

30<sup>th</sup> May 2023

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block, OS  
Bandra- Kurla Complex,  
Bandra (East), Mumbai – 400 051

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
2nd Floor, Dalal Street,  
Mumbai - 400 001

Re.: - Arshiya Limited - **NSE Scrip Name: ARSHIYA**  
**BSE Scrip Code: 506074**

**Sub: Outcome of Meeting of the Board of Directors of Arshiya Limited held on Tuesday, 30<sup>th</sup> May 2023.**

Dear Sir /Madam,

Pursuant to Regulation 30, 33 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) We hereby inform that the Board of Directors of Arshiya Limited (“the Company”) at its meeting held today i.e. Tuesday, May 30, 2023, has inter alia:

1. Approved the Standalone and Consolidated Audited Financial Results for the quarter and financial year ended on March 31, 2023:

*In this regard, please find attached herewith:*

- a) Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2023.
- b) Auditor’s Report in respect of the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2023.
- c) The declaration that the Report of Statutory Auditors is with modified opinion with respect to Standalone & Consolidated Audited Financial Results for the quarter and year ended March 31, 2023.



**Arshiya Limited**

2. Approved the Appointment of M/s. Aabid & Co., (C.P. No. 6625), Practicing Company Secretary as the Secretarial Auditor of the Company for the Financial Year 2023-24.

The Meeting of the Board of Directors commenced at **02:30 p.m.** and concluded at **11:25 p.m.**

Kindly take the same on your record.

Thanking you.

**For ARSHIYA LIMITED**



Ajit Dabholkar

**Company Secretary & Compliance Officer**

Membership No: F4424

**Independent Auditor's Report on standalone financial results 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**

**Report on Standalone Financial Results for the year ended 31<sup>st</sup> March, 2023**

**Disclaimer of Opinion**

- 1) We were engaged to audit the accompanying statement of standalone financial results ("the Statement") of **Arshiya Limited** ("the Company") for the year ended 31<sup>st</sup> March, 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) We do not express an opinion on the accompanying statement of standalone financial results of the company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial results.

**Basis for Disclaimer of Opinion**

**3) 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. 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 year 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 86,948.45 lakhs as on 31<sup>st</sup> March, 2023. The interest on such borrowings has been under provided by Rs 2,998.37 lakhs for the quarter ended 31<sup>st</sup> March, 2023 and Rs. 12,478.43 lakhs for year ended 31<sup>st</sup> March, 2023 (cumulative unprovided interest of Rs 34,005.94 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 31<sup>st</sup> March, 2023 would have been lower by Rs 86,948.45 lakhs and the total equity would have been negative Rs 13,661.66 lakhs as against reported positive figure of Rs. 73,286.79 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 any written acceptance from the lender we are unable to concur with the management view.



- b) Further, as stated in note no. 8 of the Statement for the quarter and year ended 31<sup>st</sup> March, 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 for the quarter and year ended 31<sup>st</sup> March, 2023 in line with major 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 negotiations, we are unable to opine whether the liability as per the books and provision for interest are appropriate or not.

Considering the factors stated in para 3(a), 3 (b) & 3 (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 31<sup>st</sup> March, 2023 as well as the finance cost for the quarter and year ended 31<sup>st</sup> March, 2023. Consequently, we are unable to determine the quantum of adjustment (in addition to the amount stated in para 3 (a) above) including for difference on account of rate of interest, compounding, penal interest, charges, etc. and consequential impacts in the standalone financial statements of the Company.

**4) Non-current investment & loans given to wholly owned subsidiary Arshiya Northern FTWZ Limited (ANFTWZ) aggregating to Rs 57,440.51 lakhs**

We draw attention to note no. 3 to the Statement, regarding the Company's non-current investment in Arshiya Northern FTWZ Limited (ANFTWZ) and its loans amounting to Rs. 44,625.29 lakhs and Rs. 12,815.22 lakhs, respectively. The said wholly owned subsidiary has been incurring losses and its net worth is fully eroded. During the current 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 process and resolution plan which is yet to be finalized.

In view of uncertainty as regards the outcome of the CIRP process, we are unable to comment on the recoverability of the said investment and loans aggregating to Rs 57,440.51 and consequently compliance with Ind AS 36 "Impairment of Assets" and Ind AS 109 "Financial Instruments".

**5) Non-recognition of liability in respect of financial guarantee at fair value in accordance with Ind AS 109 "Financial Instruments"**

We draw attention to the note no. 3 & 4 to the Statement, regarding corporate guarantees given to subsidiary company and erstwhile subsidiary companies with principal debt obligations aggregating to Rs.122,350.00 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.



# N. A. SHAH ASSOCIATES LLP

Chartered Accountants

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 31<sup>st</sup> March 2023 leading to non-compliance with the said Ind AS.

In absence of fair value report, 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 by Ind AS 109.

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

The company has a Property, Plant & Equipment with gross block aggregating to Rs 57,690.91 lakhs (written down value aggregating to Rs 51,133.28 lakhs) and inventory of Rs 12,537.34 lakhs. 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 & inventory as at 31<sup>st</sup> March 2023 and consequently compliance with Ind AS 36 on Impairment of Assets and Ind AS 2 on Inventories.

## 7) Trade receivable from wholly owned subsidiary Arshiya Data Center Private Limited of Rs 13,064.16 lakhs

We draw attention to note no. 9 of the Sstatement regarding recoverability of trade receivables amounting to Rs 13,064.16 lakhs as at 31<sup>st</sup> March, 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 31<sup>st</sup> March 2023, and accordingly, no provision for time value of money & 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 an opinion on the recoverability of dues and consequentially on compliance with Ind AS 109 "Financial Instruments".

As a result of the matters described in para 3 to 7 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 opinion on the financial statement for the quarter / year ended 31<sup>st</sup> March, 2023.

Matters listed in para 3(a) and 3(b) above, was covered under qualification and which are listed in para 3(c), 4, 5 and 7 was covered under emphasis of matters given by the erstwhile statutory auditor in statutory audit report for the year ended 31<sup>st</sup> March 2022, dated 30<sup>th</sup> May 2022 and in their limited review report for the quarter ended 30<sup>th</sup> June, 2022 dated 10<sup>th</sup> August 2022



Matters covered under para 3(a) and 3(b) were also covered as a part of qualification in our limited review report for quarter ended 30<sup>th</sup> September 2022 dated 14<sup>th</sup> November, 2022 and December 2022 dated 14<sup>th</sup> February, 2023. Matters covered under para 3(c), 4 and 7 were also covered as a part of Emphasis of Matters in our limited review report for September 2022 dated 14<sup>th</sup> November, 2022 and December 2022 dated 14<sup>th</sup> February, 2023.

Matters covered under para 5 were also covered as a part of qualification in our limited review report for December 2022 and as a part of Emphasis of Matters in our limited review report for September 2022.

#### **8) Material Uncertainty related to Going Concern**

As stated note no. 7 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 have started recovery proceedings, 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, unpaid statutory dues of the Company, operational and financial creditors have applied before National Company Law Tribunal (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 (including other matters as stated out in the notes), indicate that a material uncertainty exist that may cast significant doubt about its ability to continue as a going concern. The management is confident that 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 company's ability 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 financial statements on going concern basis.

The matters enumerated in para 3 to 8 collectively are the basis for providing disclaimer of opinion.

#### **Emphasis of Matters**

1. We draw attention to note no. 15 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 Hon'ble National Company Law Tribunal, Mumbai sanctioning the Scheme of Arrangement between the Company and Arshiya Rail Infrastructure Limited. NCLAT ordered to maintain the status quo prevailing as on that date, vide its order dated 4<sup>th</sup> 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.
2. Attention is invited to the note no. 10 of the Statement regarding advance given to a related party Rs 4,487.43 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 lenders approvals of the seller and is expected to be completed by 31<sup>st</sup> December 2023.
3. The internal audit for the year ended 31<sup>st</sup> March 2023 is under process and report of the internal auditor is not produced before us for our comments.



4. The Company is a party to various legal proceedings in normal course of business (including petition filed before NCLT 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 inhouse legal team as regards the same.
5. We draw attention to note no. 19 of the Statements, regarding the balance confirmations of trade receivables and trade payables. During the course of preparation of standalone financial statements, emails/letters have been sent to various parties by the Company with a request to confirm their balances directly to us out of which only few parties have responded. The management is confident and is of the view that there will not be any material variation in the said balances.
6. We draw attention to note no. 17 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 favorable outcome.

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

Observations made by us in above para 1 was given by the erstwhile statutory auditor in their statutory audit report for the year ended 31<sup>st</sup> March 2022 dated 30<sup>th</sup> May 2022 and limited review report for the quarter ended 30<sup>th</sup> June 2022 dated 10<sup>th</sup> August 2022 and observations made by us in above para 1 and 4 was also given in our limited review report for the quarter ended 30<sup>th</sup> September 2022 dated 14<sup>th</sup> November 2022 and quarter ended 31<sup>st</sup> December 2022 dated 14<sup>th</sup> February 2023.

Observations made by us in above para 2 and 3 was also given in our limited review report for quarter ended 31<sup>st</sup> December 2022 dated 14<sup>th</sup> February 2023.

#### **Management's responsibility for the Statement**

- 9) The Statement has been prepared on the basis of the standalone annual financial statements.

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

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



# N. A. SHAH ASSOCIATES LLP

Chartered Accountants

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

The results for the quarter ended 31st March, 2022 being the derived figures between the audited figures in respect of the current full financial year ended 31st March, 2022 and the published unaudited figures for the nine-months ended 31st December, 2021, which were subjected to a limited review.

## Auditor's responsibilities for the audit of the Statement

Our responsibility is to conduct an audit of the Company's Financial results in accordance with Standards on Auditing & to issue an auditor's report. However, because of the matters described in the basis of disclaimer of opinion section of our report, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the entity in accordance with the ethical requirements in accordance with the requirements of the code of ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Company.

## Other Matters

The figures for the quarter and year ended 31st March, 2022 are based on the previously issued annual Ind AS financial statement and financial results that were audited by the erstwhile auditors whose report dated 30th May, 2022, expressed modified opinion. Further the quarter ended June 2022 was limited reviewed by the erstwhile auditor.

**For N. A. Shah Associates LLP**

Chartered Accountants

Firm's Registration No.: 116560W / W100149



**Milan Mody**

Partner

Membership No.: 103286

UDIN: 23103286BGPZNE4406

Place: Mumbai

Date: 30<sup>th</sup> May, 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 AUDITED STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2023**

(Rs. in Lakhs)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Unaudited) (Refer Note No.11)	(Unaudited)	(Unaudited) (Refer Note No.11)	(Audited)	(Audited)
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	159.84	1,030.44	1,840.33	2,619.48	6,193.34
	(b) Other Income	393.58	228.92	239.97	1,524.17	818.96
	<b>Total Income (a+b)</b>	<b>553.42</b>	<b>1,259.36</b>	<b>2,080.30</b>	<b>4,143.65</b>	<b>7,012.30</b>
<b>2</b>	<b>Expenses</b>					
	(a) Employee benefits expense	238.84	348.91	361.29	1,273.27	1,299.13
	(b) Finance costs (net)	3,767.59	2,141.47	(3,985.59)	11,434.00	8,646.77
	(c) Depreciation and amortization expense	194.21	195.19	255.02	836.62	1,032.54
	(d) Legal & Professional, repairs, utilities & others	1,573.60	110.17	1,147.55	2,367.65	1,611.47
	(e) Impairments of deemed investments in subsidiaries	4,158.70	1,324.70	-	5,483.40	-
	(f) Impairments of receivables	775.30	108.87	1,413.42	896.89	1,509.62
	<b>Total Expenses (a to f)</b>	<b>10,708.24</b>	<b>4,229.31</b>	<b>(808.31)</b>	<b>22,291.83</b>	<b>14,099.53</b>
<b>3</b>	<b>Profit/(Loss) before exceptional items and Tax (1-2)</b>	<b>(10,154.82)</b>	<b>(2,969.95)</b>	<b>2,888.61</b>	<b>(18,148.18)</b>	<b>(7,087.23)</b>
<b>4</b>	Exceptional Items (Net)	-	-	47,244.27	-	47,244.27
<b>5</b>	<b>Profit/(Loss) before tax (3+4)</b>	<b>(10,154.82)</b>	<b>(2,969.95)</b>	<b>50,132.88</b>	<b>(18,148.18)</b>	<b>40,157.04</b>
<b>6</b>	Tax expense	-	-	-	-	-
<b>7</b>	<b>Net profit/(Loss) after Tax (5-6)</b>	<b>(10,154.82)</b>	<b>(2,969.95)</b>	<b>50,132.88</b>	<b>(18,148.18)</b>	<b>40,157.04</b>
<b>8</b>	<b>Other Comprehensive Income</b>					
	<b>Items that will not be reclassified to profit and loss:</b>					
	Remeasurement of net defined benefit plan	9.43	(1.66)	(1.91)	4.44	(6.65)
<b>9</b>	<b>Total Comprehensive Income</b>	<b>(10,145.39)</b>	<b>(2,971.61)</b>	<b>50,130.97</b>	<b>(18,143.74)</b>	<b>40,150.39</b>
<b>10</b>	<b>Paid-up equity share capital (Face value per share Rs. 2/-)</b>	<b>5,269.52</b>	<b>5,269.52</b>	<b>5,245.52</b>	<b>5,269.52</b>	<b>5,245.52</b>
<b>11</b>	<b>Other Equity excluding Revaluation reserve</b>				<b>68,017.27</b>	<b>85,955.28</b>
<b>12</b>	<b>Earnings Per Equity Share (EPS) in Rs.</b>					
	- Basic	(3.85)*	(1.13)*	19.11*	(6.91)	15.31
	- Diluted	(3.85)*	(1.13)*	18.91*	(6.91)	15.17
	(*not annualised)					

SIGNED FOR IDENTIFICATION BY  
*N. A. Shah*  
N. A. SHAH ASSOCIATES LLP  
MUMBAI



## Arshiya Limited

CIN: L93000MH1981PLC024747

Registered Office: 205 & 206 (Part), 2nd Floor, Ccejay House, Shiv Sagar Estate, F-Block,  
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Phone No. 022 42305500 # Email id: info@arshiyalimited.com #  
website: www.arshiyalimited.com

### AUDITED STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2023

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>I</b>	<b>ASSETS</b>		
	<b>Non-Current Assets</b>		
	(a) Property, Plant and Equipment	51,133.28	61,491.60
	(b) Right of use assets	462.23	612.56
	(c) Intangible Assets	30.12	91.65
	(d) Financial Assets		
	(i) Investments	45,422.95	50,906.36
	(ii) Loans	606.98	4,380.56
	(iii) Other Financial Assets	51.07	96.09
	(e) Other Non-Current Assets	5,036.28	2,087.09
		<b>1,02,742.91</b>	<b>1,19,665.91</b>
	<b>Current assets</b>		
	(a) Inventories	12,537.34	12,537.34
	(b) Financial Assets		
	(i) Trade Receivables	13,064.16	13,555.59
	(ii) Cash and Cash Equivalents	8.80	20.29
	(iii) Bank Balances Other than (ii) above	23.03	15.03
	(iv) Loans	20,158.51	20,273.68
	(v) Other Financial Assets	13,450.22	4,709.53
	(c) Other Current Assets	204.00	180.44
		<b>59,446.06</b>	<b>51,291.90</b>
	(d) Assets held for sale (Refer note no. 6)	5.00	5.00
	<b>Total Assets</b>	<b>1,62,193.97</b>	<b>1,70,962.81</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share Capital	5,269.52	5,245.52
	(b) Other Equity	68,017.27	85,955.28
		<b>73,286.79</b>	<b>91,200.80</b>
	<b>Liabilities</b>		
	<b>Non Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	-	18,382.88
	(ii) Lease Liabilities	398.11	496.70
	(iii) Other Financial Liabilities	88.01	168.29
	(b) Provisions	72.44	81.57
		<b>558.56</b>	<b>19,129.44</b>
	<b>Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	60,028.84	41,460.66
	(ii) Trade Payables		
	Micro and Small Enterprises	237.74	269.95
	Others	972.55	1,099.02
	(iii) Lease Liabilities	144.90	165.91
	(iv) Other Financial Liabilities	23,865.78	12,595.04
	(b) Other Current Liabilities	3,092.77	5,035.17
	(c) Provisions	6.04	6.82
		<b>88,348.62</b>	<b>60,632.57</b>
	<b>Total Equity and Liabilities</b>	<b>1,62,193.97</b>	<b>1,70,962.81</b>

SIGNED FOR IDENTIFICATION BY  
*A. V. Mody*  
N. A. SHAH ASSOCIATES LLP  
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## AUDITED STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

Particulars	(Rs. in Lakh)	
	Year Ended 31st March, 2023 (Audited)	Year Ended 31st March, 2022 (Audited)
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	(18,148.18)	40,157.04
<b>Adjustments for</b>		
Sundry balances written back (net)	(263.72)	(4.50)
Discarding/written off of Capital Work in progress, Property, plant and equipment and Intangible assets	-	60.00
fair value adjustment in respect of capital advances	1,442.58	-
Gain on disposal of Property, plant and equipment (net)	(564.89)	-
Bad debts	597.33	1,481.04
Provision for doubtful debts/Expected credit loss	299.56	28.58
Gain on settlement on debts (net)	-	(47,244.27)
Depreciation and amortization expense	836.62	1,032.54
Finance costs	11,434.00	8,646.77
Unwinding interest income on loan to subsidiaries	(357.15)	(261.15)
Interest income on others	(174.19)	(50.23)
Interest income on tax refund	(1.23)	(17.70)
Financial guarantees income	(123.65)	(458.86)
Financial assets carried at amortised cost	(3.17)	(1.57)
Loss on disposal of investment in subsidiary	-	1,040.89
Impairment of deemed investment in subsidiaries	5,483.40	-
Share based payment	26.35	86.92
Foreign exchange difference (net)	(32.41)	14.55
<b>Operating profit before working capital changes</b>	<b>451.25</b>	<b>4,510.05</b>
<b>Adjustments for</b>		
Decrease in financial and other assets	2,483.00	8,407.39
(Decrease) in financial and other liabilities	(518.46)	(402.82)
<b>Cash generated from operations</b>	<b>2,415.79</b>	<b>12,514.62</b>
Direct taxes paid (net of refunds)	96.89	197.17
<b>Net cash flow from operating activities (A)</b>	<b>2,512.68</b>	<b>12,711.79</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipments	(1.55)	(59.55)
Capital advance	(4,487.43)	-
Sale of Investment in subsidiaries	-	101.00
Loans received back / (given) to subsidiaries & related party (net)	2,901.35	(3,247.99)
<b>Net cash flow from investing activities (B)</b>	<b>(1,587.63)</b>	<b>(3,206.54)</b>
<b>Cash flow from financing activities</b>		
Issue of Equity shares	24.00	-
Repayment of non-current borrowings	(502.76)	(2.40)
Short-term borrowings (Net)	592.74	(5,137.67)
Lease liability paid	(197.69)	(101.57)
Interest paid	(852.83)	(4,281.36)
<b>Net cash flow from financing activities (C)</b>	<b>(936.54)</b>	<b>(9,523.00)</b>
<b>Net (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(11.49)</b>	<b>(17.75)</b>
Cash and cash equivalents at the beginning of the year	20.29	38.04
<b>Cash and cash equivalents at the end of the year</b>	<b>8.80</b>	<b>20.29</b>

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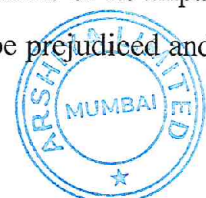


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## Notes to audited Standalone Financial Results

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 and year ended 31<sup>st</sup> March, 2023 and its release in the meeting held on 30<sup>th</sup> May, 2023. The Statutory Auditors of the Company have carried out the audit of the above financial results.
  
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. 12,815.22 Lakh, respectively. The Corporate Insolvency Resolution Process (CIRP) has been commenced for ANFL. However, it has not reached to the stage of receipt of plans from the Resolution Applicants. ANFL being a MSME, the Company has also participated in the resolution process of ANFL. The fair value of assets and liabilities of ANFL are likely to be determined on approval by NCLT of the acceptable Resolution Plan to the lenders. Based on advice received by the Company, further reassessment of valuation of assets or its impairment, by the Company may be considered in-appropriate as it may appear to be prejudiced and unfair

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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 511,33.28 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 entered into 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 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".
7. 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


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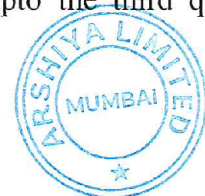


macro factors coupled with other economic benefits will improve the Company's ability to expand the client base multi-fold.

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.

8. The financial creditors' balances as on 31<sup>st</sup> March, 2023 are subject to their confirmation. However, the Company is confident that there will not be significant changes in its liabilities.
9. The Company has trade receivable from a wholly owned subsidiary viz. Arshiya Data Center Private Limited of Rs 13,064.16 Lakh as at 31<sup>st</sup> March, 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.
10. The Company has 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. 4,487.43 Lakh as on 31<sup>st</sup> March, 2023.
11. The figures of the previous year have been rearranged / regrouped wherever necessary, to correspond with current year's classification / disclosures. The figures for the quarter ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2023 are the balancing figures between audited figures of respective full financial year and published year to date figures upto the third quarter of respective financial year.

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12. Legal & Professional, repairs, utilities & other expenses for the quarter and year ended includes Rs. 1,442.58 Lakh relating to fair value adjustment in respect of capital advance paid to related party.
13. During the year, the Company has allotted 12,00,000 equity shares to eligible employees under the Arshiya Limited Employee Stock Option Scheme 2019 upon exercise of the option. 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 31<sup>st</sup> March, 2022 and year ended 31<sup>st</sup> March, 2023.
14. Post demerger, the Company's activities during the quarter and year ended 31<sup>st</sup> March, 2023 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”.
15. During the quarter ended 31<sup>st</sup> March 2022, Hon’ble National Company Law Tribunal, Mumbai Bench (‘NCLT’) has approved the Scheme of Arrangement (‘Scheme’) vide it’s order dated 21<sup>st</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> 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 and year ended 31<sup>st</sup> March 2023 after giving accounting effects of the approved scheme by the NCLT.

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16. The revenue during the quarter ended 31<sup>st</sup> March, 2023, is lower due to higher provisioning for expected credit loss by the operating subsidiaries, which impacted the business conducting fee income of the Company to be received from the operating subsidiaries.
17. 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 lakhs 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.
18. Because of the significance of the matters stated above, statutory auditors have issued Disclaimer of Opinion in their audit report for the year ended 31<sup>st</sup> March, 2023.
19. 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. Accordingly, adjustment, if any, required in the financial statements will be accounted as and when the same is determinable.

**For and on behalf of Board of Directors of Arshiya Limited**

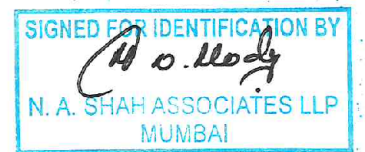
**Ajay S Mittal**

**Chairman & Managing Director**

**DIN No.: 00226355**

**Place: Mumbai**

**Date: 30<sup>th</sup> May, 2023**



**ARSHIYA LIMITED**

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
(Rs. in Lakhs)				
I.	Sl. No.	Particulars	Audited Figures as of Mar-2023 (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	4,143.65	4,143.65
	2.	Total Expenditure	(22,291.83)	(56,297.77)
	3.	Exceptional item	-	(52,942.51)
	5.	Net Profit/(Loss) after Tax	18,148.18	(1,05,096.63)
	6.	Earnings Per Share ( in Rupees per share)	(6.91)	(40.00)
	7.	Total Assets	1,62,193.97	1,62,193.97
	8.	Total Liabilities	88,907.18	1,75,855.63
	9.	Net Worth	73,286.79	(13,661.66)
	10.	Any other financial item(s) (as felt appropriate by the management)		
II.	<b>Audit Qualification (each audit qualification separately):</b>			
1.	<b>a. Details of Audit Qualification</b>			
	<p>We draw attention to the 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. 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 year 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 86,948.45 lakhs as on 31st March, 2023. The interest on such borrowings has been under provided by Rs 2,998.37 lakhs for the quarter ended 31st March, 2023 and Rs. 12,478.43 lakhs for year ended 31st March, 2023 (cumulative unprovided interest of Rs 34,005.94 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.</p>			



	<p>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 March, 2023 would have been lower by Rs 86,948.45 lakhs and the total equity would have been negative Rs 13,661.66 lakhs as against reported positive figure of Rs. 73,286.79 lakhs.</p>
	<p>b. <b>Type of Audit Qualification</b> : <del>Qualified Opinion</del> / Disclaimer of Opinion / <del>Adverse Opinion</del></p>
	<p>c. <b>Frequency of qualification</b>: <del>Whether</del> appeared first time / repetitive / since how long continuing - from March 2022</p>
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>The management of the Company continues to engage and discuss with all major financial creditors to resolve debts at sustainable levels. 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.</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) <b>Management's estimation on the impact of audit qualification</b>: NA</p>
	<p>(ii) <b>If management is unable to estimate the impact, reasons for the same</b>: NA</p>
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above</b>: NA</p>
2.	<p><b>Audit Qualification (each audit qualification separately):</b></p>
	<p>a. <b>Details of Audit Qualification</b></p> <p>We draw attention to note no. 8 of the Statement for the quarter and year ended 31st March, 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.</p>
	<p>b. <b>Type of Audit Qualification</b> : <del>Qualified Opinion</del> / Disclaimer of Opinion / <del>Adverse Opinion</del></p>
	<p>c. <b>Frequency of qualification</b>: <del>Whether</del> appeared first time / repetitive / since how long continuing - From March 22</p>
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>Considering the account of the Company being classified as NPA, banks do not give confirmation. However, the management of the Company is in process of arranging</p>

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	balance confirmation. The Company is confident that there will not be significant changes in its liabilities.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) <b>Management's estimation on the impact of audit qualification: NA</b>
	(ii) <b>If management is unable to estimate the impact, reasons for the same: NA</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above: NA</b>
3.	<b>Audit Qualification (each audit qualification separately):</b>
	<b>a. Details of Audit Qualification</b> One of the Non-Banking Financial Company (NBFC) which was lender of 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 for the quarter and year ended 31st March, 2023 in line with major 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 negotiations, we are unable to opine whether the liability as per the books and provision for interest are appropriate or not
	<b>b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</b>
	<b>c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing.</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> The management of the Company continues to engage and discuss with EARC to resolve debts at sustainable levels. The outcome of the settlement of liabilities of the Company is dependent on ongoing discussions with the lender 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.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) <b>Management's estimation on the impact of audit qualification: NA</b>
	(ii) <b>If management is unable to estimate the impact, reasons for the same: NA</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above: NA</b>



4.	<p><b>Audit Qualification (each audit qualification separately):</b></p> <p><b>a. Details of Audit Qualification</b></p> <p>We draw attention to Note no. 3 to the statement, regarding the Company's non-current investment in Arshiya Northern FTWZ Limited (ANFTWZ) and its loans amounting to Rs. 44,625.29 lakhs and Rs. 12,815.22 lakhs, respectively. The said wholly owned subsidiary has been incurring losses and its net worth is fully eroded. During the current 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 process and resolution plan which is yet to be finalized.</p> <p>In view of uncertainty as regards the outcome of the CIRP process, we are unable to comment on the recoverability of the said investment and loans aggregating to Rs 57,440.51 and consequently compliance with Ind AS 36 "Impairment of Assets" and Ind AS 109 "Financial Instruments".</p> <p><b>b. Type of Audit Qualification :</b> <del>Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</del></p> <p><b>c. Frequency of qualification:</b> <del>Whether appeared first time / repetitive / since how long continuing</del></p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>Under the Corporate Insolvency Resolution Process (CIRP) the fair value of assets and liabilities of ANFL are likely to be determined on approval of acceptable resolution plan by NCLT. Based on advice received by the Company, further reassessment of valuation of assets or its 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.</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p>(i) <b>Management's estimation on the impact of audit qualification:</b> NA</p> <p>(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA</p> <p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA</p>
5.	<p><b>Audit Qualification (each audit qualification separately):</b></p> <p><b>a. Details of Audit Qualification</b></p>

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We draw attention to the note no. 3 & 4 to the Statement, regarding corporate guarantees given to subsidiary company and erstwhile subsidiary companies with principal debt obligations aggregating to Rs.122,350.00 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 31st March 2023 leading to non-compliance with the said Ind AS.

In absence of fair value report, 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 by Ind AS 109.

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

**c. Frequency of qualification:** ~~Whether~~ appeared first time / repetitive / since how long continuing

**d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

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.

The fair value of assets and liabilities of the borrowing companies cannot be determined till the completion of the ongoing discussions for debt resolutions or proceedings and may appear prejudiced, if carried out at this stage. In view of the above, no provision is made at this stage in the financial statement.

**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** NA

(ii) **If management is unable to estimate the impact, reasons for the same:** NA

(iii) **Auditors' Comments on (i) or (ii) above:** NA

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

**a. Details of Audit Qualification**

The Company has Property, Plant & Equipment with gross block aggregating to Rs 57,690.91 lakhs (written down value aggregating to Rs 51,133.28 lakhs) and inventory of Rs 12,537.34 lakhs. 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 & inventory as at 31st March 2023 and consequently compliance with Ind AS 36 on Impairment of Assets and Ind AS 2 on Inventories.

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

c. **Frequency of qualification**: ~~Whether~~ appeared first time / repetitive / since how long continuing

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

The 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.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) **Management's estimation on the impact of audit qualification**: NA

(ii) **If management is unable to estimate the impact, reasons for the same**: NA

(iii) **Auditors' Comments on (i) or (ii) above**: NA

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




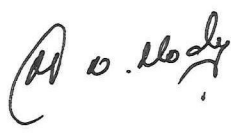

a. **Details of Audit Qualification**

We draw attention to note no. 9 of the statement regarding recoverability of trade receivables amounting to Rs 13,064.16 lakhs as at 31st March, 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 31st March 2023, and accordingly, no provision for time value of money & 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 an opinion on the recoverability of dues and consequentially on compliance with Ind AS 109 "Financial Instruments".

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



c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing
d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> 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.
e. For Audit Qualification(s) where the impact is not quantified by the auditor:
(i) <b>Management's estimation on the impact of audit qualification:</b> NA
(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA
(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA

<b>III. Signatories:</b>	
Ajay S Mittal <b>Chairman &amp; Managing Director</b> DIN: 00226355	
Dinesh Kumar Sodani <b>Chief Financial Officer</b>	
Ashishkumar Bairagra <b>Audit Committee Chairman</b>	
<b>Statutory Auditor</b> N. A. Shah Associates LLP Registration No. 116560W/W100149  Milan Mody Partner Membership No.: 103286	 
<b>Place:</b> Mumbai	
<b>Date:</b> 30 <sup>th</sup> May, 2023	

**Independent Auditor's Report on consolidated financial results 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

**Report on Consolidated Financial Results for the year ended 31<sup>st</sup> March 2023**

**Disclaimer of Opinion**

- 1) We were engaged to audit the accompanying statement of 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 year ended 31<sup>st</sup> March, 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").
- 2) We do not express an opinion on the accompanying statement of consolidated financial results of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial results.
- 3) 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 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



**Basis for Disclaimer of Opinion**

**4) 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 years / 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 86,948.45 lakhs as on 31<sup>st</sup> March 2023. The interest on such borrowings had been under provided by Rs 2,998.37 lakhs for the quarter ended 31<sup>st</sup> March 2023 and Rs. 12,478.43 lakhs for year ended 31<sup>st</sup> March 2023 (cumulative unprovided interest of Rs 34,005.94 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 31<sup>st</sup> March 2023 would have been lower by Rs 86,948.45 lakhs and the total equity would have been negative Rs 71,173.88 lakhs as against reported positive figure of Rs. 15,774.58 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 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 31<sup>st</sup> March 2023 and year ended 31<sup>st</sup> 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 financial statements for the year ended 31<sup>st</sup> March 2023 and year ended 31<sup>st</sup> March 2022, recognized a gain of Rs. 8,221.83 lakhs and Rs.1,744.72 lakhs respectively 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 31<sup>st</sup> March 2023. Further, the interest on such borrowings has been under provided by Rs.2,542.10 lakhs for year ended 31<sup>st</sup> March 2023 (cumulative unprovided interest of Rs 6,966.88 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.

Further, the said lenders have submitted their claims to Interim Resolution Professional (IRP) under Corporate Insolvency Resolution Process (CIR Process). There is a difference of Rs. 37,508.56 lakhs between amount as per books and the claims submitted by the said lenders. Out of the said unprovided claim IRP has admitted the claim of Rs. 19,601.61 lakhs. Considering the amount admitted, the same shall have additional impact of Rs. 3,116.62 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.

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 impact there on would have been as mentioned above and the balance of total equity as on 31<sup>st</sup> March, 2023 would have been further lower by Rs. 20,050.05 lakhs and the total equity would have been negative Rs. 91,223.92 lakhs (after considering effect as stated in para 4(a) above) as against reported positive figure of Rs. 15,774.57 lakhs.

- c) Further, as stated in note no. 7 of the Statement for the quarter and year ended 31<sup>st</sup> March 2023 and para 3 (a) and 3 (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 Company, had assigned its debt to Edelweiss Asset Reconstruction Company (EARC). Pending execution of restructuring agreement for assignment of its debt to EARC, the Holding Company has continued to provide interest on loan aggregating to Rs 2,000.00 lakhs for the quarter and year ended 31<sup>st</sup> March 2023 in line with major 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 negotiations, we are unable to opine whether the liability as per the books and provision for interest are appropriate or not.

Considering the factors stated in para 3 (a) to 3 (d) above and the ongoing negotiations with the lenders for revised settlement, we are unable to obtain sufficient and appropriate audit evidence about these borrowings (including interest) outstanding as on 31<sup>st</sup> March 2023 as well as the finance cost for the quarter and year ended 31<sup>st</sup> March 2023. Consequently, we are unable to determine the quantum of adjustment (in addition to the amount stated in para 3(a) and 3(b) above) including for difference on account of rate of interest, compounding, penal interest, charges, etc. and consequential impacts in the financial statements of the Group.

**5) 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.94,450.00 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 31<sup>st</sup> March 2023 leading to non-compliance with the said Ind AS.



In absence of fair value report, 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 by Ind AS 109.

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

The Group have Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP) with gross block aggregating to Rs 133,391.55 lakhs (written down value aggregating to Rs 117,639.27 lakhs), and inventory of Rs 12,537.34 lakhs. Continuing losses and lower capacity utilization are indicators for the need to carry out impairment testing as required Ind AS 36 "Impairment of Assets". 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 "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 it is not possible for us to provide assertion on the carrying value of the property plant and equipment and inventory as on 31<sup>st</sup> March 2023 and consequently compliance with Ind AS 36 "Impairment of Assets" and Ind AS 2 "Inventories".

**7) 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 subsidiary. 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 "Non-current Assets Held for Sale and Discontinued Operations" and Ind AS 16 "Property, Plant and Equipment".

As a result of the matters described in para 4 to 7 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 opinion on the financial statement for the quarter / year ended 31<sup>st</sup> March, 2023.

Matters listed in para 4(a) and 4(c) above, was covered under qualification and which are listed in para 4(d) was covered under emphasis of matters given by the erstwhile statutory auditor in statutory audit report for the year ended 31<sup>st</sup> March 2022, dated 30<sup>th</sup> May 2022 and in their limited review report for the quarter ended 30<sup>th</sup> June, 2022 dated 10<sup>th</sup> August 2022.



Matters covered under 4(a), 4(b) and (c) were also covered as a part of qualification in our limited review report for quarter ended 30<sup>th</sup> September 2022 dated 14<sup>th</sup> November, 2022 and December 2022 dated 14<sup>th</sup> February, 2023. Matters covered under 4(d), was also covered as a part of Emphasis of Matters in our limited review report for September 2022 dated 14<sup>th</sup> November, 2022 and December 2022 dated 14<sup>th</sup> February, 2023.

Matter covered under 5 was also covered as a part of qualification in our limited review report for December 2022 and as a part of Emphasis of Matters in our limited review report for September 2022.

#### **8) Material Uncertainty related to Going Concern**

As stated note no. 6 of the Statement, the Group is unable to pay its dues to operational and financial creditors, the Group has defaulted in repayment of dues to lenders and lenders have started recovery proceedings, 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, unpaid statutory dues of the Group, operational and financial creditors have applied before National Company Law Tribunal (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 (including other matters as stated out in the notes), indicate that a material uncertainty exists that may cast significant doubt about its to continue as a going concern. The management of the Group is confident that 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 Group's ability 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 of the Group has prepared the consolidated financial statements on a going concern basis.

The matters enumerated in para 4 to 8 collectively is the basis for providing disclaimer of opinion.

#### **Emphasis of Matters**

- 1) We draw attention to note no. 13 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 4<sup>th</sup> March 2022. According to the legal opinion obtained by the Holding Company and in view of the management, it can prepare the consolidated financial statements/results of the Group as per the sanctioned scheme of arrangement.
- 2) Attention is invited to the note no. 8 of the Statement regarding advance given to a related party Rs 4,487.43 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



## N. A. SHAH ASSOCIATES LLP

Chartered Accountants

finalised. The said transaction is subject to lenders approvals of the seller and is expected to be completed by 31<sup>st</sup> December 2023.

- 3) The internal audit for Holding Company and for one of subsidiary for the year ended 31<sup>st</sup> March 2023 is under process and report of the internal auditor is not produced before us for our comments.
- 4) The Group is a party to various legal proceedings in normal course of business (including petition filed before NCLT against the Holding Company 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 inhouse legal team as regards the same.
- 5) We draw attention to note no 17 of the Statement, regarding the balance confirmations of trade receivables and trade payables. During the course of preparation of consolidated financial results, emails/letters have been sent to various parties by the Holding Company and one of the subsidiary with a request to confirm their balances directly to us out of which only few parties have responded. The management is confident and is of the view that there will not be any material variation in the said balances.
- 6) With respect to one of the subsidiary CIR process has been initiated during the 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 statements.
- 7) 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.

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

Observations made by us in above para 1 and 5 was given by the erstwhile statutory auditor in their statutory audit report for the year ended 31<sup>st</sup> March 2022 dated 30<sup>th</sup> May 2022 and observations made by us in above para 1 was given by erstwhile auditor in their limited review report for the quarter ended 30<sup>th</sup> June 2022 dated 10<sup>th</sup> August 2022.

Further observations made by us in above para 1 to 4 was also given in our limited review report for quarter ended 31<sup>st</sup> December 2022 dated 14<sup>th</sup> February 2023 and observations made by us in para 1 and 4 was also given in our limited review report for the quarter ended 30<sup>th</sup> September 2022 dated 14<sup>th</sup> November 2022.

### Management's responsibility for the Statement

- 9) The Statement has been prepared on the basis of the consolidated annual financial statements.

The Board of Directors of the Holding Company is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income of the group and other financial information in accordance with the applicable Indian accounting standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal



financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Group's financial reporting process.

The results for the quarter ended 31st March 2022 being the derived figures between the audited figures in respect of the current full financial year ended 31st March 2022 and the published unaudited figures for the nine-months ended 31st December 2021, which were subjected to a limited review.

#### **Auditor's responsibilities for the audit of the Statement**

Our responsibility is to conduct an audit of the Group's Consolidated Financial results in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis of disclaimer of opinion section of our report, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the Statement.

We are independent of the entity in accordance with the ethical requirements in accordance with the requirements of the code of ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Group.

#### **Other Matters**

- 1) The figures for the quarter and year ended 31st March 2022 are based on the previously issued annual Ind AS financial statement and financial results that were audited by the erstwhile auditors whose report dated 30th May, 2022, expressed modified opinion. Further the quarter ended June 2022 was limited reviewed by the erstwhile auditor.
- 2) We did not audit the financial statement of nine subsidiaries, whose standalone financial statements reflect total assets of Rs. 45,434.54 lakhs as on 31st March 2023, total revenue (including other income) of Rs. 5,231.66 lakh and Rs. 18,652.70 lakhs, total net profit / (loss) after tax Rs. (627.13) lakhs and Rs. (1,033.35) lakhs and total comprehensive income of Rs (624.79) lakhs and Rs (3,198.99) lakhs for the quarter and year ended 31st March 2023 respectively, as considered in the consolidated audited financial results. These financial statement have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated audited 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 located outside India is based on the report of other auditors.



# N. A. SHAH ASSOCIATES LLP

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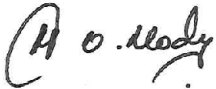
- 3) The Statement includes consolidated unaudited financial results for the comparative periods, for the quarter ended 31<sup>st</sup> March, 2022 and audited financial results for the year ended 31<sup>st</sup> March, 2022 which are based on the financial results which were reviewed / audited by erstwhile auditor of the Company. The erstwhile auditors had issued modified audit report dated 30<sup>th</sup> May 2022. (Also see basis of Disclaimer of Opinion paragraph for modifications reported by the erstwhile auditors).

Our conclusion on the Statement is not modified in respect of the matters mentioned in serial number 1 to 3 above, with respect to our reliance on the work done and the reports of the other auditors.

**For N. A. Shah Associates LLP**

Chartered Accountants

Firm's Registration No.: 116560W / W100149



**Milan Mody**

Partner

Membership No.: 103286

UDIN: 23103286BGPZND8158

Place: Mumbai

Date: 30<sup>th</sup> May, 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 AUDITED CONSOLIDATED FINANCIAL RESULTS YEAR ENDED  
31ST MARCH, 2023**

(Rs. In Lakhs)

Sr.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		Unaudited (Refer Note no.9)	(Unaudited)	Unaudited (Refer Note no.9)	(Audited)	(Audited)
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	3,310.72	3,710.74	3,891.02	14,257.66	15,014.12
	(b) Other Income	565.44	198.66	9,113.53	1,959.92	9,674.09
	<b>Total Income</b>	<b>3,876.16</b>	<b>3,909.40</b>	<b>13,004.55</b>	<b>16,217.58</b>	<b>24,688.21</b>
<b>2</b>	<b>Expenses</b>					
	(a) Warehousing, transportation and handling costs	578.56	446.97	465.10	2,057.54	1,775.45
	(b) Employee benefits expense	357.48	567.56	584.22	1,889.73	1,996.63
	(c) Finance costs (net)	6,709.49	4,547.97	(3,021.97)	21,185.22	16,217.40
	(d) Depreciation and amortization expense	1,846.80	2,009.66	1,832.14	7,934.57	7,181.47
	(e) Legal & Professional, repairs, utilities & others	1,562.04	478.35	338.70	4,083.88	1,714.56
	(f) impairments of receivables	1,682.24	945.22	1,319.52	2,925.07	1,641.81
	<b>Total Expenses (a to f)</b>	<b>12,736.61</b>	<b>8,995.73</b>	<b>1,517.71</b>	<b>40,076.01</b>	<b>30,527.32</b>
<b>3</b>	<b>Profit/(Loss) before exceptional and Tax (1-2)</b>	<b>(8,860.45)</b>	<b>(5,086.33)</b>	<b>11,486.84</b>	<b>(23,858.43)</b>	<b>(5,839.11)</b>
<b>4</b>	Exceptional Items (Net)	-	-	48,988.99	8,221.83	48,988.99
<b>5</b>	<b>Profit/(Loss) before tax (3+4)</b>	<b>(8,860.45)</b>	<b>(5,086.33)</b>	<b>60,475.83</b>	<b>(15,636.60)</b>	<b>43,149.88</b>
<b>6</b>	Tax expense	(0.49)	-	(1.97)	45.85	28.82
<b>7</b>	<b>Net profit/(Loss) after Tax from Continuing Operations (5-6)</b>	<b>(8,859.96)</b>	<b>(5,086.33)</b>	<b>60,477.80</b>	<b>(15,682.45)</b>	<b>43,121.06</b>
<b>8</b>	Profit/(loss) from Discontinuing Operations	(0.22)	(0.78)	(294.69)	(2.24)	(730.29)
<b>9</b>	<b>Net profit/(Loss) after Tax (7+8)</b>	<b>(8,860.18)</b>	<b>(5,087.11)</b>	<b>60,183.11</b>	<b>(15,684.69)</b>	<b>42,390.77</b>
<b>10</b>	<b>Other Comprehensive Income</b>					
	Item that will not be reclassified to profit and loss:					
	Remeasurement of gains / (losses) on defined benefit plans	12.42	(1.82)	(3.55)	6.92	(7.38)
<b>11</b>	<b>Total Comprehensive Income</b>	<b>(8,847.76)</b>	<b>(5,088.93)</b>	<b>60,179.56</b>	<b>(15,677.77)</b>	<b>42,383.39</b>
<b>12</b>	<b>Profit/(Loss) attributable to:</b>					
(a)	Owner of the parent	(8,860.18)	(5,087.11)	60,183.11	(15,684.69)	42,390.77
(b)	Non-controlling interest	-	-	-	-	-
		<b>(8,860.18)</b>	<b>(5,087.11)</b>	<b>60,183.11</b>	<b>(15,684.69)</b>	<b>42,390.77</b>
<b>13</b>	<b>Other Comprehensive Income attributable to:</b>					
(a)	Owner of the parent	12.42	(1.82)	(3.55)	6.92	(7.38)
(b)	Non-controlling interest	-	-	-	-	-
		<b>12.42</b>	<b>(1.82)</b>	<b>(3.55)</b>	<b>6.92</b>	<b>(7.38)</b>
<b>14</b>	<b>Total Comprehensive Income attributable to:</b>					
(a)	Owner of the parent	(8,847.76)	(5,088.93)	60,179.56	(15,677.77)	42,383.39
(b)	Non-controlling interest	-	-	-	-	-
		<b>(8,847.76)</b>	<b>(5,088.93)</b>	<b>60,179.56</b>	<b>(15,677.77)</b>	<b>42,383.39</b>
<b>15</b>	<b>Paid-up equity share capital (Face value per share Rs. 2)</b>	<b>5,269.52</b>	<b>5,269.52</b>	<b>5,245.52</b>	<b>5,269.52</b>	<b>5,245.52</b>
<b>16</b>	<b>Other Equity excluding Revaluation reserve</b>				<b>10,505.05</b>	<b>25,977.10</b>
<b>17</b>	<b>Earnings Per Share (EPS) in Rs. (for continuing operation)</b>					
	- Basic	(3.36)*	(1.93)*	23.06*	(5.97)	16.44
	- Diluted	(3.36)*	(1.93)*	22.86*	(5.97)	16.39
<b>18</b>	<b>Earnings Per Share (EPS) in Rs. (for discontinuing operation)</b>					
	- Basic	(0.00)*	(0.00)*	(0.11)*	(0.00)	(0.28)
	- Diluted	(0.00)*	(0.00)*	(0.11)*	(0.00)	(0.28)
<b>19</b>	<b>Earnings Per Share (EPS) in Rs. (for continuing and discontinuing operation)</b>					
	- Basic	(3.36)*	(1.93)*	22.95*	(5.97)	16.16
	- Diluted	(3.36)*	(1.93)*	22.75*	(5.97)	16.11

\*not annualised



SIGNED FOR IDENTIFICATION BY

*N. A. Shah*

N. A. SHAH ASSOCIATES LLP  
MUMBAI

# Arshiya Limited

CIN: L93000MH1981PLC024747

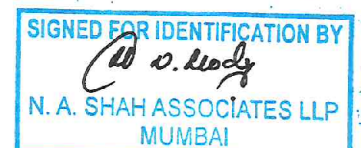
Registered Office: 205 & 206 (Part), 2nd Floor, Ceejay House, Shiv Sagar Estate, F-Block,  
Dr. Annie Besant Road, Worli, Mumbai- 400 018

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

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2023

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>I</b>	<b>ASSETS</b>		
	<b>Non-Current Assets</b>		
	(a) Property, Plant and Equipment	1,17,417.83	1,28,356.87
	(b) Right of use assets	13,316.66	19,900.00
	(c) Capital Work-in-Progress	221.44	221.44
	(d) Goodwill on Consolidation	19.17	19.17
	(e) Intangible Assets	30.12	174.00
	(f) Financial Assets		
	(i) Loan	-	1,404.34
	(ii) Other Financial Assets	658.68	3,072.31
	(g) Other Non-Current Assets	5,760.43	3,012.17
		<b>1,37,424.33</b>	<b>1,56,160.30</b>
	<b>Current assets</b>		
	(a) Inventories	12,537.34	12,537.34
	(b) Financial Assets		
	(i) Trade Receivables	3,152.80	4,020.83
	(ii) Cash and Cash Equivalents	964.87	799.02
	(iii) Bank Balances Other than (ii) above	23.03	15.03
	(iv) Loan	-	325.00
	(v) Other Financial Assets	19,428.81	8,277.61
	(c) Other Current Assets	320.87	1,159.76
		<b>36,427.72</b>	<b>27,134.59</b>
	(d) Assets held for sale (Refer note no. 5)	7,068.61	7,068.75
	<b>Total Assets</b>	<b>1,80,920.66</b>	<b>1,90,363.64</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share Capital	5,269.52	5,245.52
	(b) Other Equity	10,505.05	25,977.10
		<b>15,774.57</b>	<b>31,222.62</b>
	<b>Liabilities</b>		
	<b>Non Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	-	18,382.88
	(ii) Lease Liabilities	7,575.29	14,974.85
	(iii) Other Financial Liabilities	1,114.90	869.44
	(b) Provisions	111.38	117.55
	(c) Other Non-Current Liabilities	488.49	2.94
		<b>9,290.06</b>	<b>34,347.66</b>
	<b>Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	90,055.14	68,569.55
	(ii) Trade Payables		
	Micro and small enterprises	662.75	580.11
	Others	1,675.29	1,625.27
	(iii) Lease Liabilities	7,228.11	6,337.43
	(iv) Other Financial Liabilities	54,221.55	43,962.48
	(b) Other Current Liabilities	1,994.06	3,699.67
	(c) Provisions	15.88	14.97
		<b>1,55,852.78</b>	<b>1,24,789.48</b>
	(d) Liabilities associated with assets classified as held for sale (Refer note no. 5)	3.25	3.88
	<b>Total Equity and Liabilities</b>	<b>1,80,920.66</b>	<b>1,90,363.64</b>



# Arshiya Limited

CIN: L93000MH1981PLC024747

Registered Office: 205 & 206 (Part), 2nd Floor, Ceejay House, Shiv Sagar Estate, F-Block,

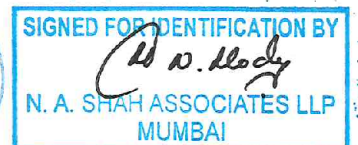
Dr. Annie Besant Road, Worli, Mumbai- 400 018

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

**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023**

(Rs. in Lakh)

Particulars	Year Ended 31st March, 2023 (Audited)	Year Ended 31st March, 2022 (Audited)
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>(15,636.60)</b>	<b>43,149.88</b>
Adjustments for:		
Bad debts	1,358.54	1,495.12
Sundry balances written off / back (net)	(321.45)	(8.76)
Discarding/written off of Property, plant and equipment and Intangible assets	-	60.00
Gain on disposal of Property, plant and equipment	(564.89)	-
Provision for doubtful debts/Expected credit loss	1,104.78	146.69
Provision for impairment on Loan	461.75	-
Gain on Settlement of debts	(8,221.83)	(48,988.99)
Gain recognised on sale of subsidiaries	-	(8,902.00)
fair value adjustment in respect of capital advances	1,442.58	-
Depreciation and amortization expense	7,934.57	7,181.47
Finance costs	21,185.22	16,217.40
Financial guarantee income	(15.00)	(321.28)
Financial assets carried at amortised cost	(360.31)	(262.73)
Interest income on fixed deposits	(5.01)	(3.18)
Interest income on Loan	(174.19)	(95.73)
Interest income on tax refund	(19.17)	(55.46)
Share based payment	205.72	347.67
Foreign exchange differences (net)	(208.89)	1.96
<b>Operating profit before working capital changes</b>	<b>8,165.82</b>	<b>9,962.06</b>
Adjustments for :		
(Increase) in financial and other assets	889.27	(3,106.30)
Increase/(Decrease) in financial and other liabilities	818.03	(104.80)
<b>Cash generated from operations</b>	<b>9,873.12</b>	<b>6,750.96</b>
Direct taxes paid (net of refunds)	144.31	288.11
<b>Net cash flow from operating activities</b>	<b>10,017.43</b>	<b>7,039.07</b>
Net cash flow from discontinuing operating activities	(2.87)	(51.77)
<b>Net cash flow from operating activities - Continuing and Discontinuing Operations</b>	<b>(A) 10,014.56</b>	<b>6,987.30</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(3.42)	(99.74)
Purchase of Capital work in progress and Intangible assets under development	-	(86.44)
Gain on sale of investment in subsidiaries	-	8,902.00
Capital advances	(4,487.43)	-
Loans given to related parties (net)	1,404.34	(3,865.83)
Interest income on Loan to others	211.06	4.55
Interest received	1.94	-
<b>Net cash flow from investing activities</b>	<b>(2,873.51)</b>	<b>4,854.54</b>
Net cash flow from investing activities from Discontinuing Operations	-	10,530.50
<b>Net cash flow from investing activities - Continuing and Discontinuing Operations</b>	<b>(B) (2,873.51)</b>	<b>15,385.04</b>
<b>Cash flow from financing activities</b>		
Issue of Equity shares	24.00	-
Repayment of non-current borrowings	(502.78)	(2.40)
Short-term borrowings (net)	2,753.64	(5,131.93)
(Decrease)/Increase in other bank balances	(0.86)	-
Lease liability paid	(8,376.04)	(5,976.36)
Interest paid	(873.30)	(4,281.35)
<b>Net cash flow from financing activities</b>	<b>(6,975.34)</b>	<b>(15,392.04)</b>
Net cash flow from financing activities from Discontinuing Operations	-	(7,336.65)
<b>Net cash flow from financing activities - Continuing and Discontinuing Operations</b>	<b>(C) (6,975.34)</b>	<b>(22,728.69)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>165.71</b>	<b>(356.35)</b>
Cash and cash equivalents as at the beginning of the year from continuing operations	799.02	915.24
Cash and cash equivalents as at the beginning of the year from discontinuing operations	0.53	240.66
Cash and cash equivalents from discontinuing operations	(0.39)	(0.53)
<b>Cash and cash equivalents as at the end of the year from continuing operations</b>	<b>964.87</b>	<b>799.02</b>



## Notes to audited Consolidated Financial Results

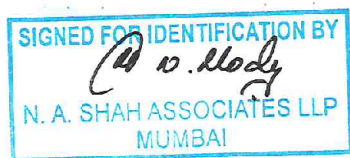
1. The Consolidated Financial Results of Arshiya Limited (**'Parent Company'**) and its Subsidiaries (collectively referred to as the **'Group'**) for the quarter and year ended 31<sup>st</sup> March, 2023 were reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent Company at its meeting held on 30<sup>th</sup> May, 2023. The Statutory Auditors of the Parent Company have carried out Audit of the consolidated financial results.
  
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 62,985.41 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. 94,450 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 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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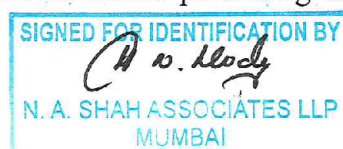


4. The Group has Property, Plant & Equipment with gross block aggregating to Rs 1,33,170.11 Lakh (written down value aggregating to Rs 1,17,417.83 Lakh), Capital Work in Progress (CWIP) amounting to Rs. 221.44 Lakh and inventory of Rs. 12,537.34 Lakh. The value of these assets of the Group has been carried 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 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 WH- 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 31<sup>st</sup> March 2023 due to accumulated losses of Rs. 1,238.75 Lakh, net-worth of the Arshiya Logistics Services Limited is fully eroded. Similarly, with respect to Arshiya 3PL Services Private Limited (“A3PL”), another subsidiary of the Parent Company, the net worth is also negative as at 31<sup>st</sup> March, 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 Groups’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 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 31<sup>st</sup> March, 2023 are subject to their confirmation. However, the Group is confident that there will not be significant changes in its liabilities.
8. Parent Company has 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. 4,487.43 Lakh as on 31<sup>st</sup> March, 2023.
9. The figures of the previous year have been rearranged / regrouped wherever necessary, to correspond with current year's classification / disclosures. The figures for the quarter ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2023 are the balancing figures between audited figures of respective full financial year and published year to date figures upto the third quarter of respective financial year.
10. Legal & Professional, repairs, utilities & other expenses for the quarter and year ended includes Rs. 1,442.58 Lakh relating to fair value adjustment in respect of capital advance paid to related party.
11. During the year, the Group has allotted 12,00,000 equity shares to eligible employees under the Arshiya Limited Employee Stock Option Scheme 2019 upon exercise of the option. 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 31<sup>st</sup> March, 2022 and year ended 31<sup>st</sup> March, 2023.
12. Post Demerger, the Group's activities during the quarter and year ended 31<sup>st</sup> March, 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".
13. During the quarter ended 31<sup>st</sup> March 2022, Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') has approved the Scheme of Arrangement ('Scheme') vide it's order dated 21<sup>st</sup> January 2022 ('Order'). Assets and liabilities pertaining to domestic business of the Parent



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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 4<sup>th</sup> 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 4<sup>th</sup> March 2022 praying 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 31<sup>st</sup> March 2023 after giving accounting effects of the approved scheme by the NCLT.

14. The revenue during the quarter ended 31<sup>st</sup> March, 2023, is lower due to higher provisioning for expected credit loss by the operating subsidiaries, which impacted the business conducting fee income of the Company to be received from the operating 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. 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 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.
16. The Corporate Insolvency Resolution Process (CIRP) has been commenced for ANFL and Interim Resolution Professional has been appointed. However, it has not reached to the stage of receipt of plans from the Resolution Applicants. ANFL being a MSME, the Parent Company has also participated in the resolution process of ANFL.
17. Because of the significance of the matters stated above, statutory auditors have issued Disclaimer of Opinion in their audit report for the year ended 31<sup>st</sup> March, 2023.
18. During the course of preparation of financial statements, 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. Accordingly,

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*N. A. Shah*  
N. A. SHAH ASSOCIATES LLP  
MUMBAI



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adjustment, if any, required in the financial statements will be accounted as and when the same is determinable.

**For and on behalf of Board of Directors of Arshiya Limited**



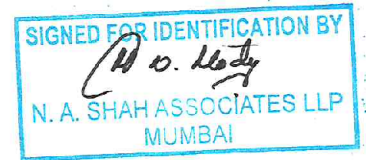
**Ajay S Mittal**

**Chairman & Managing Director**

**DIN No.: 00226355**

Place: Mumbai

Date: 30<sup>th</sup> May, 2023



**ARSHIYA LIMITED**

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] (Rs. in Lakhs)				
I.	Sl. No.	Particulars	Audited Figures as of Mar-2023 (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	16,217.58	16,217.58
	2.	Total Expenditure	(40,076.01)	(81,048.83)
	3.	Exceptional item	8,221.83	(57,803.75)
	4.	Net Profit/(Loss) after Tax	(15,684.69)	(1,22,683.09)
	5.	Earnings Per Share ( in Rupees per share)	(5.97)	(46.70)
	6.	Total Assets	1,80,920.66	1,80,920.66
	8.	Total Liabilities	1,65,146.09	2,72,144.49
	9.	Net Worth	15,774.57	(91,223.83)
	10.	Any other financial item(s) (as felt appropriate by the management)		
II.	<b>Audit Qualification (each audit qualification separately):</b>			
1.	<b>a. Details of Audit Qualification</b> <p>We draw attention to 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 years / 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 86,948.45 lakhs as on 31st March 2023. The interest on such borrowings had been under provided by Rs 2,979.78 lakhs for the quarter ended 31st March 2023 and Rs. 12,478.43 lakhs for year ended 31st March 2023 (cumulative unprovided interest of Rs 34,005.94 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.</p>			



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	<p>b. <b>Type of Audit Qualification</b> : <del>Qualified Opinion</del> / Disclaimer of Opinion / Adverse Opinion</p>
	<p>c. <b>Frequency of qualification</b>: <del>Whether</del> appeared first time / repetitive / since how long continuing - From March 22</p>
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>The management of the Group continues to engage and discuss with all major financial creditors to resolve debts at sustainable levels. 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.</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) <b>Management's estimation on the impact of audit qualification</b>: NA</p>
	<p>(ii) <b>If management is unable to estimate the impact, reasons for the same</b>: NA</p>
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above</b>: NA</p>
2.	<p><b>Audit Qualification (each audit qualification separately):</b></p>
	<p><b>a. Details of Audit Qualification</b></p> <p>We draw attention to 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 financial statements for the year ended 31st March 2023 and year ended 31st March 2022, recognized a gain of Rs. 8,221.83 lakhs and Rs.1,744.72 lakhs respectively 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 31st March 2023. Further, the interest on such borrowings has been under provided by Rs.2,542.10 lakhs for year ended 31st March 2023 (cumulative unprovided interest of Rs 6,966.88 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.</p>
	<p>b. <b>Type of Audit Qualification</b> : <del>Qualified Opinion</del> / Disclaimer of Opinion / Adverse Opinion</p>
	<p>c. <b>Frequency of qualification</b>: <del>Whether</del> appeared first time / repetitive / since how long continuing</p>
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p>



	<p>The management of the Group continues to engage and discuss with all major financial creditors to resolve debts at sustainable levels. The outcome of the settlement of liabilities of the Group is dependent on ongoing discussions with the lender 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.</p>
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(iv) <b>Management's estimation on the impact of audit qualification: NA</b>
	(v) <b>If management is unable to estimate the impact, reasons for the same: NA</b>
	(vi) <b>Auditors' Comments on (i) or (ii) above: NA</b>
3.	<b>Audit Qualification (each audit qualification separately):</b>
	<b>a. Details of Audit Qualification</b>
	We draw attention to note no. 7 of the Statement for the quarter and year ended 31st March 2023 and para 3 (a) and 3 (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.
	<b>b. Type of Audit Qualification :</b> <del>Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</del>
	<b>c. Frequency of qualification:</b> <del>Whether appeared first time / repetitive / since how long continuing - From March 22.</del>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>
	Considering the account of the Group being classified as NPA, banks do not give confirmation. However, the management of the Group in process of arranging balance confirmation. The Group is confident that there will not be significant changes in its liabilities.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) <b>Management's estimation on the impact of audit qualification: NA</b>
	(ii) <b>If management is unable to estimate the impact, reasons for the same: NA</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above: NA</b>
4.	<b>Audit Qualification (each audit qualification separately):</b>
	<b>a. Details of Audit Qualification</b>
	One of the Non-Banking Financial Company (NBFC) which was lender to the Parent Company, had assigned its debt to Edelweiss Asset Reconstruction Company (EARC). Pending execution of restructuring agreement for assignment of its debt to EARC, the Holding Company has continued to provide interest on loan aggregating to Rs 2,000.00 lakhs for the quarter and year ended 31st March 2023 in line with major terms negotiated with EARC in case of other agreements. The management is



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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 negotiations, we are unable to opine whether the liability as per the books and provision for interest are appropriate or not.

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

c. **Frequency of qualification**: ~~Whether~~ appeared first time / repetitive / since how long continuing

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

The management of the Parent Company continues to engage and discuss with EARC to resolve debts at sustainable levels. The outcome of the settlement of liabilities of the Parent Company is dependent on ongoing discussions with the lender 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 Parent Company at this juncture. Considering the same, the Parent Company continues to account the finance cost and borrowings as per the terms of last settlement issued by the respective financial creditor.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) **Management's estimation on the impact of audit qualification:** NA

(ii) **If management is unable to estimate the impact, reasons for the same:** NA

(iii) **Auditors' Comments on (i) or (ii) above:** NA

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

**a. Details of Audit Qualification**

We draw attention to note no. 3 of the Statement regarding corporate guarantees given to erstwhile subsidiary companies with principal debt obligations aggregating to Rs.94,450.00 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 31st March 2023 leading to non-compliance with the said Ind AS.

In absence of fair value report, 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 by Ind AS 109.



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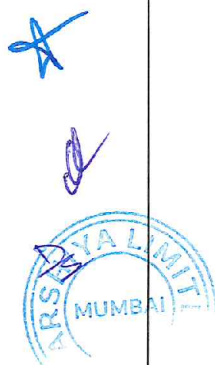
	<p>b. <b>Type of Audit Qualification</b> : <del>Qualified Opinion</del> / Disclaimer of Opinion / <del>Adverse Opinion</del></p>
	<p>c. <b>Frequency of qualification</b>: <del>Whether</del> appeared first time / repetitive / since how long continuing</p>
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>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.</p> <p>The fair value of assets and liabilities of the borrowing companies cannot be determined till the completion of the ongoing discussions for debt resolutions or proceedings and may appear prejudicial if carried out at this stage. In view of the above, no provision is made at this stage in the financial statement.</p>
	<p>e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p>(i) <b>Management's estimation on the impact of audit qualification: NA</b></p>
	<p>(ii) <b>If management is unable to estimate the impact, reasons for the same: NA</b></p>
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above: NA</b></p>
6.	<p><b>Audit Qualification (each audit qualification separately):</b></p>
	<p><b>a. Details of Audit Qualification</b></p> <p>The Group have Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and inventory with gross block of PPE aggregating to Rs 133,170.11 lakhs (written down value aggregating to Rs 117,417.83 lakhs), CWIP aggregating to Rs 221.44 lakhs and inventory of Rs 12,537.34 lakhs. Continuing losses and lower capacity utilization are indicators for the need to carry out impairment testing as required Ind AS 36 "Impairment of Assets". 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 "Inventories".</p> <p>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.</p> <p>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 on 31st March 2023 and consequently compliance with Ind AS 36 "Impairment of Assets" and Ind AS 2 "Inventories".</p>
	<p>b. <b>Type of Audit Qualification</b> : <del>Qualified Opinion</del> / Disclaimer of Opinion / <del>Adverse Opinion</del></p>
	<p>c. <b>Frequency of qualification</b>: <del>Whether</del> appeared first time / repetitive / since how long continuing</p>
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p>

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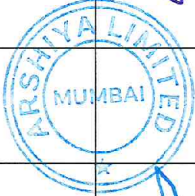

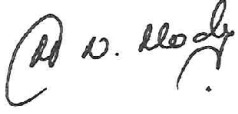



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	<p>The value of these assets of the Group, has been carried forward on the basis of existing accounting policies, and these values are supported by the commercial value realised in the past. The fair value of assets and liabilities of the Group cannot be determined till the completion of the ongoing discussions for resolution of debt or 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.</p>
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) <b>Management's estimation on the impact of audit qualification: NA</b>
	(ii) <b>If management is unable to estimate the impact, reasons for the same: NA</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above: NA</b>
7.	<b>Audit Qualification (each audit qualification separately):</b>
	<b>a. Details of Audit Qualification</b>
	<p>We draw attention to note no. 5 of the Statement with regards to transaction of monetization of one warehouse of one of the subsidiary. 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 "Non-current Assets Held for Sale and Discontinued Operations" and Ind AS 16 "Property, Plant and Equipment".</p>
	<b>b. Type of Audit Qualification :</b> <del>Qualified Opinion</del> / Disclaimer of Opinion / <del>Adverse Opinion</del>
	<b>c. Frequency of qualification:</b> <del>Whether</del> appeared first time / repetitive / <del>since how long</del> continuing
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>
	<p>The Subsidiary Companies have received an extension letter which is valid till December 2023. The execution of the said transactions is now subject to CIRP process initiated in ANFL and hence the impact can be ascertained at the time of acceptance of the Resolution Plan by the NCLT. In view of the above, the Group has classified said assets and liabilities under "Non-Current Assets Held for Sale and Discontinued Operations" as per IND AS 105.</p>
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) <b>Management's estimation on the impact of audit qualification: NA</b>
	(ii) <b>If management is unable to estimate the impact, reasons for the same: NA</b>



(iii) Auditors' Comments on (i) or (ii) above: NA

III.	<b>Signatories:</b>	
	Ajay S Mittal Chairman & Managing Director DIN: 00226355	
	Dinesh Kumar Sodani Chief Financial Officer	 
	Ashishkumar Bairagra Audit Committee Chairman	
	<b>Statutory Auditor</b> N. A. Shah Associates LLP Registration No. 116560W/W100149 Milan Mody Partner Membership No.: 103286	 
<b>Place:</b> Mumbai		
<b>Date:</b> 30 <sup>th</sup> May, 2023		