



Dear Shareholders,

The Hon'ble Mumbai Bench of the National Company Law Tribunal has by its Order dated 21st January, 2022 approved the Composite Scheme of Arrangement between Arshiya Limited ("Demerged Company or AL") and Arshiya Rail Infrastructure Limited ("Resulting Company or ARIL") and their respective Shareholders with appointed date as 1st April, 2019.

As per Para 7 of the Scheme, in consideration for the demerger of domestic business activities pertaining to the Domestic Warehouses Area's (DWA) (including Arshiya's investment in its subsidiary, namely ARIL pertaining to Private Fright Terminal (PFT), RAIL businesses being carried ARIL and ARIL is required to issue and allot 1 (one) fully paid-up equity shares of Rs. 2 each to the equity shareholders of AL (whose names appear in the register of members as on the Record Date) against 2 (two) fully paid-up equity shares of Rs. 2 each held by them in AL.

The Board of Directors of the AL vide resolution dated 21st February, 2022 had fixed Friday, 4th March 2022 as the Record Date for the purpose of determining the shareholders of AL to whom the fully paid-up equity shares of ARIL would be issued and allotted pursuant to the Scheme.

However, pursuant to the Hon'ble National Company Law Appellate Tribunal (NCLAT), Principal Bench, New Delhi in the Appeal preferred by IDFC First Bank Ltd., against Arshiya Limited & Anr. in the Company Appeal (AT) No. 37 of 2022 has passed an Order directing the parties to maintain the "Status Quo" on the order of demerger and as advised by our advocates on record, the Order of the Hon'ble NCLAT is for "Status Quo" and "not stay", accordingly we have kept the pending of listing application, etc., on hold i.e. "Status Quo", until final judgement by NCLAT and thereafter the Board of Directors of Arshiya Rail Infrastructure Limited will allot in aggregate 13,11,37,958 equity shares of Rs. 2 each to those shareholders of AL whose names appeared in the Register of Members as on the Record Date.

Section 49 of the Income Tax Act, 1961 ("Act") deals with the cost of capital assets with reference to certain modes of acquisition, including demerger.

As per the provisions of Section 49(2C) of the Act, the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assesses in the demerged company the same proportion as the net book value of the assets transferred in a demerger bear to the net worth of the demerged company immediately before such demerger.

As per the provisions of Section 49(2D) of the Act, the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under Section 49 (2C) of the Act.

Arshiya Limited

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The net Book Value of assets transferred from AL to ARIL as on 1st April 2019 was Rs. 7,561.85 Lakhs and the net worth of AL immediately before Demerger was Rs. 1,71,390.77 Lakhs. Thus, the proportion of net asset value of resulting Company (ARIL) to the net worth of the demerged company (AL) immediately before such Demerger will be 4.41%. Cost of acquisition of ARIL shares will be 4.41% of the total cost of acquisition of the original share in the demerged company (AL) prior to such demerger.

Based on the opinion obtained by the Company, to determine post demerger cost of acquisition of equity shares of ARIL and AL in accordance with the provisions of Section 49(2C) & 49(2D) of the Act, the shareholders are advised to apportion their pre-demerger costing the following manner:

Name of the Company	Percentage of cost of acquisition of equity shares of Arshiya Rail Infrastructure Limited & Arshiya Limited
Arshiya Rail Infrastructure Limited (As under Section 49 (2C) of the Act)	04.41 %
Arshiya Limited (As under Section 49 (2D) of the Act)	95.59 %
Total	100.00%

This communication is merely for the general guidance pertaining to the cost of acquisition and should not be construed as a substitute for any independent legal and/or tax opinion that may be obtained by the shareholders at their discretion. The Company does not take any express or implied liability in relation to this guidance nor any responsibility for any errors or omissions in this guidance or tax authorities taking a different view or any change in law or interpretation thereof.

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