N. A. SHAH ASSOCIATES LLP
Chartered Accountants

ORIGINAL

Limited Review Report on quarterly statement of unaudited standalone financial results for the quarter ended 30th June, 2023 of Arshiya Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors of Arshiya Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ("the Statement") of Arshiya Limited ("the Company") for the quarter ended 30th June, 2023, 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").

2. The figures for the quarter ended 31st March, 2023 in the above standalone financial results are the balancing figures between the audited figures for the full financial year and the year to date unaudited figures upto nine months ended 31st December, 2022 which were subject to limited review.

3. Management's responsibility

This Statement is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

4. Auditor's responsibility

Our responsibility is to express a conclusion on the Statement based on our review. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus, provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. However, because of the matters described in the basis of disclaimer of conclusion section of our limited review report, we were not able to obtain sufficient and appropriate audit evidence to provide basis for a conclusion on this Statement.

5. Basis for Disclaimer of Conclusion

5.1 With respect to settlement arrangement with lenders

a) Further to what is stated in note no. 2 of the Statement, during the earlier years / period the Company had received settlement of debt letter / consent letters in respect of some of the lenders. As per the agreed settlement the total debt of the said lenders (including outstanding interest) of Rs. 1,02,092.00 lakhs was agreed to be settled at Rs. 43,951.41 lakhs. The Company had already given accounting effects of such settlement in the standalone financial statements in the respective earlier year / period and recognized a gain of Rs 52,942.51 lakhs as an exceptional item. The company has not fulfilled its obligations as per the agreed settlement. However, the liability in the books has not been restated to the original value and accordingly the liabilities are understated to the extent of Rs 91,719.54 lakhs as on 30th June, 2023. The interest on such borrowings has been under provided by Rs 4,793.70 lakhs for the quarter ended 30th June, 2023 (cumulative unprovided

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and expected credit loss on loans should have been made. However, the management had not undertaken specific exercise to ascertain the need and quantum of impairment of investment and credit impairment assessment in respect of loans.

In view of the impairment assessment not conducted by the management and the uncertainty as regards the outcome of the CIRP, we are unable to comment on the recoverability of the said investment and loans aggregating to Rs 57,480.50 lakhs and consequently compliance with Ind AS 36 on Impairment of Assets and Ind AS 109 on Financial Instruments.

5.3 Non-recognition of liability in respect of financial guarantee at fair value in accordance with Ind AS 109 on Financial Instruments

We draw attention to the note nos. 3 and 4 to the Statement, regarding corporate guarantees given to subsidiary company and erstwhile subsidiary companies with principal debt obligations aggregating to Rs.1,22,350.00 lakhs (excluding interest, penal interest etc.). The said companies had defaulted in repayment of dues to lenders and in case of subsidiary (ANFTWZ) the lenders had invoked the corporate guarantee given by the Company.

In the opinion of the management, the value of primary / underlying assets provided as securities by the borrowing companies is greater than the outstanding loans and hence in view of the management no additional liability is expected to devolve on the Company. The Company has not carried out a fair valuation of the guarantee in accordance with Ind AS 109 as on 30th June, 2023 leading to non-compliance with the said Ind AS.

In absence of fair value report of the guarantees given or fair value of assets provided as security by the principal borrower, we are unable to comment on quantum of liability which is expected to devolve on the Company as a corporate guarantor and fair value of liability as required to be accounted in accordance with Ind AS 109.

5.4 Impairment testing of Property, Plant and Equipment (PPE) & assessment of Net Realizable Value (NRV) of inventory not carried out by the management

We draw attention to note no. 5 of the Statement, regarding Property, Plant and Equipment with gross block aggregating to Rs 57,690.91 lakhs (written down value aggregating to Rs 50,979.84 lakhs) and inventory of Rs 12,537.34 lakhs as at 30th June, 2023. Continuing losses and lower capacity utilization are indicators for need to carry out impairment test as required Ind AS 36. However, the management has not complied with this requirement of Ind AS 36 i.e. Impairment test has not been carried out in respect of PPE and also has not assessed the net realizable value of the inventory as required by Ind AS 2 on Inventories.

The value in use / NRV is dependent on various factors like settlement with lenders, monetization of assets and infusion of funds which are uncertain and not fully in control of the management of the Company.

As stated above and in absence of the impairment test / NRV test it is not possible for us to provide assertion on the carrying value of the Property, Plant and Equipment and inventory as at 30th June, 2023 and consequently compliance with Ind AS 36 and Ind AS 2.

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interest of Rs 38,777.03 lakhs), as interest is accounted on the settlement amount as against the pre-settlement amount. The penal interest, default interest on the said defaults with few lenders are not ascertained /accounted.

This accounting treatment as stated above is not in compliance with Ind AS 109 Financial Instruments and Ind AS 23 Borrowing Cost. Had the Company reversed the accounting for the debt settlement, the impact thereon would have been as mentioned above and balance of other equity as on 30th June, 2023 would have been lower by Rs 91,719.54 lakhs and the total equity would have been negative Rs 25,315.28 lakhs as against positive figure of Rs. 66,404.26 lakhs. As stated in notes management is confident of negotiating with the lenders and settle the liability at a lower value and no additional provision needs to be made, in absence of minutes of meeting with lenders or any written acceptance from the lender we are unable to concur with the management view.

b) Further, as stated in note no. 9 of the Statement for the quarter ended 30th June, 2023 and para 3 (a) above, balance confirmations of total borrowings including interest accrued (including current maturities of long term borrowings), have not been received. On account of non-availability of balance confirmations, the difference between the claim by the lenders vis-à-vis the liability as per books cannot be ascertained.

c) One of the Non-Banking Financial Company (NBFC) which was lender to the Company, had assigned its debt to Edelweiss Asset Reconstruction Company (EARC). Pending execution of restructuring agreement for assignment of its debt to EARC, the Company has continued to provide interest on loan aggregating to Rs 2,000.00 lakhs upto the quarter ended 30th June, 2023 in line with terms negotiated with EARC in case of other agreements. The management is of the view that it would be able to successfully negotiate with the lender to whom the debt is assigned.

In view of the management presently, no additional interest including penal interest needs to be provided for the above-said debt. Acceptance of the lenders to these terms is dependent on future negotiations and hence uncertain. In the absence of clarity and pending outcome of negotiations, we are unable to conclude whether the liability as per the books and provision for interest are appropriate or not.

Considering the factors stated in para 5 (b) and 5 (c) above and the ongoing negotiations with the lenders for revised settlement, we are unable to obtain sufficient appropriate audit evidence about these borrowings (including interest) outstanding as at 30th June, 2023 as well as the finance cost for the quarter ended 30th June, 2023. Consequently, we are unable to determine the quantum of adjustment (in addition to the amount stated in para 5 (a) above) including for difference on account of rate of interest, compounding, penal interest, charges, etc. and consequential impacts in the financial results / position of the Company.

5.2 Non-current investment and Loans given to wholly owned subsidiary Arshiya Northern FTWZ Limited (ANFTWZ) aggregating to Rs 57,480.50 lakhs

We draw attention to note no. 3 to the Statement, regarding Company's non-current investment in Arshiya Northern FTWZ Limited (ANFTWZ) and its loans amounting to Rs. 44,625.29 lakhs and Rs. 12,855.21 lakhs, respectively. The said wholly owned subsidiary has been incurring losses and its net worth is fully eroded. During the previous quarter interim stay order on Corporate Insolvency Resolution Process (CIRP) proceedings was vacated and an interim resolution professional has been appointed. On account of CIRP proceedings the earlier asset monetization plan by way of arrangement with one party for sale of asset may no longer be valid. Considering the same the recoverability of investment and loans is now dependent upon the outcome of CIRP and resolution plan which is yet to be finalized. We are informed that the interim resolution professional has received the bids from the prospective resolution applicants including the Company. Further, considering that it was closed bids and the information being confidential and the outcome is awaited.

The above matters are indicators of impairment and in our view provision for impairment of investment

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5.5 Trade receivable (unsecured) from wholly owned subsidiary Arshiya Data Centre Private Limited of Rs 13,064.16 lakhs

We draw attention to note no. 6 of the Statement regarding recoverability of trade receivables amounting to Rs 13,064.16 lakhs as at 30th June, 2023 from one of the wholly owned subsidiary company which are overdue and for which further extension of credit period was granted by the Company. The recoverability is dependent upon the value of the underlying assets of the subsidiary. The management is of the view that the said amounts are good and fully recoverable as on 30th June, 2023, and accordingly, no provision for time value of money and expected credit loss has been made. However, management has not provided sufficient and appropriate evidence as regards recoverability of the said receivable and hence we are unable to form a conclusion on the recoverability of dues and consequentially on compliance with Ind AS 109.

As a result of the matters described in para 5.1 to 5.5 above, considering the facts stated in the note as regards material uncertainty relating to going concern and matters described in Emphasis of Matter paragraph, we are unable to obtain sufficient and appropriate audit evidence to provide a basis of our conclusion on the Statement for the quarter ended 30th June, 2023.

Matter listed in para 5.1 to 5.5 were also covered as a part of basis of disclaimer of opinion in our statutory audit report dated 30th May, 2023 for the year ended 31st March, 2023 and accordingly these significant matters remain unresolved during the quarter under review.

Matters listed in para 5.1(a), 5,1(b) and 5.3 were also covered as a part of basis of qualification for opinion and para 5.1(c) and 5.2 was covered as a part of emphasis of matter in our limited review report dated 14th February, 2023 for the quarter ended 31st December, 2022.

Matters listed in para 5.1(a), 5.1(b) were also covered as a part of basis of qualification for opinion and para 5.1(c) and 5.2 were covered as a part of emphasis of matter in our limited review report dated 14th November, 2022 for the quarter ended 30th September, 2022.

Matters listed in para 5.1(a) and 5.1(b) above, was covered under qualification and which are listed in para 5.1(c), 5.2, 5.3 and 5.5 was covered under emphasis of matters given by the erstwhile statutory auditor in their limited review report for the quarter ended 30th June, 2022 dated 10th August, 2022.

6. Material Uncertainty related to Going Concern

As stated 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 have 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 (Edelweiss Asset Reconstruction Company) Trust for certain borrowings, to discharge its liabilities failing which they will realize the amount by enforcing securities on secured assets.

These matters indicate that a material uncertainty exist that may cast significant doubt about it's ability to continue as a going concern. The management plans as a developer of the business indicate monetization will happen periodically and staggered but significant payments will be received to streamline the cash flows. The said assumption of going concern is dependent upon companies plan to monetize its assets in timely manner, successful negotiation with its lenders for settlement of debt obligations and its ability to generate cashflows to meet its obligations. Pending above, the management has prepared the Statement on going concern basis.

The matters enumerated in para 5 and 6 collectively are the basis for providing disclaimer of conclusion.

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7. **Emphasis of Matters**

7.1 We draw attention to note no. 13 to the Statement, one of the lenders of the Company, had preferred an appeal in "Hon'ble National Company Law Appellate Tribunal", ("NCLAT"). against the order of NCLT, 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 its 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/results of the Company as per the sanctioned scheme of arrangement.

7.2 Attention is invited to note no. 10 of the Statement regarding advance given to a related party Rs 5,000.00 lakhs which is subsequently adjusted against the consideration for purchase of land from holding company of the said related party.

During the quarter the Company has given interest free advance of Rs. 575.04 lakhs to related parties which is subsequently adjusted against the advance for purchase of equipments from one of the related party. The above transactions have been approved by the Audit Committee.

The definitive agreements with respect to the above matters are in the process of being finalised. The said transaction is subject to lenders approvals of the seller and is expected to be completed by 31st December 2023.

7.3 The Company has given loans to it's subsidiaries. The subsidiaries have in turn utilised the said loans to give security deposits to the lessor as stipulated in the sub-lease deed. On account of non-compliance with terms, the said deposit given by one of the subsidiary was partially forfeited by the lessor and accordingly the Company has written-off Rs 3,250.00 lakhs during the quarter. Though the non-compliance continues the management is confident that there would be no further forfeiture of security deposits and accordingly, the loan balances aggregating to Rs 4,730.85 lakhs are considered good for recovery based on present confirmation of the security deposits. Further, the impairment testing of the value of investment in these subsidiaries aggregating to Rs 761.55 lakhs is dependent upon the factors mentioned above and successful renewal of the sub-lease deed. (Also refer note no. 17 of the Statement)

7.4 The internal audit for the quarter ended 30th June, 2023 has not been conducted. As explained to us, the Company is in the process of appointing internal auditor for the year ended 31st March, 2024.

7.5 The Company is a party to various legal proceedings in normal course of business (including petition filed before NCLT for winding up under Insolvency and Bankruptcy Code) and we have informed and represented that the inhouse legal team does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of the operations or cash flow.

7.6 We draw attention to note no. 20 of the Statement, regarding the balance confirmations of trade receivables and trade payables. During the preparation of financial result, emails/letters have been sent to various parties by the Company with a request to confirm their balances however, 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.

7.7 We draw attention to note no. 15 of the Statement with respect to other non-current assets, refunds aggregating to Rs. 1,876.65 lakhs are receivable in respect of VAT for which appeals are pending with respective Appellate Authorities. The erstwhile management is of the view that the refunds are considered good for recovery on account of refunds being received by other SEZ developers on similar grounds. However, the said appeals have been rejected by the authorities on multiple levels, but since further appeal is preferred before Allahabad High Court, the erstwhile management expects favourable outcome.

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7.8 With respect to outstanding unbilled revenue of Rs 664.81 lakhs (including Rs 132.66 lakhs accrued during the quarter), the final computations / workings (including certifications) required for the purpose of billing are in progress. The management is confident that it has satisfied the conditions of the sub-lease deed for accrual of the revenue and accordingly the said amounts are considered good for recovery.

Our conclusion is not modified in respect of the above matters.

Matter listed in para 7.1, 7.2 and 7.4 to 7.7 were also covered as a part of basis of emphasis of matters in our statutory audit report dated 30th May, 2023 for the year ended 31st March, 2023.

Matter listed in para 7.1 & 7.2 and 7.4 & 7.5 were also covered as a part of basis of emphasis of matters in our limited review report dated 14th February, 2023 for the quarter ended 31st December, 2022.

Matters listed in para 7.1 and 7.5 were covered as a part of Emphasis of matter in our limited review report dated 14th November, 2022 for the quarter ended 30th September, 2022.

Observations made by us in above para 7.1 was covered under emphasis of matters by the erstwhile statutory auditor in limited review report for the quarter ended 30th June 2022 dated 10th August 2022.

8. Other Matter

The Statement includes figures for the quarter ended 30th June, 2022 which are based on the financial results reviewed by the erstwhile statutory auditor whose report dated 10th August, 2022 expressed a modified conclusion.

Our conclusion is not modified with respect to the above matter.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm Registration No.: 116560W / W100149

M. O. Mody

Milan Mody
Partner
Membership No.: 103286
UDIN: 23103286BGPZPV8307
Place: Mumbai
Date: 14th August, 2023

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Arshiya Limited

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UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2023

(Rs. in Lakhs)

Sr.No.	Particulars	Quarter Ended			Year Ended
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
		(Unaudited)	(Unaudited) (Refer Note No.16)	(Unaudited)	(Audited)
1	**Income**				
	(a) Revenue from operations (refer note no. 14)	344.16	159.84	711.37	2,619.48
	(b) Other Income	131.70	393.58	822.23	1,524.17
	Total Income (a+b)	**475.86**	**553.42**	**1,533.60**	**4,143.65**
2	**Expenses**				
	(a) Employee benefits expense	328.13	238.84	311.91	1,273.27
	(b) Finance costs (net)	2,965.66	3,767.59	2,279.23	11,434.00
	(c) Depreciation and amortization expense	184.21	194.21	242.87	836.62
	(d) Legal & Professional, repairs, utilities & others (refer note no. 11)	637.98	1,573.60	127.91	2,367.65
	(e) Impairment of deemed investments in subsidiaries	31.12	4,158.70	-	5,483.40
	(f) Impairment of loans/receviables (refer note no. 17)	3,250.00	775.30	3.99	896.89
	Total Expenses (a to f)	**7,397.10**	**10,708.24**	**2,965.91**	**22,291.83**
3	**Profit/(Loss) before exceptional items and Tax (1-2)**	**(6,921.24)**	**(10,154.82)**	**(1,432.31)**	**(18,148.18)**
4	Exceptional Items (Net)	-	-	-	-
5	**Profit/(Loss) before tax (3+4)**	**(6,921.24)**	**(10,154.82)**	**(1,432.31)**	**(18,148.18)**
6	Tax expense	-	-	-	-
7	**Net profit/(Loss) after Tax (5-6)**	**(6,921.24)**	**(10,154.82)**	**(1,432.31)**	**(18,148.18)**
8	**Other Comprehensive Income**				
	Items that will not be reclassified to profit and loss:				
	Remeasurement of net defined benefit plan	1.11	9.43	(1.66)	4.44
9	**Total Comprehensive Income**	**(6,920.13)**	**(10,145.39)**	**(1,433.97)**	**(18,143.74)**
10	**Paid-up equity share capital (Face value per share Rs. 2/-)**	**5,269.52**	**5,269.52**	**5,245.52**	**5,269.52**
11	**Other Equity excluding Revaluation reserve**				**68,017.27**
12	**Earnings Per Equity Share (EPS) in Rs.**				
	- Basic	(2.63)*	(3.85)*	*(0.55)	(6.91)
	- Diluted	(2.63)*	(3.85)*	*(0.55)	(6.91)
	(*not annualised)				

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Notes to Unaudited Standalone Financial Results

1. The Audit Committee of Arshiya Limited ("Company") has reviewed the financial results of the Company and the Board of Directors has approved these results for the quarter ended 30th June 2023 and its release in the meeting held on 14th August, 2023. The Statutory Auditors of the Company have carried out the limited review of the above financial results (please also refer note no. 19).

2. During the earlier years, the Company had received settlement of debt letter / consent letters in respect of some of the lenders. As per the agreed settlement, the total debt of the said lenders was agreed to be settled at Rs 43,951.41 Lakh. The Company had already given accounting effects of such settlement in the standalone financial statements in the respective earlier period and recognized a gain of Rs. 52,942.51 Lakh as an exceptional item. The Company continues to engage and discuss with all major financial creditors to resolve debts at sustainable levels. The settlements have not been completed for various reasons and also the financial / operational creditors have filed petitions under the provisions of Insolvency and Bankruptcy Code ('**IBC**'), which are pending before the Hon'ble NCLT. The Company has also received a notice under SARFAESI Act from one of its Lender. The outcome of the settlement of liabilities of the Company is dependent on ongoing discussions with the lenders and based on past discussions, possibilities exist of their settlement. In view of the same, the management is not in a position to determine the fair value of liabilities of the Company at this juncture. Considering the same, the Company continues to account the finance cost and borrowings as per the terms of last settlement issued by the respective financial creditor. The penal / default interest, if any, payable by the Company cannot be ascertained at this stage, therefore, not provided for by the Company.

3. The Company had issued a corporate guarantee of Rs. 28,450 Lakh in favour of the lenders of Arshiya Northern FTWZ Limited ("ANFL"), a subsidiary Company. The Company has non-current investment in ANFL and extended loans to ANFL amounting to Rs. 44,625.29 Lakh and Rs. 12,855.21 Lakh, respectively. The Corporate Insolvency Resolution Process (CIRP) has been commenced for ANFL and Interim Resolution Professional has been appointed. The revised last date for submission of the Resolution Plan is August 17, 2023. AL, the holding company of ANFL, being MSME, has also participated in the resolution process of ANFL. The fair value of assets and liabilities of ANFL will be determined on approval by NCLT of the Resolution Plan. Based on advice received by the Company, further reassessment of valuation of assets or its

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impairment, by the Company may be considered in-appropriate as it may appear to be prejudiced and unfair on the part of Company, at this stage of the CIRP process. These will eventually be ascertained at the time of acceptance of the Resolution Plan by the NCLT. Accordingly, provisions for claims under various corporate guarantees issued by the Company in favour of lenders of ANFL and provision for impairment of the Company's investment in and loan to ANFL are undeterminable at this juncture and shall be reviewed based on outcome of the pending CIRP process of ANFL.

4. The Company has also issued financial guarantees aggregating to Rs. 93,900 Lakh to the lenders of subsidiaries other than ANFL and an erstwhile subsidiary company. In the opinion of the management, the value of primary / underlying assets provided as securities by the borrowing companies is higher than the estimated amount of restructured loans and hence in view of the management no additional liability is expected to devolve on the Company on resolution of debt. In view of the above, no provision on account of the same is made at this stage.

5. The Company has Property, Plant & Equipment with gross block aggregating to Rs 57,690.91 Lakh (written down value aggregating to Rs 50,979.84 Lakh) and inventory of Rs 12,537.34 Lakh. The value of these assets of the Company, has been carried forward on the basis of existing accounting policies, and these values are supported by the commercial value realised in the past. The fair value of assets and liabilities of the Company cannot be determined till the completion of the ongoing discussions for resolution of debt or proceedings and may appear prejudiced, if carried at this stage. In view of the above, no provision for impairment is made at this stage in the financial statement.

6. The Company has trade receivable from a wholly owned subsidiary viz. Arshiya Data Center Private Limited of Rs 13,064.16 Lakh as at 30th June 2023 which are overdue. The underlying asset of the said subsidiary is notified land as Special Economic Zone (SEZ) at Panvel near Mumbai, Maharashtra. The said subsidiary is having sector specific IT SEZ . The said subsidiary is in discussion with a prominent real estate intermediary who is acting on behalf of one of the transnational company for monetization of the said land. The management is of the view that the said amounts are good and fully recoverable.

7. The Company has entered into Share Purchase Agreement with Ascendas Property Fund (India) Pte. Ltd. ('Ascendas') for sale of entire equity shares in Arshiya Northern Projects Private

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Limited ('ANPPL') upon fulfilment of certain conditions precedent and is subject to various corporate and statutory 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".

8. The management believes that Government's focus on significant policy reform for logistics infrastructure sector, which is currently one of the fastest growing sector, will help the company to expand its business. The amendments in the SEZ policy and the recent National Logistic Policy (NLP), 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.

   The management's plan as a developer of the FTWZ business is based on asset light business model through monetization, to improve cashflow of the Company. Monetisation will happen periodically and in a staggered manner. Pursuant to the Framework Agreement, Ascendas will provide capital cushion for future growth. The Company expects similar valuation for warehouses in line with valuations offered earlier by Ascendas. In addition to the above, various resource optimization initiatives undertaken by the Company, will lead to stabilization and revival. Therefore, the Company continues to prepare the financial results on Going Concern basis.

9. The financial creditors' balances as on 30th June 2023 are subject to their confirmation. However, the Company is confident that there will not be significant changes in its liabilities on final settlement.

10. The Company had entered into an agreement for purchase of land which is of strategic importance, from a related party. An Agreement to Sale had been entered into and the definitive agreements are in the process of being executed. The said transaction is expected to be completed by December 2023. The purchase consideration has been adjusted against the advance recoverable from the related party of Rs. 5,000.00 Lakh as on 30th June, 2023. Further, during the quarter the company has given advance of Rs. 575.04 lakhs to related parties which is subsequently adjusted against the advance for purchase of equipments from a related party. Further the above transactions have been approved by the Audit Committee.

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11. Legal & Professional, repairs, utilities & other expenses for the quarter ended 30th June, 2023 includes Rs. 522.57 Lakh and for the quarter and year ended 31st March, 2023 includes Rs. 1,442.58 Lakh relating to fair value adjustment in respect of capital advance paid to related party.

12. The Company's activities 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".

13. 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 ('Order'). Assets and liabilities pertaining to domestic business has been demerged from the Company into the Resulting company i.e. Arshiya Rail Infrastructure Limited (name subsequently changed to NCR Rail Infrastructure Limited). Post NCLT Order, one of the lenders has filed an appeal against the said Order before the Hon'ble National Company Law Appellate Tribunal ('NCLAT / Appellate Tribunal'), Delhi. The Appellate Tribunal by its order dated 4th March 2022, ordered to maintain 'status quo' in the matter. The Company has filed an application seeking vacation of the ad-interim stay order dated 4th March 2022 praying the Appellate Tribunal to allow the Company to complete the formalities such as allotment and listing of the shares of the Resulting Company. As the scheme is in the interest of stakeholders of both the companies and based on the legal opinion and advice, the Company has continued to prepare the financial results for the quarter ended 30th June, 2023 after giving accounting effects of the approved scheme by the NCLT. The matter is still pending before NCLAT.

14. The revenue during the quarter ended 30th June, 2023 and 31st March, 2023, is lower due to higher provisioning for expected credit loss by the operating subsidiaries which resulted in lower profit at the said subsidiaries which consequently impacted the business conducting fee income of the Company to be received from the said subsidiaries.

15. SEZs are exempted from all duties and taxes. The exemption is granted both by Central and State Government. With respect to Panvel FTWZ, refunds aggregating to Rs. 1,876.65 Lakh are receivable in respect of VAT for which appeals are pending with respective Appellate Authorities. In past company has received such refunds and therefore company is of the view that the said amount good for recovery and hence no provision for the same is made.

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16. The figures for the quarter ended 31st March, 2023 in the above financial results are the balancing figures between the audited figures for the full financial year and the year to date unaudited figures upto nine months ended 31st December, 2022 which were subject to limited review by the statutory auditors.

17. The subsidiary company i.e. Arshiya Lifestyle Limited had entered into the sub-lease deed executed on 3 February 2018 for 6 years by and between subsidiary company, Ascendas Panvel FTWZ Private Ltd (the lessor), the Company, Promoters i.e. Mr. Ajay S Mittal and Mrs Archana A Mittal. As stipulated in said sub-lease deed fall in promoter holding below 40% in the Company during the tenor of sub-lease period shall be considered as event of default. As the promoter holding has fallen below 40%, the lessor has forfeited partial security deposits amounting to Rs. 3,250.00 Lakh of the subsidiary company. In turn, the subsidiary company shall not be liable to pay such equivalent amount to the Company and accordingly the equivalent amount of loan has been written off during the quarter ended 30th June, 2023. Though the non-compliance continues the management is confident that there would be no further forfeiture of security deposits of the subsidiary company and accordingly, the balance loan to the subsidiary as on quarter ended 30th June, 2023 of Rs. 2,810.33 Lakh is considered good for recovery based on underlying confirmation as mentioned above.

18. ESOP had an anti-diluting effect on earnings per share hence have not been considered for the purpose of computing dilutive earnings per share for the quarter and year ended 31st March, 2023 and quarter ended 30th June, 2023 and 30th June, 2022.

19. Because of the significant of the matters stated in note nos. 2 to 6, 8 and 9 statutory auditors have issued Disclaimer of conclusion in their limited review report for the quarter ended 30th June 2023 and had also issued disclaimer of opinion vide their Independent Auditor's Report for the financial year ended 31st March, 2023.

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20. During the course of preparation of financial statements, e-mails have been sent by the Company to various parties, in respect of trade receivables, trade payables, outstanding balances etc. with a request to confirm their balances, out of which only a few parties have responded. In the opinion of the management, adjustments (if any) would not be material.

For and on behalf of Board of Directors of Arshiya Limited

Ajay S Mittal
Chairman & Managing Director
DIN No.: 00226355
Place: Mumbai
Date: 14th August, 2023

ORIGINAL

Limited Review Report on quarterly statement of unaudited consolidated financial results for the quarter ended 30th June, 2023 of Arshiya Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors of Arshiya Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of Arshiya Limited ("the Holding Company") comprising its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group") for the quarter ended 30th June, 2023, attached herewith, 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").

   The figures for the quarter ended 31st March, 2023 in the above consolidated financial results are the balancing figures between the audited figures for the full financial year and the year to date unaudited figures upto nine months ended 31st December, 2022 which were subject to limited review.

Management's responsibility

2. This Statement is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Auditor's responsibility

3. Our responsibility is to express a conclusion on the Statement based on our review. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus, provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. However, because of the matters described in the basis of disclaimer of conclusion section of our limited review report, we were not able to obtain sufficient and appropriate audit evidence to provide basis for a conclusion on this Statement.

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4. The Statement includes the results of the following entities:

Sr. No.	Name of the Entity	Relationship
1	Arshiya Limited	Holding Company
2	Arshiya Northern FTWZ Limited (under Corporate Insolvency Resolution process. See para no. 7.6 under Emphasis of Matters)	Subsidiary
3	Arshiya Technologies (India) Private Limited	Subsidiary
4	Arshiya Lifestyle Limited	Subsidiary
5	Arshiya Logistics Services Limited	Subsidiary
6	Arshiya Infrastructure Developers Private Limited	Subsidiary
7	Unrivalled Infrastructure Private Limited	Subsidiary
8	Arshiya Data Centre Private Limited	Subsidiary
9	Arshiya Northern Projects Private Limited	Subsidiary
10	Arshiya 3PL Services Private Limited	Step Down Subsidiary
11	Arshiya Panvel Logistics Services Private Limited	Step Down Subsidiary
12	Arshiya Distribution Hub Private Limited	Step Down Subsidiary
13	Arshiya Panvel FTWZ Services Private Limited	Step Down Subsidiary

5. Basis for Disclaimer of Conclusion

5.1 With respect to settlement arrangement with lenders

a) Further to what is stated in note no. 2 of the Statement, during the earlier years / period the Holding Company had received settlement of debt letter / consent letters in respect of some of the lenders. As per the agreed settlement the total debt of the said lenders (including outstanding interest) of Rs. 102,092.00 lakhs was agreed to be settled at Rs. 43,951.41 lakhs. The Holding Company had already given accounting effects of such settlement in the financial statements in the respective earlier year / period and recognized a gain of Rs 52,942.51 lakhs as an exceptional item. The Holding Company has not fulfilled its obligations as per the agreed settlement. However, the liability in the books has not been restated to the original value and accordingly the liabilities are understated to the extent of Rs 91,719.54 lakhs as on 30th June, 2023. The interest on such borrowings has been under provided by Rs 4,793.70 lakhs for the quarter ended 30th June, 2023 (cumulative unprovided interest of Rs 38,777.03 lakhs), as interest is accounted on the settlement amount as against the pre-settlement amount. The penal interest, default interest on the said defaults with few lenders are not ascertained /accounted.

This accounting treatment as stated above is not in compliance with Ind AS 109 Financial Instruments and Ind AS 23 Borrowing Cost. Had the Holding Company reversed the accounting for the debt settlement, the impact thereon would have been as mentioned above and balance of other equity as on 30th June, 2023 would have been lower by Rs 91,719.54 lakhs and the total equity would have been negative Rs 25,315.28 lakhs as against positive figure of Rs. 66,404.26 lakhs. As stated in notes management is confident of negotiating with the lenders and settle the liability at a lower value and no additional provision needs to be made, in absence of minutes of

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the meeting with the lenders or any written acceptance from the lender we are unable to concur with the management view.

b) Further to what is stated in note no. 2 of the Statement, during the year ended 31st March, 2023 and year ended 31st March, 2022, one of the Subsidiary Company received settlement of debt letter in respect of some of the lenders. As per the agreed settlement the total debt of the said lenders (including outstanding interest) of Rs. 29,720.55 lakhs were agreed to be settled at Rs. 19,754.00 lakhs. The Subsidiary Company had already given accounting effects of such settlement in the quarter ended 30th June, 2022 and in the Ind AS financial statements for the year ended 31st March, 2022, and year ended 31st March, 2023 whereby gain of Rs. 1,744.72 lakhs and Rs. 8,221.83 lakhs have been recognised as an exceptional item. The Subsidiary Company has not fulfilled its obligations as per the agreed settlement. However, the liability in the books has not been restated to the original value and accordingly the liabilities are understated to the extent of Rs. 9,966.55 lakhs as on 30th June, 2023. Further, the interest on such borrowings has been under provided by Rs 719.32 lakhs for quarter ended 30th June, 2023 (cumulative unprovided interest of Rs 5,941.48 lakhs), as interest is accounted on the settlement amount as against the pre-settlement amount. The penal interest, default interest on the said defaults is not ascertained / accounted.

As stated in Note no.13, under the Corporate Insolvency Resolution Process (CIR Process), the said lenders have submitted their claims and the same have been admitted by Interim Resolution Professional (IRP). There is a difference of 36,452.68 lakhs between amount as per books and the claims admitted by the said lenders. Considering the amount admitted, the same shall have an additional impact of Rs. 20,544.66 lakhs over and above the impact mentioned above.

Further to above, notwithstanding commencement of ongoing CIR Process, the management of the Group has decided to continue accounting of the aforesaid settlement gain disregarding the fact that the aforesaid letters does not have any sanctity. No basis or explanation for such a view has been provided to us for the purpose of our review.

This accounting treatment as stated above is not in compliance with Ind AS 109 "Financial Instruments" and Ind AS 23 "Borrowing Cost". Had the Subsidiary Company reversed the accounting for the debt settlement, the loss for the quarter would have been higher by Rs. 36,452.68 lakhs and balance of other equity as on 30th June, 2023 would have been lower by Rs. 36,452.68 lakhs and the total equity would have been negative Rs. 1,22,517.61 lakhs (after considering effects as stated in para 5.1(a) above) as against positive figure of Rs. 5,654.61 lakhs.

c) Further, as stated in note no. 7 of the Statement for the quarter ended 30th June, 2023 and para 5(a) and 5(b) above, balance confirmations of total borrowings including interest accrued (including current maturities of long term borrowings), have not been received. Because of the non-availability of balance confirmations, the difference between the claim by the lenders vis-à-vis the liability as per books cannot be ascertained.

d) One of the Non-Banking Financial Company (NBFC) which was lender to the Holding Company, had assigned its debt to Edelweiss Asset Reconstruction Company (EARC). Pending execution of restructuring agreement for assignment of its debt to Edelweiss Asset Reconstruction Company (EARC), the Holding Company has continued to provide interest on loan aggregating to Rs 2,000.00 lakhs upto the quarter ended 30th June, 2023 in line with terms negotiated with EARC in case of other agreements. The management is of the view that it would be able to successfully negotiate with the lender to whom the debt is assigned.

In view of the management, no additional interest including penal interest needs to be provided for the above-said debt presently. Acceptance of the lenders to these terms is dependent on future negotiations and hence uncertain. In the absence of clarity and pending outcome of negotiations, we are unable to conclude whether the liability as per the books and provision for interest are appropriate or not.

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Considering the factors stated in para 5(c) and 5(d) above and the ongoing negotiations with the lenders for revised settlement, we are unable to obtain sufficient appropriate audit evidence about these borrowings (including interest) outstanding as at 30th June, 2023 as well as the finance cost for the quarter ended 30th June, 2023. Consequently, we are unable to determine the quantum of adjustment (in addition to the amount stated in para 5(a) and 5(b) above) including for difference on account of rate of interest, compounding, penal interest, charges, etc. and consequential impacts in the financial results of the Group.

5.2 Non-recognition of liability in respect of financial guarantee at fair value in accordance with Ind AS 109 on Financial Instruments

We draw attention to the note no. 3 to the Statement, regarding corporate guarantees given to erstwhile subsidiary companies with principal debt obligations aggregating to Rs.93,900.00 lakhs (excluding interest, penal interest etc.). The quantum is after elimination of guarantees given on behalf of the subsidiary. The said companies had defaulted in repayment of dues to lenders.

In the opinion of the management of the Group, the value of primary / underlying assets provided as securities by the borrowing companies is greater than the outstanding loans and hence in view of the management of the Group no additional liability is expected to devolve on the Group. The Group has not carried out a fair valuation of the guarantee in accordance with Ind AS 109 as on 30th June, 2023 leading to non-compliance with the said Ind AS.

In absence of fair value report of the guarantees given or fair value of assets provided as security by the principal borrower, we are unable to comment on quantum of liability which is expected to devolve on the Group as a corporate guarantor and fair value of liability as required to be accounted by Ind AS 109.

5.3 Impairment testing of Property, Plant and Equipment (PPE) & Capital Work in Progress (CWIP) & assessment of Net Realizable Value (NRV) of inventory not carried out by the management

We draw attention to note no. 4 of the Statement, the Group has a Property, Plant and Equipment, capital work in progress with gross block aggregating to Rs 133,391.55 lakhs (written down value aggregating to Rs 1,17,341.66 lakhs) and inventory of Rs 12,537.34 lakhs as at 30th June, 2023. Continuing losses and lower capacity utilization are indicators for need to carry out impairment test as required Ind AS 36. However, the management of the Group has not complied with this requirement of Ind AS 36 i.e. Impairment test has not been carried out in respect of PPE and also has not assessed the net realizable value of the inventory as required by Ind AS 2 on Inventories.

The value in use / NRV is dependent on various factors like settlement with lenders, monetization of assets and infusion of funds which are uncertain and not fully in control of the management of the Group.

As stated above and in absence of the impairment test / NRV test we are unable to provide any assertion on the carrying value of the property plant and equipment and inventory as at 30th June, 2023 and consequently compliance with Ind AS 36 on Impairment of Assets and Ind AS 2 on Inventories.

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5.4 Assets Held for Sale

We draw attention to note no. 5 of the Statement with regards to transaction of monetization of one warehouse of one of the subsidiaries. Since the Subsidiary Company was not able to fulfil certain Conditions Precedent (CP), the Subsidiary Company has requested for extension of timeline provided in the original agreement. The Subsidiary Company has received the extension letter and the management is confident that the conditions will be complied with and accordingly the transaction shall materialize. However, due to initiation of CIR Process, substantial CP were not complied as on the date of the report and the management has not provided with substantive plan of the Subsidiary Company to comply with all the CP or any other alternative plan for sale of the said asset, as required under Ind AS 105 on Non-Current Assets Held for Sale and Discontinued Operations. Additionally, the management of the Group has not assessed NRV of the said assets held for disposal. In absence of the above-mentioned information, we are unable to comment on the appropriateness of the said disclosure and other consequential impact including provision for depreciation, compliance with Ind AS 105 and Ind AS 16 on Property, Plant and Equipment.

Matter listed in para 5.1 to 5.4 were also covered as a part of basis of disclaimer of opinion in our statutory audit report dated 30th May, 2023 for the year ended 31st March, 2023 and accordingly these significant matters remain unresolved during the quarter under review.

Matters listed in para 5.1(a), 5.1(b), 5.1(c) and 5.2 were covered under basis of qualification and 5.1(d) was covered under Emphasis of Matter in our consolidated limited review report for the quarter ended 31st December, 2022 dated 14th February, 2023.

Matters listed In para 5.1(a), 5.1(b) and 5.1(c) were covered under basis of qualification and 5.1(d) was covered under Emphasis of Matter in our consolidated limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022.

Matters listed in para 5.1(a) to (c) above, was covered under qualification and which are listed in para 5.1(d) was covered under emphasis of matters given by the erstwhile statutory auditor in their limited review report for the quarter ended 30th June, 2022 dated 10th August, 2022.

6. Material Uncertainty related to Going Concern

As stated note no. 6 of the Statement, the Group is unable to pay it's dues to operational and financial creditors, the Group has defaulted in repayment of dues to lenders and lenders have started recovery proceeding, the Group 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 Group's borrowing as NPA, current liabilities exceeded its current assets of the Group, operational and financial creditors have applied before NCLT under Insolvency and Bankruptcy Code, 2016. The Holding Company also received notice under SARFAESI from EARC (Edelweiss Asset Reconstruction Company) Trust for certain borrowings, to discharge its liabilities failing which they will realize the amount by enforcing securities on secured assets. With respect to one of the subsidiary CIR process has been initiated and Interim resolution professional has been appointed. The monetization of assets of the said subsidiary is dependent on the outcome of the CIR process.

These matters indicate that a material uncertainty exist that may cast significant doubt about it's to continue as a going concern. The management of the Group plans as a developer of the business indicate monetization will happen periodically and staggered but significant payments will be received to streamline the cash flows. The said assumption of going concern is dependent upon companies plan to monetize its assets in timely manner, successful negotiation with its lenders for settlement of debt obligations and its ability to generate cashflows to meet its obligations. Pending

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above, the management of the Group has prepared the consolidated financial results on a going concern basis.

7. Emphasis of Matters

7.1 We draw attention to note no. 11 to the Statement, one of the lenders of the Holding Company, had preferred an appeal in "Hon'ble National Company Law Appellate Tribunal", ("NCLAT"). against the order of Hon'ble 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 its order dated 4th March, 2022. According to the legal opinion obtained by the Holding Company and in view of the management of the Group, it can prepare the consolidated financial results of the Group as per the sanctioned scheme of arrangement.

7.2 Attention is invited to the note no. 8 of the Statement regarding advance given to a related party Rs 5,000.00 lakhs which is subsequently adjusted against the consideration for purchase of land from holding company of the said related party.

During the quarter the Holding company has given interest free advance of Rs. 575.04 lakhs to a related parties which is subsequently adjusted against the advance for purchase of equipments from one of the related party. The above transactions have been approved by the Audit Committee.

The definitive agreements with respect to the above matters are in the process of being finalised. The said transaction is subject to lenders approvals of the seller and is expected to be completed by 31st December 2023.

7.3 The internal audit for the Holding Company and the operating subsidiaries for the quarter ended 30th June, 2023 has not been conducted. As explained to us, the Company is in the process of appointing internal auditor for the year ended 31st March, 2024.

7.4 The Group is a party to various legal proceedings in normal course of business (including petition filed before NCLT for winding up under Insolvency and Bankruptcy Code) and as informed and represented to us that the inhouse legal team does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of the operations or cash flow.,

7.5 We draw attention to note 18 of the Statement, regarding the balance confirmations of trade receivables and trade payables. During the preparation of consolidated financial result, emails/letters have been sent to various parties by the Holding Company and one of the Subsidiary with a request to confirm their balances however, none of the parties have responded. The management is confident and is of the view that there will not be any material variation in the said balances.

7.6 With respect to one of the subsidiary CIR process has been initiated during the previous quarter and Interim resolution professional has been appointed. The management of the Holding Company based on the legal opinion has continued to consolidate the said entity post appointment of IRP in its consolidated financial results. Further, interest on loans are continued to be provided on the settlement amounts and total loss of Rs. 2,308.50 lakhs of the said subsidiary for the quarter ended 30th June 2023 is included in the consolidated net loss of the group for the same period. (also see note no 13 of Statement)

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7.7 We draw attention to note no.12 of the Statement, regarding refunds aggregating to Rs. 2,120.65 lakhs are receivable in respect of VAT, Service Tax, Local Entry Tax and Service Tax for which appeals are pending with respective Appellate Authorities. The management of the group is of the view that the refunds are good for recovery based on legal opinion obtained.

7.8 Two of the subsidiaries had paid a security deposit in accordance with the sub-lease deed. On account of non-compliance with terms with the sub-lease deed, the deposit given by one of the subsidiaries, was partially forfeited by the lessor and accordingly the Group has written-off Rs 3,250.00 lakhs during the quarter. Though the non-compliance continues the management is confident that there would be no further forfeiture of security deposits and accordingly, the balance of security deposit aggregating to Rs 4,134.30 lakhs are considered good for recovery based on present confirmation of the security deposits. (Also refer note no. 15 of the Statement)

7.9 With respect to outstanding unbilled revenue of Rs 664.81 lakhs (including Rs 132.66 lakhs accrued during the quarter), the final computations / workings (including certifications) required for the purpose of billing are in progress. The management is confident that it has satisfied the conditions of the sub-lease deed for accrual of the revenue and accordingly the said amounts are considered good for recovery.

Our conclusion is not modified in respect of the above matters.

Observations made by us in above paras 7.1 to 7.7 was covered under emphasis of matters in our consolidated audit report for the year ended 31st March, 2023 dated 30th May, 2023.

Observations made by us in above paras 7.1, 7.2, 7.3 and 7.4 were covered under emphasis of matters in our consolidated limited review report for the quarter ended 31st December, 2022 dated 14th February, 2023.

Observations made by us in above paras 7.1 and 7.4 were covered under emphasis of matters in our consolidated limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022.

Observations made by us in above para 7.1 was covered under emphasis of matters by the erstwhile statutory auditor in limited review report for the quarter ended 30th June 2022 dated 10th August 2022.

8. Other Matter

8.1 We did not reviewed the financial statement of four subsidiaries, whose interim financial statements reflect total assets of Rs. 19,412.13 lakhs as on 30th June, 2023, total revenue (including other income) of Rs. 4,876.69 lakhs, total net profit / (loss) after tax Rs. (1,030.40) lakhs and total comprehensive income of Rs (1,030.13) lakhs for the quarter ended 30th June 2023 as considered in the consolidated unaudited financial results. These financial statements have been reviewed by other auditors whose limited review reports have been furnished to us by the management and our opinion on the consolidated unaudited financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of the Listing Regulations (as amended), in so far as it relates to aforesaid subsidiaries is based on the report of other auditors.

8.2 We also did not review the interim financial information of seven subsidiaries whose interim financial statements reflects total assets of Rs 13,466.56 lakhs as at 30th June, 2023, total revenue (including other income) of Rs 158.21 lakhs, total net profit / (loss) after tax Rs 69.19 lakhs and total comprehensive income of Rs 69.26 lakhs for the quarter ended at 30th June, 2023, as considered in the consolidated unaudited financial results. This financial information is not subject to limited review and have been furnished to us by the management and our conclusion on the consolidated unaudited financial results, in so far as it relates to the amounts and disclosures included in respect

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of these subsidiaries is solely based on the information provided by the management. According to the information and explanations given to us by the management, this financial information is not material to the Group.

8.3 The Statement includes figures for the quarter ended 30th June, 2022 which are based on the consolidated financial results reviewed by the erstwhile statutory auditor whose report dated 10th August, 2022 expressed a modified conclusion.

Our conclusion is not modified in respect of the above matters.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm Registration No.: 116560W / W100149

M. D. Mody

Milan Mody
Partner
Membership No.: 103286
UDIN: 23103286BGPZPU2844
Place: Mumbai
Date: 14th August, 2023

N. A. SHAH ASSOCIATES LLP
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Arshiya Limited

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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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2023

(Rs. In Lakhs)

Sr.No.	Particulars	Quarter Ended			Year Ended
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
		Unaudited	Unaudited (Refer Note no.14)	Unaudited	(Audited)
1	**Income**				
	(a) Revenue from operations	3,561.96	3,310.72	3,512.90	14,257.66
	(b) Other Income	109.26	565.44	943.70	1,959.92
	Total Income	**3,671.22**	**3,876.16**	**4,456.60**	**16,217.58**
2	**Expenses**				
	(a) Warehousing, transportation and handling costs	574.09	578.56	494.67	2,057.54
	(b) Employee benefits expense	439.45	357.48	377.89	1,889.73
	(c) Finance costs (net)	5,544.81	6,709.49	4,268.05	21,185.22
	(d) Depreciation and amortization expense	2,024.34	1,846.80	2,048.44	7,934.57
	(e) Legal & Professional, repairs, utilities & others (refer note no.9)	1,190.90	1,562.04	477.91	4,083.88
	(f) Impairment of deposits / receivables (refer note no. 15)	4,056.23	1,682.24	262.19	2,925.07
	Total Expenses (a to f)	**13,829.82**	**12,736.61**	**7,929.15**	**40,076.01**
3	**Profit/(Loss) before exceptional and Tax (1-2)**	**(10,158.60)**	**(8,860.45)**	**(3,472.55)**	**(23,858.43)**
4	Exceptional Items (Net)	-	-	8,221.83	8,221.83
5	**Profit/(Loss) before tax (3+4)**	**(10,158.60)**	**(8,860.45)**	**4,749.28**	**(15,636.60)**
6	Tax expense	-	(0.49)	13.71	45.85
7	**Net profit/(Loss) after Tax from Continuing Operations (5-6)**	**(10,158.60)**	**(8,859.96)**	**4,735.57**	**(15,682.45)**
8	Profit/(loss) from Discontinuing Operations	(0.70)	(0.22)	(0.39)	(2.24)
9	**Net profit/(Loss) after Tax (7+8)**	**(10,159.30)**	**(8,860.18)**	**4,735.18**	**(15,684.69)**
10	**Other Comprehensive Income**				
	Item that will not be reclassified to profit and loss:				
	Remeasurement of gains / (losses) on defined benefit plans	1.72	12.42	(1.85)	6.92
11	**Total Comprehensive Income**	**(10,157.58)**	**(8,847.76)**	**4,733.33**	**(15,677.77)**
12	**Profit/(Loss) attributable to:**				
(a)	Owner of the parent	(10,159.30)	(8,860.18)	4,735.18	(15,684.69)
(b)	Non-controlling interest	-	-	-	-
		(10,159.30)	**(8,860.18)**	**4,735.18**	**(15,684.69)**
13	**Other Comprehensive Income attributable to:**				
(a)	Owner of the parent	1.72	12.42	(1.85)	6.92
(b)	Non-controlling interest	-	-	-	-
		1.72	**12.42**	**(1.85)**	**6.92**
14	**Total Comprehensive Income attributable to:**				
(a)	Owner of the parent	(10,157.58)	(8,847.76)	4,733.33	(15,677.77)
(b)	Non-controlling interest	-	-	-	-
		(10,157.58)	**(8,847.76)**	**4,733.33**	**(15,677.77)**
15	**Paid-up equity share capital (Face value per share Rs. 2)**	**5,269.52**	**5,269.52**	**5,245.52**	**5,269.52**
16	**Other Equity excluding Revaluation reserve**				**10,505.05**
17	**Earnings Per Share (EPS) in Rs. (for continuing operation)**				
	- Basic	(3.86)*	(3.36)*	1.81*	(5.97)
	- Diluted	(3.86)*	(3.36)*	1.77*	(5.87)
18	**Earnings Per Share (EPS) in Rs. (for discontinuing operation)**				
	- Basic	(0.00)*	(0.00)*	(0.00)*	(0.00)
	- Diluted	(0.00)*	(0.00)*	(0.00)*	(0.00)
19	**Earnings Per Share (EPS) in Rs. (for continuing and discontinuing operation)**				
	- Basic	(3.86)*	(3.36)*	1.81*	(5.97)
	- Diluted	(3.86)*	(3.36)*	1.77*	(5.87)
	*not annualised				

ARSHIYA LIMITED MUMBAI

Notes to Unaudited Consolidated Financial Results

1. The Consolidated Financial Results of Arshiya Limited ('Parent Company') and its Subsidiaries (collectively referred to as the 'Group') for the quarter ended 30th June, 2023 were reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent Company at its meeting held on 14th August, 2023. The Statutory Auditors of the Parent Company have carried out limited review of the consolidated financial results (please also refer note no. 17).

2. During the earlier years, the Parent Company and one of its subsidiaries had received settlement of debt letter / consent letters in respect of some of its lenders. As per the agreed settlement, the total debt of the said lenders were agreed to be settled at Rs 63,705.41 Lakh. The Group had already given accounting effects of such settlement in the consolidated financial results in the respective earlier period and recognized a gain of Rs. 62,909.06 Lakh as an exceptional item. The Group continues to engage and discuss with all major financial creditors to resolve debts at sustainable levels. The settlements have not been completed for various reasons and also the financial / operational creditors have filed petitions under the provisions of Insolvency and Bankruptcy Code ('IBC') against the Parent Company and some of its subsidiaries, which are pending before the Hon'ble NCLT. The Parent Company has also received a notice under SARFAESI Act from certain Lenders. The outcome of the settlement of liabilities of the Group is dependent on ongoing discussions with the lenders and based on past discussions, possibilities exist of their settlement. In view of the same, the management is not in a position to determine the fair value of liabilities of the Group at this juncture. Considering the same, the Group continues to account the finance cost and borrowings as per the terms of last settlement issued by the respective financial creditor. The penal / default interest, if any, payable by the Group cannot be ascertained at this stage, therefore, not provided for by the Group.

3. The Parent Company has also issued financial guarantees aggregating to Rs. 93,900 Lakh to the lenders of erstwhile subsidiary companies. In the opinion of the management, the value of primary / underlying assets provided as securities by the borrowing companies is higher than the estimated amount of restructured loans and hence in view of the management no additional liability is expected to devolve on the Group on resolution of debt. In view of the above, no provision on account of the same is made at this stage.

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4. The Group has Property, Plant & Equipment with gross block aggregating to Rs 1,33,170.11 Lakh (written down value aggregating to Rs 1,17,120.22 Lakh), Capital Work in Progress (CWIP) amounting to Rs. 221.44 Lakh and inventory of Rs. 12,537.34 Lakh. The value of these assets of the Group has been carried forward on the basis of existing accounting policies, and these values are supported by the commercial value realised in the past. The fair value of assets and liabilities of the Group cannot be determined till the completion of the ongoing discussions for resolution of debt or CIRP proceedings and may appear prejudiced, if carried at this stage. In view of the above, no provision for impairment is made at this stage in the financial statement.

5. The Parent Company has entered into conditional Share Purchase Agreement with Ascendas Property Fund (India) Pte. Ltd (Ascendas) for sale of entire equity shares in Arshiya Northern Projects Private Limited (ANPPL), upon fulfilment of certain conditions precedent (including leasing of Warehouse number 54 from ANFL to ANPPL) and is subject to various approvals. Hence, Assets and Liabilities in ANPPL and the said asset of ANFL 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".

6. As at 30th June 2023 due to accumulated losses of Rs. 1,294.94 Lakh, net-worth of the Arshiya Logistics Services Limited ("ALSL") is fully eroded. However, ALSL's current assets marginally exceed its current liabilities. Similarly, with respect to Arshiya Lifestyle Limited ("ALL"), Arshiya Panvel Logistics Services Private Limited ("APLSPL") and Arshiya 3PL Services Private Limited ("A3PL"), another ultimately subsidiaries of the Parent Company, either the net worth as on 30th June 2023 is negative and / or have incurred losses for the quarter ended 30th June, 2023. The management believes that Government's focus on significant policy reform for logistics infrastructure sector, which is currently one of the fastest growing sector, will help the Group to expand its business. The amendments in the SEZ policy and the recent National Logistic Policy (NLP), 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.

The management's plan as a developer of the FTWZ business is based on asset light business model through monetization, to improve cashflow of the Group. Monetisation will happen periodically and in a staggered manner. Pursuant to the Framework Agreement, Ascendas will provide capital cushion for future growth. The Group expect similar valuation for warehouses in

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line with valuations offered earlier by Ascendas. In addition to the above, various resource optimization initiatives undertaken by the Group, will lead to stabilization and revival. Therefore, the Group continues to prepare the consolidated financial results on Going Concern basis.

7. The financial creditors' balances as on 30th June, 2023 are subject to their confirmation. However, the Group is confident that there will not be significant changes in its liabilities.

8. The Parent Company had entered into an agreement for purchase of land which is of strategic importance, from a related party. An Agreement to Sale has been entered into and the definitive agreements are in the process of being executed. The said transaction is expected to be completed by December 2023. The purchase consideration has been adjusted against the advance recoverable from the related party of Rs. 5,000.00 Lakh as on 30th June, 2023. Further, during the quarter the Parent Company has given advance of Rs. 575.04 lakhs to related parties which is subsequently adjusted against the advance for purchase of equipments from one of the related party.

9. Legal & Professional, repairs, utilities & other expenses for the quarter ended 30th June, 2023 includes Rs. 522.57 Lakh and for the quarter and year ended 31st March, 2023 includes Rs. 1,442.58 Lakh relating to fair value adjustment in respect of capital advance paid to related party.

10. The Group's activities during the quarter ended 30th June, 2023 revolve around "Developing and Operating Free Trade & Warehousing Zone (FTWZ) and Special Economic Zone (SEZ)" within 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".

11. 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 ('Order'). Assets and liabilities pertaining to domestic business of the Parent Company has been demerged into the Resulting company i.e. Arshiya Rail Infrastructure Limited (name subsequently changed to NCR Rail Infrastructure Limited). Post NCLT Order, one of the lenders has filed an appeal against the said Order before the Hon'ble National Company Law Appellate Tribunal ('NCLAT / Appellate Tribunal'), Delhi. The Appellate Tribunal by its order dated 4th March 2022, ordered to maintain 'status quo' in the matter. The Parent Company has filed an application seeking vacation of the ad-interim stay order dated 4th March 2022 praying

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the Appellate Tribunal to allow the Resultant Company to complete the formalities such as allotment and listing of the shares of the Resulting Company. As the scheme is in the interest of stakeholders of both the companies and based on the legal opinion and advice, the Parent Company has continued to prepare the financial results for the quarter and year ended 31st March 2023 after giving accounting effects of the approved scheme by the NCLT. The matter is still pending before NCLAT.

12. SEZs are exempted from all duties and taxes. The exemption is granted both by Central and State Government. With respect to Panvel FTWZ, refunds aggregating to Rs. 2,120.65 lakhs are receivable in respect of VAT, Service Tax, Local Entry Tax and Service Tax for which appeals are pending with respective Appellate Authorities. In past the Group has received such refunds and therefore the Group is of the view that the said amount is good for recovery and hence no provision for the same is made.

13. The Corporate Insolvency Resolution Process (CIRP) has been commenced for ANFL and Interim Resolution Professional has been appointed. The revised last date for submission of the Resolution Plans is 17th August, 2023. AL, the Parent Company of ANFL, being MSME, has also participated in the resolution process of ANFL. Pending resolution of CIRP, the group continues to consolidate financial results of ANFL based on legal advice. Further, interest on loans are continued to be provided on the settlement amounts and total loss of Rs. 2,308.50 lakhs of the said subsidiary for the quarter ended 30th June, 2023 is included in the consolidated net loss of the Group for the same period.

14. The figures for the quarter ended 31st March, 2023 in the above consolidated financial results are the balancing figures between the audited figures for the full financial year and the year to date unaudited figures upto nine months ended 31st December, 2022 which were subject to limited review by the statutory auditors of the Parent Company.

15. The subsidiary company i.e. Arshiya Lifestyle Limited had entered into the sub-lease deed executed on 3 February 2018 for 6 years by and between subsidiary company, Ascendas Panvel FTWZ Private Ltd (the lessor), the Parent Company, Promoters i.e. Mr. Ajay S Mittal and Mrs Archana A Mittal. As stipulated in said sub-lease deed fall in promoter holding below 40% in the Parent Company during the tenor of sub-lease period shall be considered as event of default. As the promoter holding has fallen below 40%, the lessor has forfeited partial security deposits amounting to Rs. 3,250.00 Lakh of the subsidiary company. Accordingly, the equivalent amount

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of security deposits has been written off during the quarter ended 30th June, 2023. Though the non-compliance continues the Management is confident that there would be no further forfeiture of security deposits of the subsidiary company and accordingly, the balance security deposits to the subsidiary as on quarter ended 30th June, 2023 of Rs. 2,810.33 Lakh is considered good for recovery based on underlying confirmation as mentioned above. On similar lines, the security deposit of Rs. 2,558.11 Lakh given by another subsidiary is also considered good for recovery.

16. ESOP had an anti-diluting effect on earnings per share hence have not been considered for the purpose of computing dilutive earnings per share for the quarter and year ended 31st March, 2023 and quarter ended 30th June, 2023.

17. Because of the significance of the matters stated in notes no. 2 to 7, statutory auditors have issued Disclaimer of Conclusion in their Limited Review report for the quarter ended 30th June, 2023 and had also issued Disclaimer of Opinion vide their Independent Auditor's Report for the financial year ended 31st March, 2023.

18. During the course of preparation of financial results, e-mails have been sent by the Group to various parties, in respect of trade receivables, trade payables, outstanding balances etc. with a request to confirm their balances, out of which only a few parties have responded. In the opinion of the management adjustment (if any) would not be material.

For and on behalf of Board of Directors of Arshiya Limited

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Ajay S Mittal
Chairman & Managing Director
DIN No.: 00226355
Place: Mumbai
Date: 14th August, 2023