	(7.95)
	- Diluted	22.95*	(2.45)*	(2.10)*	16.16	(7.95)
	*not annualised					

CHATURVEDI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI

ARSHIYA LIMITED MUMBAI

Arshiya Limited

CIN: L93000MH1981PLC024747
Registered Office: 205 & 206 (Part), 2nd Floor, Ceejay House, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai- 400 018
Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31.03.2022	As at 31.03.2021
I	**ASSETS**		
	Non-Current Assets		
	(a) Property, Plant and Equipment	1,28,356.87	1,30,363.97
	(b) Right of use assets	19,900.00	13,002.32
	(c) Capital Work-in-Progress	221.44	135.00
	(d) Goodwill on Consolidation	19.17	20.43
	(e) Intangible Assets	174.00	514.85
	(f) Intangible Assets Under Development	-	60.00
	(g) Financial Assets		
	(i) Loan	1,404.34	325.00
	(ii) Other Financial Assets	3,072.31	2,222.41
	(h) Other Non-Current Assets	821.07	1,118.77
		1,53,969.20	**1,47,762.75**
	Current assets		
	(a) Inventories	12,537.34	12,537.34
	(b) Financial Assets		
	(i) Trade Receivables	4,020.83	2,562.54
	(ii) Cash and Cash Equivalents	799.02	915.24
	(iii) Bank Balances Other than (ii) above	15.03	15.03
	(iv) Loan	325.00	-
	(v) Other Financial Assets	8,277.61	6,299.92
	(c) Other Current Assets	3,350.86	5,339.89
		29,325.69	**27,669.96**
	(d) Assets held for sale (Refer note no. 3)	7,068.75	18,845.39
	Total Assets	**1,90,363.64**	**1,94,278.10**
II	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share Capital	5,245.52	5,245.52
	(b) Other Equity	25,977.10	(16,753.96)
		31,222.62	**(11,508.44)**
	Liabilities		
	Non Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	18,382.88	45,494.92
	(ii) Lease Liabilities	14,974.85	10,354.86
	(iii) Other Financial Liabilities	869.44	1,203.10
	(b) Provisions	117.55	106.83
	(c) Other Non-Current Liabilities	2.94	64.43
		34,347.66	**57,224.14**
	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	68,569.55	66,166.32
	(ii) Trade Payables		
	Micro and small enterprises	580.11	288.95
	Others	1,625.27	1,669.17
	(iii) Lease Liabilities	6,337.43	4,482.78
	(iv) Other Financial Liabilities	43,962.48	65,472.05
	(b) Other Current Liabilities	3,699.67	2,802.42
	(c) Provisions	14.97	12.69
		1,24,789.48	**1,40,894.38**
	(d) Liabilities associated with assets classified as held for sale (Refer note no. 3)	3.88	7,668.02
	Total Equity and Liabilities	**1,90,363.64**	**1,94,278.10**

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ARSHIYA LIMITED MUMBAI

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Dr. Annie Besant Road, Worli, Mumbai- 400 018
Phone No. 022 42305500 # Email id: info@arshiyalimited.com # website: www.arshiyalimited.com

AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. in Lakh)

Particulars		Year Ended 31st March, 2022	Year Ended 31st March, 2021
Cash flow from operating activities			
Profit/(Loss) before tax		43,149.88	(20,312.62)
Adjustments for:			
Bad debts		1,495.12	0.50
Sundry balances written off / back (net)		(8.76)	922.56
Discarding/written off of Property, plant and equipment and Intangible assets		60.00	-
Gain on disposal of Property, plant and equipment		-	(0.17)
Provision for doubtful debts/Expected credit loss		146.69	159.55
Gain on Settlement of debts		(48,988.99)	-
Gain recognised on sale of subsidiaries		(8,902.00)	-
Depreciation and amortization expense		7,181.47	7,297.95
Finance costs		16,217.40	23,193.87
Financial guarantee income		(321.28)	(378.27)
Gain on derecognised of Financial guarantee income		-	(18.97)
Financial assets carried at amortised cost		(262.73)	(232.88)
Gain on derecognised of Liability Component		-	(16.13)
Gain on Lease modification		-	(4.66)
Interest income on fixed deposits		(3.18)	(4.82)
Interest income on Loan		(95.73)	(45.50)
Interest income on tax refund		(55.46)	(48.66)
Share based payment		347.67	107.67
Foreign exchange differences (net)		1.96	117.20
Operating profit before working capital changes		9,962.06	10,736.62
Adjustments for :			
(Increase)/Derease in financial and other assets		(3,106.30)	(4,676.95)
(Decrease)/Increase in financial and other liabilities		(104.80)	(169.49)
Cash generated from operations		6,750.96	5,890.18
Direct taxes paid (net of refunds)		288.11	256.62
Net cash flow from operating activities		7,039.07	6,146.80
Net cash flow from discontinuing operating activities		(51.77)	(231.40)
Net cash flow from operating activities - Continuing and Discontinuing Operations	(A)	6,987.30	5,915.40
Cash flow from investing activities			
Purchase of property, plant and equipment		(99.74)	(45.99)
Purchase of Capital work in progress and Intangible assets under development		(86.44)	(135.00)
Proceeds from sale of property, plant and equipment		-	0.49
Gain on sale of investment in subsidiaries		8,902.00	-
Loans given to related parties (net)		(3,865.83)	-
Interest income on Loan to others		4.55	-
Interest received		-	1.03
Net cash flow from investing activities		4,854.54	(179.47)
Net cash flow from investing activities from Discontinuing Operations		10,530.50	(2,279.27)
Net cash flow from investing activities - Continuing and Discontinuing Operations	(B)	15,385.04	(2,458.74)
Cash flow from financing activities			
Issue of Equity shares		-	34.00
Repayment of non-current borrowings		(2.40)	(10.08)
Short-term borrowings (net)		(5,131.93)	1,014.01
(Decrease)/Increase in other bank balances		-	1.12
Lease liability paid		(5,976.36)	(5,537.95)
Interest paid		(4,281.35)	(1,351.08)
Net cash flow from financing activities		(15,392.04)	(5,849.98)
Net cash flow from financing activities from Discontinuing Operations		(7,336.65)	2,197.04
Net cash flow from financing activities - Continuing and Discontinuing Operations	(C)	(22,728.69)	(3,652.94)
Net (decrease)/increase in cash and cash equivalents (A + B + C)		(356.35)	(196.28)
Cash and cash equivalents as at the beginning of the year from continuing operations		915.24	839.58
Cash and cash equivalents as at the beginning of the year from discontinuing operations		240.66	512.60
Cash and cash equivalents from discontinuing operations		(0.53)	(240.66)
Cash and cash equivalents as at the end of the year from continuing operations		799.02	915.24

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Notes to Audited Consolidated Financial Results: -

1. The Consolidated Financial Results of Arshiya Limited ('Parent Company') and its Subsidiaries (together referred to as the 'Group') for the quarter and year ended 31st March 2022 were reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent Company at its meeting held on 30th May 2022.

2. During the quarter and year ended 31st March 2022, the Parent Company has sold it's investment in 100% shares of Anomalous Infra Private Limited (AIPL) which owns a 3.25 Lakh square feet warehouse at the Arshiya Free Trade Warehousing Zone, Panvel to Ascendas Property Fund Trustee Pte. Limited ("Ascendas/ APFI"), this operational warehouse is the seventh warehouse acquired by APFI from Arshiya group. It comprises, *inter alia*, additional deferred consideration of up to Rs. 2,122.60 Lakh to be paid over the next four years, subject to the achievement of certain performance milestones as per transaction documents. Rs. 8,901.29 Lakh gain on loss of control of subsidiary has been accounted in other income of the consolidated financial results for the quarter and year ended 31st March, 2022.

   Similar to the previous arrangement for the six acquired warehouses by APFI, this newly acquired seventh warehouse is and operated by a subsidiary of the Parent Company for a period of six years which would continue to give the Group a spread on lease as well as addition Value-added services (VAS) income over and above the payout received by the above monetisation.

3. The Parent Company has entered into conditional Share Purchase Agreement with Ascendas Property Fund Trustee Pte. Limited (APFI) for sale of entire equity shares in Arshiya Northern Projects Private Limited (ANPPL), upon fulfilment of certain conditions precedent and is subject to various approvals. Hence, Assets and Liabilities in ANPPL has been considered as Assets and Liabilities held for sale and Discontinued Operations as per Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations".

4. Post demerger, the Group's activities during the period / year revolve around "Developing and Operating Free Trade & Warehousing Zone (FTWZ) and Special Economic Zone (SEZ)" with in "India". Considering the nature of the Group's business and operations, as well as, based on reviews of operating results by the chief operating decision maker there is only one reportable segment in accordance with the requirement of Ind AS 108 "Operating Segment" prescribed under Companies (Indian Accounting Standards) Rules 2015.

5. (i) During the quarter ended 31st March 2022, Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) has approved the Scheme of Arrangement (Scheme) vide it's order dated 21st January 2022. The Scheme became effective from 2nd February 2022. The Appointed date of the said scheme is 1st April 2019. Pursuant to Scheme:

   a) Domestic Business of the Parent Company comprising of 43.23 acre of land situated at Khurja and other assets and liabilities pertaining to domestic business has been demerged from the Parent Company into Resulting company i.e. Arshiya Rail Infrastructure Limited ("ARIL"). All assets and liabilities of the demerged undertakings

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ARSHIYA LIMITED MUMBAI

have been derecognised at their respective carrying values and the net differential amount of Rs. 7,561.85 lakh is adjusted against the retained earnings.

b) Investments and inter-company balances held in ARIL by the Parent Company stand cancelled and adjusted in retained earnings.

c) ARIL ceased to be subsidiary of the Parent Company.

d) The Scheme is accounted for as per the accounting treatment approved by the NCLT read with applicable accounting standards prescribed under section 133 of the Companies Act, 2013.

e) Accumulated balances in retained earnings as on the appointed date are utilised against the securities premium account of the Parent Company, resulting in retained earnings reduced to NIL as on the appointed date.

f) Upon the scheme becoming effective and in consideration of the demerger, for every 2 (two) fully paid-up equity shares of the Parent Company, the Resulting Company shall issue and allot to each member of the Parent Company as on the record date i.e. 4th March 2022, 1 (one) fully paid-up equity share of the Rs. 2/- each of the Resulting Company (ARIL). These equity shares of ARIL are proposed to be listed, on the stock exchanges where the equity shares of the Parent Company are listed, on receipt of regulatory approvals.

The auditors have referred to the accounting treatment of the scheme as on the appointed date i.e. 1st April, 2019 as an emphasis of matter paragraph in their audit report.

(ii) Post NCLT order dated 21st January,2022, one of the lenders of Parent Company has appealed against the said order at the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pursuant to on order dated 4th March 2022, NCLAT has ordered to maintain '*status quo*' in the matter and hence the matter is now '*sub - judice*'. The Parent Company has appealed for setting aside the said order of 4th March 2022 and requested the NCLAT to allow the Parent Company to complete the formalities such as allotment procedures of the demerger and listing of the shares of the Resulting Company. As the scheme is in the interest of stakeholders of both the companies, the Parent Company shall be pursuing the appeal. Based on legal opinion obtained, the Parent Company has continued to prepare the consolidated financial statements for the year ended 31st March 2022 after giving accounting effects of scheme as per the NCLT order. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

6. During the quarter ended 31st March 2022, the Group has received Settlement of Debt letter (settlement) dated 4th March 2022 from Edelweiss Assets Reconstruction Company Limited (EARC) with Cut-off date as on 30th September 2021. EARC has settled its existing dues at Rs. 53,510.00 Lakh as the Settlement Amount. The Group has partially complied with conditions precedent of settlement. The Group is in

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ARSHIYA LIMITED MUMBAI ★

discussion with EARC for pending compliances of conditions precedent, further, there is no communication about revocation of settlement of debt from EARC.

In view of the above, accounting treatment of settlement has been continued to be given in the books during the quarter ended 31st March 2022. The Group has recorded gain on settlement as an exceptional item of Rs. 48,443.30 Lakh (comprising of principal of Rs. 17,713.30 Lakh and interest of Rs. 30,730.00 Lakh). Further interest expenses accounted in the books till 31st December 2021 has been reversed during the current quarter ended 31st March 2022. Accordingly, interest expenses of current year ended 31st March 2022 has been recorded after giving impact of settlement, hence interest expenses during quarter ended 31st March 2022 is post net of reversal. The Auditors have qualified their opinion in respect of this matter in their audit report.

7. The Group has requested all its lenders for independent confirmation of their outstanding as on 31st March 2022 with a request to confirm their balances directly to our statutory auditors. The Group is confident that there will not be significant changes in its liabilities. The Auditors have qualified their opinion in respect of this matter in their audit report.

8.1 The management believes that Government's focus on logistics infrastructure sector, which is currently one of the fastest growing sector, will help the Parent Company to expand its business. The recent amendments in the SEZ policy, will enable the Group to offer additional value propositions to its clients. These macro factors coupled with other economic benefits will improve the Group 's ability to expand the client base multi-fold. Further the Group has appointed global consulting firm for business development of FTWZ. This will improve the group's ability for global outreach to increase customer base.

The Group is also working with its all lenders on re-alignment of existing debt. The Group has received letter for Settlement of Debt from all major lenders to reduce debt at sustainable level. Hence the Group is optimistic that the proposed re-alignment of debt with Lenders will improve overall cash flows of the Group.

The management's plans as a developer of the business indicate that assets light business model through monetization will help the Parent Company to improve cashflow of the Group. Monetisation will happen periodically and staggered manner, but significant payments will be received to streamline the cash flows.

Forward sale and leaseback arrangement with Ascendas will provide capital cushion for future growth. Ascendas provided attractive valuation for warehouses in past and on similar lines, it is expected for future warehouses.

Further, India is witnessing a rapid growth in internet penetration and telecommunication technology. The expansion of the consumer base is complemented by the Government's drive to digitalise the economy, all of which is propelling the demand for data centres in India. This has enhanced the Parent Company's capabilities to expand its business into data centre and related infrastructure. The Parent Company has received the requisite approval from the concerned authority for the

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development of an additional sector i.e. Electronic Hardware and Software (including IT/ITES) at its existing facility at Panvel.

In addition to the above, various resource optimization initiatives undertaken by the Parent Company, can lead to stabilization and revival. Therefore, the Parent Company continues to prepare the financial results on Going Concern basis.

8.2 With respect of one of subsidiary i.e. Arshiya Northern FTWZ Limited ("ANFL") the net worth of the ANFL turned negative as at 31st March, 2022 and current liabilities is more than the current assets. ANFL is equipped with world class logistic infrastructure at Khurja, which is strategically located at the confluence of Western and Eastern Dedicated Freight Corridor (DFC). The DFC will improve efficiency and cargo deliverables. Commissioning of the DFC could benefit customers by operation of longer, heavier and faster train services which will improve operational efficiency. The commencement of work on the proposed Jewar Airport which is in close proximity to Khurja will also boost the Group's business. Further detailed business development has been carried out by through a reputed global consulting firm for FTWZ. Further, the ANFL also under advanced stage of debt restructuring besides monetization of assets.

In view of above Financial of one of subsidiary i.e. Arshiya Northern FTWZ Ltd has been prepared on going concerned basis considering business plan and recent amendments in SEZ policy will enhance the scope of activities carried out by FTWZ exponentially.

8.3 As at 31 March 2022, the one of subsidiary i.e. Arshiya Logistics Services Limited (ALSL), ALSL's current liabilities exceed its current assets by INR 158.06 lakhs. Due to accumulated losses of INR 347.38 lakhs, net-worth of the subsidiary company is fully eroded. The Subsidiary Company has earned cash profit during the current year as well as previous year through which it was able to sustain its operations. The management believes that Government's focus on logistics infrastructure sector is accretive for the Subsidiary Company's business plan. The recent amendments in the SEZ policy, allowing manufacturing within the FTWZs will enhance the scope of activities carried out by FTWZ exponentially. These macro factors coupled with the Subsidiary Company's future business projections prepared basis the Group management's plan to expand the operations in free trade warehousing zone at Panvel, Maharashtra and steps being taken by the management to control the operating costs, will improve the Subsidiary Company's ability to expand the client base multi-fold and thereby the cash flow position shall further improvise. Accordingly, its financial statements have been prepared on going concern basis.

8.4 With respect of one of subsidiary i.e. Arshiya 3PL Services Private Limited ("A3PL") the net worth of the A3PL turned negative as at 31st March, 2022 and current liabilities is more than the current assets. The management believes that Government's focus on logistics infrastructure sector is accretive for the Subsidiary Company's business plan. The recent amendments in the SEZ policy, allowing manufacturing within the FTWZs will enhance the scope of activities carried out by FTWZ exponentially. These macro factors coupled with the Subsidiary Company's future business projections

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ARSHIYA LIMITED MUMBAI

prepared basis the Group management's plan to expand the operations in free trade warehousing zone at Kurja, Uttar Pradesh and steps being taken by the management to control the operating costs, will improve the Subsidiary Company's ability to expand the client base multi-fold and thereby the cash flow position shall further improvise. Accordingly, its financial statements have been prepared on going concern basis.

9 One of the Public Financial Institution (PFI) and one of the Non-Banking Financial Company (NBFC) which were lenders of Parent Company, have assigned their debts to EARC. The Parent Company continues to provide normal interest in line with major terms negotiated with EARC until the finalisation of the restructuring agreement. Upon finalization of the terms of restructuring with EARC, the Parent Company shall record the effect of the revised terms as to the repayment of principal and interest (including penal interest) in the period in which it is completed. With respect to these borrowings, EARC has issued SARFAESI Notice for recovery of dues. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

Subsequent to the year ended 31st March 2022, with respect to borrowing from PFI, under SARFAESI process, EARC has identified buyers for sale of security exclusively charged under said loan. Details of the transaction are awaited from EARC. Upon receipt of details the Parent Company will give necessary impact in the books of account.

10 During the course of preparation of consolidated financial statements, e-mails have been sent to various parties, in respect of trade receivables and trade payables, etc. by the Group with a request to confirm their balances out of which only few parties have responded, accordingly, the possible adjustment, if any, required in the financial statements will be accounted as and when the same is determinable. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

11 Trade receivable includes amount aggregating to Rs. 429.25 Lakh from one of the Customer of Parent Company who have warehoused imported goods. The said Customer has been doing business in Panvel FTWZ since more than five years and have cleared all their dues though there are some delays in payment. The management is confident that the outstanding balance is fully recoverable. Further in the event of any default, the Parent Company will be entitled to lien on their goods stored in FTWZ warehouses, as per terms of agreements. In view of the same, the Parent Company has not made any provision in the books. The Auditors have referred to this as an emphasis of matter paragraph in their audit report.

12 Two Subsidiaries have entered into agreements with a business group for providing storage space and other services. Total revenue from fixed storage of Rs. 1,050.00 lakhs and from other services Rs. 15.42 Lakhs have been recognised during the year ended 31st March 2022. Based on current business trend in metal sector and considering overall business conduct of the business group, management is confident to receive outstanding dues from the business group as per the payment schedule provided by them. The business group has been doing business in Panvel FTWZ since more than a decade and have cleared all their dues though there are some delays in payment. Further in the event of any default, the subsidiaries will be entitled to lien on their goods stored in FTWZ warehouses, as per terms of agreements. In view of aforesaid facts and

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ARSHIYA LIMITED MUMBAI

further as per discussion with the business group and considering their future plans of business in our FTWZ, the management is confident that the outstanding balance of Rs. 1,756.28 lakhs as on 31st March 2022 from the business group are good and fully recoverable. The Auditors have referred to this as an emphasis of matter in their review report.

13 Trade receivables and other financial asset includes amounts aggregating to Rs. 322.11 lakhs (including unbilled amount of Rs. 255.45 lakhs) from four customers who have warehoused imported goods. The subsidiary has made collection efforts, but there has been no response on the Company's follow up with these customers and the Customers have not been traceable now.

The subsidiary has initiated recovery process by way of auction of the goods in the custody of the subsidiary based on the notification by SEZ authority. The SEZ Authority has approved the auction of the said goods. Since, the value of the goods in custody of the subsidiary is sufficient to recover it's dues including statutory levies thereon, in view of the Management of the Company the receivables from those customers are fully recoverable and no provisions are required against those receivables. The Auditors have referred to this as an emphasis of matter in their review report.

14 Two lenders of a subsidiary company i.e. ANFL have filed petition for recovery of dues at NCLT under Insolvency and Bankruptcy Code, 2016. ANFL is under discussion with its consortium lenders for resolution of debt for all lenders. A lender of ANFL has also called upon the Parent Company as a corporate guarantor to the said loan. Certain operational creditors of the Group have also filed petition at NCLT under Insolvency and Bankruptcy Code, 2016. Currently the matter is pending at pre-admission stage.

15 Exceptional items represent net gain on settlement of debts.

16 The financial statements / results of the Group for the period from 1st April, 2019 upto 31st March 2021 have been restated and approved by the Board of Directors to give impact of the aforesaid NCLT orders for Scheme of arrangement as mentioned above. Accordingly, comparative figures for earlier periods / years are given based on restated financial statements / results.

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17 The figures of the corresponding previous period / year have been rearranged / regrouped / restated by the management in view of the Schemes as detailed in above note. The figures for the quarter ended 31st March 2021 and 2022 are the balancing figures between audited figures of the full financial year and restated year to date figures upto the third quarter of respective financial year.

For and on behalf of Board of Directors of Arshiya Limited

Ajay S Mittal
Chairman & Managing Director
DIN No.: 00226355
Place: Mumbai
Date: 30th May, 2022

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ARSHIYA LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lakhs)

I.	Sl. No.	Particulars	Audited Figures as of Mar-2022 (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	24,688.21	24,688.21
	2.	Total Expenditure (net of exceptional item)	18,461.67	(41,965.16)
	3.	Net Profit/(Loss) after Tax	42,390.77	(18,036.06)
	4.	Earnings Per Share (in Rupees per share)	16.16	(6.88)
	5.	Total Assets	1,90,363.64	1,90,363.64
	6.	Total Liabilities	1,59,141.02	2,23,795.86
	7.	Net Worth	31,222.62	(33,432.22)
	8.	Any other financial item(s) (as felt appropriate by the management)		

II. **Audit Qualification (each audit qualification separately):**

1. **a. Details of Audit Qualification**

The Note no. 6 of the statement, during the current quarter ended 31st March 2022, the Holding Company and one of the subsidiary company received settlement of debt letter of Edelweiss Assets Reconstruction Company Limited ("EARC"). The settlement of debts would have become effective upon due completion of all conditions precedent to the satisfaction of EARC as mentioned in the settlement letter which were only partially achieved. However, the Group has given accounting effects of settlement letter in the consolidated financial statements for the year ended 31st March 2022. Had the accounting effects of settlement letter not considered in the books of accounts of the respective Company, borrowing, finance cost, exceptional items, net profit/(loss) for the year, other equity and EPS for the year ended 31st March 2022 would have been Rs. 1046,65.73 Lakh, Rs. 282,00.94 Lakh, Rs. 545.70 Lakh, Rs. (173,05.77) Lakh, Rs. (386,77.74) Lakh, Rs. (6.88), respectively, as against the reported figure of Rs. 869,52.43 Lakh, Rs. 162,17.40 Lakh, Rs. 489,88.99 Lakh, Rs. 423,90.77 Lakh, Rs. 259,77.10 Lakh, Rs. 16.16 respectively.

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	b. **Type of Audit Qualification :** Qualified Opinion / ~~Disclaimer of Opinion / Adverse Opinion~~
	c. **Frequency of qualification:** ~~Whether~~ appeared first time / ~~repetitive~~ / ~~since how long continuing~~
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** The Group has partially complied with condition precedent of Settlement of Debt. The Group is in discussion with EARC for pending compliances of conditions precedent, further, there is no communication about revocation of settlement of debt from EARC.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) **Management's estimation on the impact of audit qualification: NA**
	(ii) **If management is unable to estimate the impact, reasons for the same: NA**
	(iii) **Auditors' Comments on (i) or (ii) above: NA**
2.	**Audit Qualification (each audit qualification separately):**
	b. Details of Audit Qualification We to the Note no. 7 of the statement, during the course of preparation of consolidated financial statements for the year ended 31st March 2022, e-mails have been sent to lenders by the respective Company with a request to confirm their balances directly to us. As at 31st March 2022, direct balance confirmations of total borrowings including interest accrued (including current maturities and current borrowings), aggregating to Rs. 13,64,65.38 Lakh have not been received. We are unable to obtain sufficient appropriate audit evidence about these borrowing (including interest) outstanding as at 31st March 2022. Consequently, we are unable to determine whether any adjustment to these amounts are necessary and consequential impacts on the consolidated financial statements of the Group.
	b. **Type of Audit Qualification :** Qualified Opinion / ~~Disclaimer of Opinion / Adverse Opinion~~
	c. **Frequency of qualification:** ~~Whether~~ appeared first time / ~~repetitive / since how long continuing~~
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** The management of the Group is in process of arranging balance confirmation. The Group is confident that there will not be significant changes in its liabilities.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(iv) **Management's estimation on the impact of audit qualification: NA**
	(v) **If management is unable to estimate the impact, reasons for the same: NA**
	(vi) **Auditors' Comments on (i) or (ii) above: NA**

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III.	**Signatories:**	
	Ajay S Mittal **Chairman & Managing Director** **DIN: 00226355**	
	Dinesh Kumar Sodani **Chief Financial Officer**	
	Ashishkumar Bairagra **Audit Committee Chairman**	
	Statutory Auditor Chaturvedi & Shah LLP Registration No. 101720W/W100355 Vijay Napawaliya Partner Membership No.: 109859	
Place: Mumbai		
Date: 30th May, 2022		

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