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Chartered Accountants

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Limited Review Report on standalone unaudited financial results for the quarter and nine months ended 31st December, 2022 of Arshiya Limited pursuant to the Regulation 33 of SEBI (Listing Obligation and Disclosures 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 and nine months ended 31st December, 2022, 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. **Management 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.

3. **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 are 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.

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4. Basis for Qualified Conclusion

I. With respect to settlement arrangement with lenders:

Further to what is stated in Note No 5.1 and 5.2 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 102,092.00 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 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 83,950.09 lakhs as on 31st December, 2022. The interest on such borrowings has been under provided by Rs 3,031.21 lakhs for quarter ended 31st December, 2022 and Rs 9,480.06 lakhs for nine months ended 31st December, 2022 (cumulative unprovided interest of Rs 31,007.57 lakhs) as interest is accounted on the settlement amount as against the pre-settlement amount. The penal interest and 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 31st December, 2022 would have been lower by Rs 83,950.08 lakhs.

II. As stated in Note no. 9 of the Statement, statements for the quarter and nine months ended 31st December, 2022, balance confirmations of total borrowings including interest accrued (including current maturities and current borrowings), aggregating to Rs 77,932.67 lakhs have not been received. Further in few cases, the terms of restructuring are under negotiation and / or restructuring agreements are pending to be executed. We are unable to obtain sufficient appropriate audit evidence about these borrowings (including interest) outstanding as at 31st December, 2022 as well as the finance cost for the quarter and nine months ended 31st December, 2022. Consequently, we are unable to determine whether any adjustment to these amounts are necessary (including for difference on account of rate of interest, compounding, penal interest, charges, etc.) and consequential impacts in the financial statements of the Company.

III. Non recognition of liability in respect of financial guarantee at fair value in accordance with Ind-AS 109 "Financial Instruments":

a. We draw attention to the note no. 7 to the statement, regarding invocation of corporate guarantee given by the Company to lenders of Arshiya Northern FTWZ Limited (ANFL) of Rs 34,725.08 lakhs (excluding penal interest, charges etc.). The Company had carried out the fair valuation of ANFL as on 31st March 2022 through an independent Chartered Accountants firm and as per their report the value of assets in favor of lenders of ANFL is higher than the total liabilities as per books. Accordingly, no provision against the claims under the invoked corporate guarantee is considered necessary by management. Further, the impairment

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testing of recoverability of the investments in the said subsidiary is also dependent on the resolution of the said matter (also refer para IV in Emphasis of Matters).

b. As regards corporate guarantees and securities given by the Company on behalf of subsidiary and resulting entity as a part of the scheme of arrangement (demerger) who have defaulted in their principal and interest payment obligations to the lenders. The loans taken by the subsidiary and resulting entity have also been secured by charge on the underlying assets of the said entities. 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.

   Considering the various facts mentioned above, underlying defaults by the borrowing entities and in the absence of independent fair valuation reports as regards the said corporate guarantee we are unable to comment on the compliance with the requirement of Ind AS 109 "Financial Instruments".

   The cumulative impact of the above qualifications on the Statement (including basic & diluted earning per share) have not been ascertained by the management and hence cannot be quantified.

   Qualification listed in para I & II was given by the erstwhile statutory auditor in their limited review report for the quarter ended 30th June, 2022 & also given in our limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022 and qualification II was mentioned in the statutory audit report for the year ended 31st March, 2022 by erstwhile statutory auditor.

5. **Qualified conclusion**

Based on our review conducted and procedures performed as stated paragraph 3 above except for the effects of the matter described in basis of qualified conclusion paragraph above and read with matters stated in emphasis of matter and material uncertainty related going concern paragraph below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, have not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Material uncertainty related to going concern**

We draw attention to the Note no. 6 of the statement, the Company is unable to pay its 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 Edelweiss Asset Reconstruction Company (EARC) for certain borrowings, to discharge its liabilities failing which they will realize the amount by enforcing securities on

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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. As explained to us, the Company has obtained in principle term sheet from the investors and various steps are being undertaken for settlement of lenders dues. 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. The impairment testing of the assets is also dependent on the factors mentioned above including the monetization of the assets and settlement of lenders dues.

Our conclusion is not modified in respect of the said matter. In respect of the above matter, attention was also drawn by the erstwhile auditor in their statutory audit report for financial year ended 31st March, 2022 dated 30th May, 2022 and their limited review report for the quarter ended 30th June, 2022 dated 10th August, 2022 and also our limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022.

7. **Emphasis of Matters**

I. We draw attention to Note no. 4 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 (name subsequently changed to NCR 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.

II. We draw attention to the Note no. 8.1 of the statement, pending execution of restructuring agreement for assignment of its debt to EARC, the Company has continued to provide interest for the quarter and nine months 31st December, 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. (also see para I under basis of qualified conclusion)

III. As stated in note 8.2 of the statement, during the earlier quarter, with respect to a borrowing from PFI under SARFAESI process, the lender has disposed of the asset which was given as a security exclusively under the said loan for a consideration of Rs 10,300.00 lakhs The Company had accounted for the sale transaction during the quarter ended 30th June, 2022, however in the absence of any communication from the lender the sales proceeds have not been appropriated against the outstanding amount. The Company has requested the lender to provide the utilization details which are awaited as on the date of the report. In the opinion of the management, the amount in excess of the outstanding balance as per books is recoverable and / or would be adjusted against the other outstanding loans.

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IV. We draw attention to note no. 7 to the statement, regarding Company's non-current investment in ANFL and its loans dues amounting to Rs 45,322.25 Lakhs and Rs 12,888.74 Lakhs, respectively. The operations of ANFL are dependent on business plans and various steps taken by the management. Based on this and other factors stated in the aforesaid note, management has considered that no adjustments at this stage, are required to be made to the carrying value of the long term strategic investment and receivables as at 31st December, 2022.

We have also relied upon the request letter date 31st December, 2022 for extension of addendum to the share purchase agreement dated 31st May, 2022 between ANFL and Arshiya Northern Projects Private Limited and Ascendas Property Fund (India) Pte Limited (Ascendas) for monetization of warehouse till 31st December, 2023 which has been acknowledged by Ascendas.

V. We draw attention to Note no 10 of the statement regarding recoverability of trade receivables amounting to Rs 585.35 Lakhs as at 31st December, 2022 from one of the customer. The management is of the view that the said amounts are good and fully recoverable as on 31st December, 2022, and accordingly, no provision is required to be made in view of the reasons stated in the aforesaid note.

VI. Attention is invited to note 15 of the results regarding advance given to a related party aggregating to Rs 3,409.33 lakhs which is subsequently adjusted against the consideration for purchase of land from holding company of the said related party. The definitive agreements with respect to the same are in the process of being finalised. The said transaction is subject to approval of the lenders of the holding company of said related party and is expected to be completed by 31st December, 2023.

VII. The internal audit for the nine-month period ended 31st December, 2022 has not been conducted. As explained to us, there has been a resignation of the internal auditor and the Company is in the process of appointing another internal auditor.

VIII. 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 does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of the operations or cash flow. We have relied upon the representation from the in-house legal team as regards the same.

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

Observation made by us in above para I, II & IV was given by the erstwhile statutory auditor in their statutory audit report for the year ended 31st March, 2022 dated 30th May, 2022 & limited review report for the quarter ended 30th June, 2022 dated 14th August, 2022 and also given in our limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022.

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8. **Other Matters**

The Statement includes unaudited financial results for the comparative periods, for the quarter and nine months ended 31st December, 2021 and audited financial results for the year ended 31st March, 2022 which are based on the financial results which were reviewed / audited by erstwhile auditor of the Company. The erstwhile auditors had issued modified limited review report dated 14th February 2022, and modified audit report dated 30th May 2022. (Also see basis of qualified conclusion paragraph for modifications made by the erstwhile auditors).

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. Mody

Milan Mody
Partner
Membership No.: 103286
UDIN: 23103286BGPZKB7769

N. A. SHAH ASSOCIATES LLP
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CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 14th February 2023

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

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2022

(Rs. in Lakhs)

Sr.No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2022	**30.09.2022**	**31.12.2021**	**31.12.2022**	**31.12.2021**	**31.03.2022**
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**						
	(a) Revenue from operations	1,030.44	717.83	1,195.98	2,459.64	4,353.01	6,193.34
	(b) Other Income	228.92	79.44	197.37	1,130.59	578.99	818.96
	Total Income (a+b)	**1,259.36**	**797.27**	**1,393.35**	**3,590.23**	**4,932.00**	**7,012.30**
2	**Expenses**						
	(a) Employee benefits expense	348.91	373.61	288.02	1,034.43	937.84	1,299.13
	(b) Finance costs (net)	2,141.47	3,245.71	4,328.84	7,666.41	12,632.36	8,646.77
	(c) Depreciation and amortization expense	195.19	204.35	280.50	642.41	777.52	1,032.54
	(d) Legal & Professional, repairs, utilities & others (Refer note no.12)	1,543.74	564.70	187.42	2,240.34	560.12	3,121.09
	Total Expenses (a to d)	**4,229.31**	**4,388.37**	**5,084.78**	**11,583.59**	**14,907.84**	**14,099.53**
3	**Profit/(Loss) before exceptional items and Tax (1-2)**	**(2,969.95)**	**(3,591.10)**	**(3,691.43)**	**(7,993.36)**	**(9,975.84)**	**(7,087.23)**
4	Exceptional Items (Net) (Refer note no.11)	-	-	-	-	-	47,244.27
5	**Profit/(Loss) before tax (3-4)**	**(2,969.95)**	**(3,591.10)**	**(3,691.43)**	**(7,993.36)**	**(9,975.84)**	**40,157.04**
6	Tax expense	-	-	-	-	-	-
7	**Net profit/(Loss) after Tax (5-6)**	**(2,969.95)**	**(3,591.10)**	**(3,691.43)**	**(7,993.36)**	**(9,975.84)**	**40,157.04**
8	**Other Comprehensive Income**						
	Items that will not be reclassified to profit and loss:						
	Remeasurement of net defined benefit plan	(1.66)	(1.67)	(1.58)	(4.99)	(4.74)	(6.65)
7	**Total Comprehensive Income**	**(2,971.61)**	**(3,592.77)**	**(3,693.01)**	**(7,998.35)**	**(9,980.58)**	**40,150.39**
8	**Paid-up equity share capital (Face value per share Rs. 2/-)**	**5,269.52**	**5,245.52**	**5,245.52**	**5,269.52**	**5,245.52**	**5,245.52**
9	**Other Equity excluding Revaluation reserve**						**85,955.28**
10	**Earnings Per Equity Share (EPS) in Rs.**						
	- Basic	(1.13)*	(1.37)*	(1.41)*	(3.05)*	(3.30)*	15.31
	- Diluted	(1.13)*	(1.37)*	(1.41)*	(3.05)*	(3.80)*	15.17
	(*not annualised)						

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Notes to Unaudited Standalone Financial Results: -

1. The Audit Committee has reviewed the unaudited financial results and the Board of Directors has approved these results for the quarter and nine months ended 31st December, 2022 and its release in the meeting held on 14th February 2023. The Statutory Auditors of the Company have carried out the limited review of the above unaudited financial results.

2. The Company has entered into Share Purchase Agreement dated 31st May, 2022 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 and is subject to various approvals. During the quarter, company has requested for further extension till 31st December, 2023 which has been accepted/acknowledged by Ascendas Property Fund (India) Pte Limited. 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".

3. 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" prescribed under Companies (Indian Accounting Standards) Rules 2015.

4. 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.

   Further, 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 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 and based on the legal opinion and advice, the Company has continued to prepare the financial results for the quarter and nine months ended 31st December 2022 after giving accounting effects of the approved scheme by the NCLT. The Auditors have referred to this as an emphasis of matter paragraph in their Limited Review Report.

5.1 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 was agreed to be settled at Rs 43,951.41 lakhs. The company

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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 lakhs as an exceptional item. Since the Company is unable to comply with the conditions of the settlement it has requested the lenders to revise the structure of debt resolution and has submitted various proposals to them. In light of the ongoing discussion with the lenders, the Company continues to account the finance cost and borrowings as per the Settlement. The penal interest, default interest on the said defaults are not ascertained /accounted.

5.2 Further one of the lenders has revoked the said settlement and recalled the restated outstanding dues as on 30th June 2022 together with contractual interest, penal interest, etc.

5.3 The Auditors have qualified their conclusion in respect of this matter in their Limited Review Report.

6. The management believes that Government's focus on significant policies 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. 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 under discussion with all major lenders to reduce debt at sustainable levels. 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 indicates that asset light business model through monetization will help to improve cashflow of the Company. Monetisation will happen periodically and in a staggered manner, but significant payments will be received to streamline the cash flows.

Pursuant to the framework agreement with Ascendas, Ascendas will provide capital cushion for future growth. They provided an attractive valuation for warehouses in the past and similar valuations are 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 FTWZ 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.

7. The Company had issued a corporate guarantee of Rs. 34,725.08 lakhs 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 ANFL 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 qualified their conclusion in respect of this matter in their Limited Review Report.

   Lenders of ANFL have filed petition for recovery of dues at NCLT under Insolvency and Bankruptcy Code, 2016. A lender of ANFL has also called upon the Company as a corporate guarantor to the said loan. The matter has been admitted in NCLT and the Company has filed an appeal before the National Company Law Appellate Tribunal (NCLAT). NCLAT has passed an interim stay on the admission order. Further, ANFL is under discussion with these consortium lenders for resolution of debt for all lenders.

   Based on ANFL's 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 accordingly no provision for impairment on it's investment in ANFL and loan to ANFL are considered necessary as on 31st December, 2022. The Auditors have referred to this as an emphasis of matter paragraph in their Limited Review Report.

8.1 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 Limited Review Report.

8.2 During the quarter ended 30th June, 2022, with respect to borrowing from PFI, under SARFAESI process, EARC has identified buyers for sale of security exclusively charged under said loan and the Company has recorded sale transaction during the quarter ended 30th June 2022 however with respect to appropriation of sale proceed against principal and interest, required details of the transaction are awaited from EARC. Upon receipt of details from EARC, the Company will give necessary impact in the books of account.

9. The lenders' balances as on 31st December, 2022 are subject to their confirmation. However, the Company is confident that there will not be significant changes in its

liabilities. The Auditors have qualified their conclusion in respect of this matter in their Limited Review Report.

10. As on 31st December, 2022, trade receivable includes amount aggregating to Rs. 585.35 lakhs from one of the customers 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 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 Limited Review Report.

11. Exceptional items during the year ended 31st March 2022 represent net gain on settlement of debts.

12. Legal & Professional, repairs, utilities & others include provision made for time value difference as per Indian Accounting Standard (IND AS) of Rs 1,446.29 lakhs during the quarter and nine months ended 31st December 2022.

13. The figures of the corresponding previous period/year have been rearranged/regrouped wherever necessary, to correspond with current period's classification/disclosures.

14. ESOP had an anti-diluting effect on earnings per share hence have not been considered for the purpose of computing dilutive earning per share for the quarter ended 30th September, 2022 and quarter and nine months ended 31st December 2022.

15. The Company has entered into an agreement for purchase of land cum spine road which is of strategic importance, from a related party. An Agreement to Sell has been entered and the definitive agreements are in the process of being executed. While the said transaction is subject to the approval of lenders of the related party, the same is expected to be completed by December 2023. The purchase consideration will be paid/ adjusted against, the advance outstanding as on 31st December, 2022 of Rs. 3,409.33 lakhs with the related party i.e. subsidiary company of the seller.

16. During the quarter the company has allotted 12,00,000 equity shares to eligible employee under the Arshiya Limited Employee Stock Option Scheme 2019 upon exercise of the option.

For and on behalf of Board of Directors of Arshiya Limited

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

Arshiya Limited
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Limited Review Report on consolidated unaudited financial results for the quarter and nine months ended 31st December, 2022 of Arshiya Limited pursuant to the Regulation 33 of SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 (as amended)

To
The Board of Directors of
Arshiya Limited

1. We have reviewed the accompanying statement of consolidated unaudited financial results of **Arshiya Limited** ("the Holding Company"), comprising its subsidiaries (the Holding and its subsidiaries collectively referred to as "the Group") for the quarter and nine months ended 31st December, 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").

2. **Management responsibility**

This Statement, which is the responsibility of the Holding Company's Management and has been approved by the Holding Company's Board of Directors. The Statement 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.

3. **Auditor's responsibility**

Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

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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	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

4. **Basis for Qualified Conclusion**

I. With respect to settlement arrangement with lenders:

Further to what is stated in Note No 5.1 and 5.2 of the Statement, during the earlier years / period the Group 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 132,601.59 lakhs was agreed to be settled at Rs 62,985.41 lakhs. The Group had already given accounting effects of such settlement in the consolidated financial statements in the respective earlier period and recognized a gain of Rs 62,909.06 lakhs as an exceptional item. The Group 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 98,700.78 lakhs as on 31st December, 2022. The interest on such borrowings has been under provided by Rs 3,619.69 lakhs for quarter ended 31st December, 2022 and Rs 11,584.14 lakhs for nine months ended 31st December, 2022 (cumulative unprovided interest is Rs 35,791.72 Lakhs), as interest is accounted on the settlement amount as against the pre-settlement amount. The penal interest, default interest on the said defaults 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 Group reversed the accounting for the debt settlement the impact thereon would have been as mentioned above and balance of other equity as on 31st December, 2022 would have been lower by Rs 98,700.78 lakhs.

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II. As stated in Note no. 12 of the Statement, statements for the quarter and nine months ended 31st December, 2022, balance confirmations of total borrowings including interest accrued (including current maturities and current borrowings), aggregating to Rs 133,724.89 lakhs have not been received. Further in few cases, the terms of restructuring are under negotiation and / or restructuring agreements are pending to be executed. We are unable to obtain sufficient appropriate audit evidence about these borrowings (including interest) outstanding as at 31st December, 2022 as well as the finance cost for the quarter and nine months ended 31st December, 2022. Consequently, we are unable to determine whether any adjustment to these amounts are necessary (including for difference on account of rate of interest, compounding, penal interest, charges etc.) and consequential impacts in the financial statements of the Company.

III. Non recognition of liability in respect of financial guarantee at fair value in accordance with Ind-AS 109 "Financial Instruments":

As regards corporate guarantees and securities given by the Holding Company on behalf of subsidiary and resulting entity as a part of the scheme of arrangement (demerger) who have defaulted in their principal and interest payment obligations to the lenders. The loans taken by the subsidiary and resulting entity have also been secured by charge on the underlying assets of the said entities. 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 Holding Company.

Considering the various facts mentioned above, underlying defaults by the borrowing entities and in the absence of independent fair valuation reports as regards the said corporate guarantee we are unable to comment on the compliance with the requirement of Ind AS 109 "Financial Instruments".

IV. In preparing and presenting the Statement, the Holding Company has not complied with the provision of Regulation 33(3)(h) of SEBI LODR, which requires a listed entity to ensure that, for the purpose of quarterly consolidated financial results, at least eighty percent of each of the consolidated revenue, assets and profits, respectively, should be subject to audit or in case of unaudited results, subjected to limited review. (Refer Note no. 17)

The cumulative impact of the above qualifications on the Statement have not been ascertained by the management and hence cannot be quantified.

Qualification listed in para I & II was given by the erstwhile statutory auditor in their limited review report for the quarter ended 30th June, 2022 & also given in our limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022 and qualification II was mentioned in the statutory audit report for the year ended 31st March, 2022 by erstwhile statutory auditor.

5. **Qualified conclusion**

Based on our review conducted and procedures performed as stated paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in other matters below, except for the matters described in 'Basis of qualified conclusion' above read with emphasis of matter and material uncertainty related going concern paragraph below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in

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6. **Material uncertainty related to going concern**

We draw attention to the Note no. 6.1 to 6.4 of the Statement, the Group is unable to pay its dues to operational and financial creditors, the Group has defaulted in payment of statutory dues, repayment of dues to lenders, and lenders have started recovery proceeding, some of the lenders have even called back their loans, lenders have classified Group's borrowings as NPA, current liabilities of the Group exceeded its current assets and operational and financial creditors have applied before NCLT under Insolvency and Bankruptcy Code, 2016. The Group has received notice under SARFAESI from Edelweiss Asset Reconstruction Company (EARC), for certain borrowings, to discharge its 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 the Group's 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. As explained to us, the Group has obtained in principle term sheet from the investors and various steps are being undertaken for settlement of lenders dues. These along with other developments in the sector are detailed in the notes. The said assumption of going concern is dependent upon Group's plan to monetize its assets in timely manner and generate cash flows to meet its obligations. The impairment testing of the assets is also dependent on the factors mentioned above including the monetization of the assets and settlement of lenders dues.

Our conclusion is not modified in respect of the said matter. In respect of the above matter, attention was also drawn by the erstwhile auditor in their statutory audit report for financial year ended 31st March, 2022 dated 30th May, 2022 and their limited review report for the quarter ended 30th June, 2022 dated 10th August, 2022 and also our limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022.

7. **Emphasis of Matters**

I. We draw attention to Note no. 4 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 (name subsequently changed to NCR 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, it can prepare the financial statements / results of the Group as per the sanctioned scheme of arrangement.

II. We draw attention to the Note no. 7.1 of the Statement, pending execution of restructuring agreement for assignment of its debt to EARC, the Holding Company has continued to provide interest for the quarter and nine months ended 31st December, 2022 in line with major terms negotiated with EARC in case of other agreements. In view of the management,

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no penal interest needs to be provided for the above-said debt presently. (also see para I under basis of qualified conclusion).

III. As stated in note 7.2 of the statement, during the previous quarter, with respect to a borrowing from PFI under SARFAESI process, the lender has disposed of the asset which was given as a security exclusively under the said loan for a consideration of Rs 10,300.00 lakhs. The Holding Company had accounted for the sale transaction during the previous quarter, however in the absence of any communication from the lender the sales proceeds have not been appropriated against the outstanding amount. The Holding Company has requested the lender to provide the utilization details which are awaited as on the date of the report. In the opinion of the management, the amount in excess of the outstanding balance as per books is recoverable and / or would be adjusted against the other outstanding loans.

IV. We draw attention to Note no 8 and 9 of the statement regarding recoverability of trade receivables amounting to Rs 844.63 lakhs as at 31st December, 2022. The Management is of the view that the said amounts are good and fully recoverable as on 31st December, 2022, and accordingly, no provision is required to be made in view of the reasons stated in the aforesaid note.

V. Attention is invited to note 15 of the results regarding advance given to a related party aggregating to Rs 3,409.33 lakhs which is subsequently adjusted against the consideration for purchase of land from holding company of the said related party. The definitive agreements with respect to the same are in the process of being finalised. The said transaction is subject to approval of the lenders of the holding company of said related party and is expected to be completed by 31st December, 2023.

VI. The internal audit for the nine-month period ended 31st December, 2022 has not been conducted. As explained to us, there has been a resignation of the internal auditor and the Group is in the process of appointing another internal auditor.

VII. The Group is a party to various legal proceedings in normal course of business (including proceedings before NCLT under Insolvency and Bankruptcy Code, 2016) and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of the operations or cash flow. We have relied upon the representation from the in-house legal team as regards the same.

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

Observation made by us in above para I, II & III was given by the erstwhile statutory auditor in their statutory audit report for the year ended 31st March, 2022 dated 30th May, 2022 & limited review report for the quarter ended 30th June, 2022 dated 14th August, 2022 and also given in our limited review report for the quarter ended 30th September, 2022 dated 14th November, 2022.

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8. **Other Matters**

I. We did not review the interim financial statement of two subsidiaries, whose interim financial statements reflect total assets of Rs 12,562.50 lakhs as at 31st December 2022, total revenue (including other income) of Rs 3,792.57 lakhs & Rs 11,882.57 lakhs, total net profit / (loss) after tax Rs (535.62) lakhs & Rs (609.00) lakhs and total comprehensive income of Rs (535.96) lakhs & Rs (610.04) lakhs for the quarter and nine months ended 31st December, 2022 respectively, as considered in the consolidated unaudited financial results. These financial results have been reviewed by other auditors whose reports 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 of these subsidiaries and our report in terms of the Listing Regulations (as amended) is solely based on the report of such auditors and the procedures performed by us are as stated in paragraph 3 above.

II. We also did not review the interim financial information of nine subsidiaries whose interim financial statements reflects total assets of Rs 25,675.46 lakhs as at 31st December 2022, total revenue (including other income) of Rs 1,730.43 and Rs 4,333.39 lakhs, total net profit / (loss) after tax Rs (287.71) lakhs and Rs (691.85) lakhs and total comprehensive income of Rs (287.81) lakhs and Rs (692.17) lakhs for the quarter and nine months ended 31st December, 2022 respectively, 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 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.

III. The Statement includes consolidated unaudited financial results for the comparative periods, for the quarter and nine months ended 31st December, 2021 and audited financial results for the year ended 31st March, 2022 which are based on the financial results which were reviewed / audited by erstwhile auditor of the Company. The erstwhile auditors had issued modified limited review report dated 14th February, 2022 and modified audit report dated 30th May, 2022. (Also see basis of qualified conclusion paragraph for modifications made by the erstwhile auditors).

Our conclusion on the Statement is not modified in respect of the matters mentioned in serial number I to III above, with respect to our reliance on the work done and the reports of the other auditors and the financial results / financial information certified by the Board of Directors.

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

M. D. Mody

Milan Mody
Partner
Membership No.: 103286
UDIN: 23103286BGPZKC1609

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Place: Mumbai
Date: 14th February, 2023

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

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2022

(Rs. In Lakhs)

Sr.No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**						
	(a) Revenue from operations	3,710.74	3,723.30	3,693.13	10,946.94	11,123.10	15,014.12
	(b) Other Income	198.66	252.12	160.65	1,394.48	560.56	9,674.09
	Total Income	**3,909.40**	**3,975.42**	**3,853.78**	**12,341.42**	**11,683.66**	**24,688.21**
2	**Expenses**						
	(a) Warehousing, transportation and handling costs	446.97	537.34	502.26	1,478.98	1,310.35	1,775.45
	(b) Employee benefits expense	567.56	586.80	540.98	1,532.25	1,412.41	1,996.63
	(c) Finance costs (net)	4,547.97	5,659.70	6,563.08	14,475.72	19,239.36	16,217.40
	(d) Depreciation and amortization expense	2,009.66	2,029.67	1,820.46	6,087.77	5,349.33	7,181.47
	(e) Legal & Professional, repairs, utilities & others	1,423.57	1,601.00	630.58	3,764.67	1,698.15	3,356.37
	Total Expenses (a to e)	**8,995.73**	**10,414.51**	**10,057.36**	**27,339.39**	**29,009.60**	**30,527.32**
3	**Profit/(Loss) before exceptional and Tax (1-2)**	**(5,086.33)**	**(6,439.09)**	**(6,203.58)**	**(14,997.97)**	**(17,325.94)**	**(5,839.11)**
4	Exceptional Items (Net) (Refer note no. 11)	-	-	-	8,221.83	-	48,988.99
5	**Profit/(Loss) before tax (3+4)**	**(5,086.33)**	**(6,439.09)**	**(6,203.58)**	**(6,776.14)**	**(17,325.94)**	**43,149.88**
6	Tax expense	-	32.63	3.38	46.34	30.79	28.82
7	**Net profit/(Loss) after Tax from Continuing Operations (5-6)**	**(5,086.33)**	**(6,471.72)**	**(6,206.96)**	**(6,822.48)**	**(17,356.73)**	**43,121.06**
8	Profit/(loss) from Discontinuing Operations	(0.78)	(0.85)	(208.37)	(2.02)	(435.60)	(730.29)
9	**Net profit/(Loss) after Tax (7+8)**	**(5,087.11)**	**(6,472.57)**	**(6,415.33)**	**(6,824.50)**	**(17,792.33)**	**42,390.77**
10	**Other Comprehensive Income**						
	Item that will not be reclassified to profit and loss:						
	Remeasurement of gains / (losses) on defined benefit plans	(1.82)	(1.83)	(1.18)	(5.50)	(3.83)	(7.38)
11	**Total Comprehensive Income**	**(5,088.93)**	**(6,474.40)**	**(6,416.51)**	**(6,830.00)**	**(17,796.16)**	**42,383.39**
12	**Profit/(Loss) attributable to:**						
(a)	Owner of the parent	(5,087.11)	(6,472.57)	(6,415.33)	(6,824.50)	(17,792.33)	42,390.77
(b)	Non-controlling interest	-	-	-	-	-	-
		(5,087.11)	**(6,472.57)**	**(6,415.33)**	**(6,824.50)**	**(17,792.33)**	**42,390.77**
13	**Other Comprehensive Income attributable to:**						
(a)	Owner of the parent	(1.82)	(1.83)	(1.18)	(5.50)	(3.83)	(7.38)
(b)	Non-controlling interest	-	-	-	-	-	-
		(1.82)	**(1.83)**	**(1.18)**	**(5.50)**	**(3.83)**	**(7.38)**
14	**Total Comprehensive Income attributable to:**						
(a)	Owner of the parent	(5,088.93)	(6,474.40)	(6,416.51)	(6,830.00)	(17,796.16)	42,383.39
(b)	Non-controlling interest	-	-	-	-	-	-
		(5,088.93)	**(6,474.40)**	**(6,416.51)**	**(6,830.00)**	**(17,796.16)**	**42,383.39**
15	**Paid-up equity share capital (Face value per share Rs. 2)**	**5,269.52**	**5,245.52**	**5,245.52**	**5,269.52**	**5,245.52**	**5,245.52**
16	**Other Equity excluding Revaluation reserve**						**25,977.10**
17	**Earnings Per Share (EPS) in Rs. (for continuing operation)**						
	- Basic	(1.93)*	(2.47)*	(2.37)*	(2.60)*	(4.25)*	16.44
	- Diluted	(1.93)*	(2.47)*	(2.37)*	(2.60)*	(4.25)*	16.39
18	**Earnings Per Share (EPS) in Rs. (for discontinuing operation)**						
	- Basic	(0.00)*	(0.00)*	(0.08)*	(0.00)*	(0.09)*	(0.28)
	- Diluted	(0.00)*	(0.00)*	(0.08)*	(0.00)*	(0.09)*	(0.28)
19	**Earnings Per Share (EPS) in Rs. (for continuing and discontinuing operation)**						
	- Basic	(1.93)*	(2.47)*	(2.45)*	(2.60)*	(4.34)*	16.16
	- Diluted	(1.93)*	(2.47)*	(2.45)*	(2.60)*	(4.34)*	16.11
	*not annualised						

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Notes to Unaudited Consolidated Financial Results: -

1. The Unaudited Consolidated Financial Results of Arshiya Limited ('Parent Company') and its Subsidiaries (together referred to as the 'Group') for the quarter and nine months ended 31st December, 2022 were reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent Company at its meeting held on 14th February, 2023. The Statutory Auditors of the Parent Company have carried out the limited review of the above unaudited consolidated financial results.

2. 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 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".

3. The Group's activities 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.

4. 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 Parent 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 of the Parent Company 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.

   Further, the Parent Company has filed an application seeking vacation of the ad interim stay order dated 4th March 2022 praying the Appellate Tribunal to allow 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 and based on the legal opinion and advice, the Parent Company has continued to prepare the consolidated financial results for the quarter and nine months ended 31st December, 2022 after giving accounting effects of the approved scheme by the NCLT. The Auditors have referred to this as an emphasis of matter paragraph in their Limited Review Report.

5.1 During the earlier years / period the Parent Company and a subsidiary 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 62,985.41 lakhs. The Group had already given accounting effects of such settlement in the consolidated financial statements in the respective earlier period and recognized a

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gain of Rs. 62,909.06 lakhs as an exceptional item. Since the Group is unable to comply with the conditions of the settlement it has requested the lenders to revise the structure of debt resolution and has submitted various proposals to them. In light of the ongoing discussion with the lenders, the Group continues to account the finance cost and borrowings as per the Settlement. The penal interest, default interest on the said defaults are not ascertained /accounted.

5.2 Further one of the lenders has revoked the said settlement and recalled the restated outstanding dues as on 30th June 2022 together with contractual interest, penal interest, etc.

5.3 The Auditors have qualified their conclusion in respect of this matter in their Limited Review Report.

6.1 The management believes that Government's focus on significant policies 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 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. 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 under discussion with 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 to improve cashflow of the Group. Monetisation will happen periodically and staggered manner, but significant payments will be received to streamline the cash flows.

Pursuant to the framework agreement with Ascendas, Ascendas will provide capital cushion for future growth. They 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 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 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.

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6.2 With respect of one of subsidiary i.e. Arshiya Northern FTWZ Limited ("ANFL") the as at 31st December, 2022, 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 result of ANFL 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.

6.3 As at 31st December, 2022, the Subsidiary Company i.e. ALSL's current liabilities exceed its current assets by INR 883.19 lakhs. Due to accumulated losses of INR 920.46 lakhs, net-worth of the Subsidiary Company is fully eroded. The management believes that Government's focus on logistics infrastructure sector is accretive for the Subsidiary Company's business plan. The 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, these financial results of Subsidiary Company have been prepared on going concern basis.

6.4 With respect to a subsidiary i.e. Arshiya 3PL Services Private Limited ("A3PL") the net worth of the A3PL turned negative as at 31st December, 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 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 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 results have been prepared on going concern basis.

7.1 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

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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 Limited Review Report.

7.2 During the quarter ended 30th June, 2022, with respect to borrowing from PFI, under SARFAESI process, EARC has identified buyers for sale of security exclusively charged under said loan and the Parent Company has recorded sale transaction during the quarter ended 30th June 2022 however with respect to appropriation of sale proceed against principal and interest, required details of the transaction are awaited from EARC. Upon receipt of details from EARC, the Parent Company will give necessary impact in the books of account.

8. As on 31st December, 2022, trade receivable includes amount aggregating to Rs. 585.35 lakhs 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 Limited Review Report.

9. Trade receivables and other financial asset includes amounts aggregating to Rs. 259.28 lakhs (including unbilled amount of Rs. 255.45 lakhs and net of expected credit loss of INR 63.86 lakhs) from four customers who have warehoused imported goods. The subsidiary company has made significant efforts to collect the same but the Customers are currently not traceable.

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 and have received advances from potential buyers in relation to certain quantum of goods. Based on the valuation report, the value of the goods in custody of the subsidiary are sufficient to recover it's dues including statutory levies thereon. Accordingly, management of the company is of the view that the receivables are fully recoverable. The Auditors have referred to this as an emphasis of matter in their Limited Review Report.

10. Two lenders of ANFL have filed petition for recovery of dues at NCLT under Insolvency and Bankruptcy Code, 2016. ANFL is under discussion with these 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.

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

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12. The lenders' balances as on 31st December, 2022 are subject to their confirmation. However, the Group is confident that there will not be significant changes in its liabilities. The Auditors have qualified their conclusion in respect of this matter in their Limited Review Report.

13. The figures of the corresponding previous period/year have been rearranged/regrouped wherever necessary, to correspond with current period's classification/disclosures.

14. ESOP had an anti-diluting effect on earnings per share hence have not been considered for the purpose of computing dilutive earning per share for the quarter ended 30th September, 2022 and quarter and nine months ended 31st December 2022.

15. The Parent Company has entered into an agreement for purchase of land cum spine road which is of strategic importance, from a related party. An Agreement to Sell has been entered and the definitive agreements are in the process of being executed. While the said transaction is subject to the approval of lenders of the related party, the same is expected to be completed by December 2023. The purchase consideration will be paid/ adjusted against the advance outstanding as on 31st December, 2022 of Rs. 3,409.33 lakhs with the related party i.e. subsidiary company of the seller.

16. During the quarter the Parent Company has allotted 12,00,000 equity shares to eligible employee under the Arshiya Limited Employee Stock Option Scheme 2019 upon exercise of the option.

17. The respective Statutory Auditors of the companies included in the Group have conducted a limited review of more than 80% of the group's turnover for the nine months ended 31st December, 2022. For the quarter ended 31st December, 2022, limited review was achieved for approx. 77% of Group's turnover, due to significant increase in the turnover of one subsidiary in this quarter whose limited review was not conducted in time for the results. The Auditors have qualified their conclusion in respect of this matter in their Limited Review Report.

For and on behalf of Board of Directors of Arshiya Limited

Arshiya Limited
MUMBAI

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

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