



ANNUAL REPORT 09-10





CONTENTS

02	Cover Story
15	Corporate Information
16	Board of Directors
19	Global Advisory Board
23	Senior Management
26	Directors' Report
34	Annexure to the Directors' Report
36	Management Discussion & Analysis
44	Corporate Governance Report
59	Financial Section
60	Auditors' Report
64	Balance Sheet
65	Profit & Loss Account
66	Cash Flow Statement
68	Schedules Forming Part of Balance Sheet
73	Schedules Forming Part of Profit & Loss Account
75	Notes to Accounts
93	Balance Sheet Abstract and Company's General Profile
94	Statement Relating to Subsidiaries
95	Auditors' Report on Consolidated Financial Statements
96	Consolidated Balance Sheet
97	Consolidated Profit & Loss Account
98	Consolidated Cash Flow Statement
100	Schedules Forming Part of Consolidated Balance Sheet
104	Schedules Forming Part of Consolidated Profit & Loss Account
106	Notes to the Consolidated Financial Statement

Changing

The world would have been a different place to live in had it not been for the Game Changers. The Game Changers paved the way for new beginnings, new outlooks. They heralded fresh thinking and gave birth to turning points in the journey of life.

Probably one of the first Game Changers in this world was the invention of the spear. It gave man his first tool to mark his supremacy over other creatures on the planet. Then came the invention of Fire, which opened new doors in illumination, cooking and other creative applications. However, one of the most significant game changers of the early years was the invention of the Wheel, which signalled the advent of transportation. From here, many more revolutions rolled across the millenniums, ever since.



the World.



Every invention, every discovery has been a Game Changer. They challenged conventional wisdom and redefined existing practices. Today we look at some of the recent Game Changers across a varied spectrum. The Internet - in the field of information. The Mobile Phone - in communication. Operation Flood – in dairy power. And One Day International – in sports. You will agree that these have made a significant difference to all our lives.

As a tribute to all the game changers, Arshiya takes pride in unveiling India's first game changer in the sector of Logistics. The Free Trade and Warehousing Zone (FTWZ) at Panvel, near Mumbai. The first of a series of 5 FTWZ's to come, it marks a seamless integration with Arshiya's other infrastructural support systems in logistics. Arshiya now emerges as the world's only holistic one-stop solution provider in logistics – a veritable Gateway, to, from and within India.

Game Changer:



The Internet

The scenario before

The repositories of general knowledge and public information were restricted to libraries, encyclopaedias and archives at publications or specialised sources. The subsequent introduction of computers made access possible through CD ROM's. Overall, the information, however, was limited and access was difficult, time-consuming and inconvenient.

Sending and receiving mails meant physical carriage and delivery of letters and documents by the postal services or the couriers. This involved both effort and time, along with inherent concerns of dependability.

The scenario after

The internet was a technological marvel that connected computers through a worldwide web network. An electronic revolution that linked individuals, organisations and innumerable information sources through a global grid that operated at lightning speeds. The networking made access instantaneous and people were able to create content and collaborate like never before.

The Internet had virtually shrunk distances and brought about a radical shift in knowledge levels, timely updates, innovative work processes and organisational efficiencies. Life and lifestyles were totally transformed. Transportation of thought was thus made electronically possible round-the-clock, at the click of a button – spawning many more game-changing ideas.



Game Changer:



Operation Flood

The scenario before

The dairy industry in rural India was a hotbed of exploitation, riddled with malpractices by milk traders. The farmers were compelled to reduce prices during seasons of plentiful milk supply and when milk production fell during lean periods, the shortage was unable to meet the demands of the market. This created irregular incomes and abject poverty among the farmers.

The scenario after

Operation Flood was a program that sought to assure farmers of a regular income with a fair share of year-round profits. It eliminated the role of the middleman trader through the setting up of co-operatives to form a nationwide milk grid. The program created a flood of milk, by turning India into the largest producer of milk and milk products, remunerated the farmers adequately and ensured fair consumer prices.

However, Operation Flood created a bigger success story. It empowered the naive Indian farmer. It ignited the spirit of determination and fired the power of collective will. It infused into every heart that beat with trepidation that there's no stopping a mind driven by firm resolve. Operation Flood exemplifies a story of self sufficiency and has been rightly called the White Revolution.





Game Changer:

Mobile Telephony

The scenario before

The telephone was an instrument that made voice communication possible over any distance. It was a system operated by electrical power lines that, more or less, fixed the telephone in terms of its location. These were called fixed land-line phones wherein people had to come to the phone, at either end, to enable a conversation.

The scenario after

The mobile phone started off as a revolution in the way people conversed with each other. It comprised personal mini handsets that could be carried conveniently across the world as they were operated wirelessly. Soon this technology became the springboard for many other technologies to converge on. Mobile phones doubled up as cameras, radios, music systems, personal computers, internet-on-the-go, timely reminders, and other useful devices.

The personalisation of the mobile phone opened new doors of opportunities. It promised the magic of the unplanned, the empowerment to accomplish more. It almost seemed to have life and was perceived to be an invaluable enabler that was getting better every day.



Game Changer:



The Shorter Game

The scenario before

While most games got wrapped up in a matter of hours, Test Cricket was traditionally played over 5 days. The players wore white uniforms, played with a red coloured ball and the game ended each day when daylight was declared, by umpires, to be insufficient. The unduly long duration of the game, along with the possibility of a draw at the end of 5 days, often caused boredom amongst fans of the game.

The scenario after

Twenty20 cricket catapulted the game to the league of fast-paced, result oriented, nail-biting spectator sports. The One-Day International or Limited Overs Cricket had already made us comfortable with a shorter duration, a modified game, flashy coloured uniforms for the players and play both during the day as well as floodlit nights. Twenty20 cricket brought with it a focus on results, dramatic television coverage and enough excitement to make this version of cricket unanimously riveting.

Cricket, in this shorter form, attracted more spectators. It not only had stadium-packed audiences but also viewers glued to television sets all over the world. This turned it into a stronger business platform. Cricketers turned into super heroes. Sponsorships reached a new high and it gave advertisers a powerful platform to generate revenue.



Game Changer:



FTWZ in India

The scenario before

Indian exporters, importers and re-exporters find it difficult to compete in the world market due to the various inefficiencies in the logistics system. They end up incurring high costs – in purchase, shipment, processing, storage and taxes. They face time delays in transportation, processing, as well as regulatory clearances. Their costs escalate and weaken their global competitiveness.

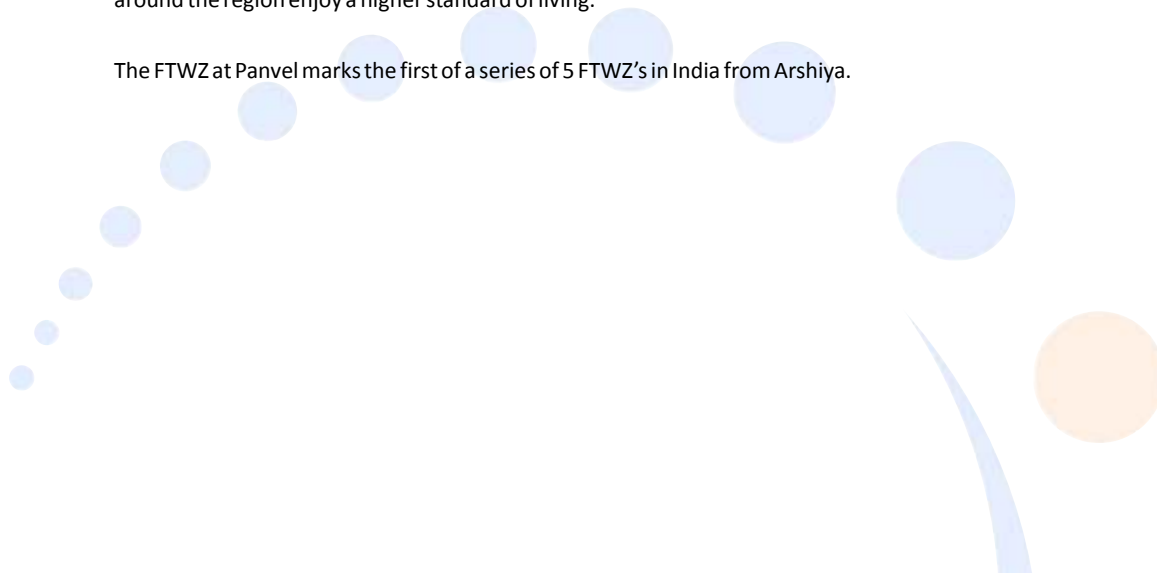
Besides, enterprises around the world, desirous of leveraging India's location advantage are unable to do so due to the lack of infrastructural support in logistics. Thus making India lose out on attractiveness in global trade.

The scenario after

India's first Free Trade and Warehousing Zone (FTWZ) heralds a historic transformation for the Logistics and Supply Chain industry of the country. This opportune infrastructural advantage enables India to compete with the world's largest trading hubs like Singapore and Dubai and be the next sought-after transshipment hub in the region. It leverages India's strategic positioning between Asia Pacific and the Middle East to emerge as the largest trading, storage, value addition and distribution hub of Asia.

The FTWZ is an opportunity that rightfully proves to the world India's skill and cost arbitrage by providing new jobs and economic stimulus, along with much-needed efficiencies in logistics. Besides, it mobilises a positive effect on the local infrastructure and facilities, as people in and around the region enjoy a higher standard of living.

The FTWZ at Panvel marks the first of a series of 5 FTWZ's in India from Arshiya.



Dear Arshiyans,

Our rapidly-developing world stands testimony to the evolution made possible by people who dared to think different. We have all seen that when a big idea comes along, it brings about a radical transformation. The idea opens doors of overwhelming opportunities. It changes the rules of the game. These are the Game Changers.

You have seen and heard of several Game Changers. This is the moment when you become an integral part of one such game changer. India's very first Free Trade and Warehousing Zone (FTWZ).

The FTWZ seeks to transport India to a new level in economic growth. It hopes to empower enterprises in India and across the globe with new-found solutions in the field of logistics.

The FTWZ is a part of an integrated program of game-changing ideas that your company is continually working on.

You are a shareholder of a vision that is working to dispel the darkness of inefficiencies in the Indian logistics sector. As your company strives relentlessly to pioneer new concepts powered by innovative thinking, you will see the sun of an economic boom rise.



Corporate Information

BOARD OF DIRECTORS

MR. AJAY S MITTAL
Chairman & Managing Director
MRS. ARCHANA A MITTAL
Joint Managing Director
MR. V. SHIVKUMAR
Executive Director
MR. SANDESH CHONKAR
Executive Director
MR. ASHISH BAIRAGRA
Independent Director
MR. RISHABH P SHAH
Independent Director
PROF. G. RAGHURAM
Independent Director
MR. MUKESH KACKER
Independent Director
MR. JAMES BELTRAN
Independent Director

GLOBAL ADVISORY BOARD

MR. ASHUTOSH VARSHNEY
Member
MR. FLEMMING JACOBS
Member
DR. FRANK JÜRGEN RICHTER
Member
PROF. G. RAGHURAM
Member
DR. JERRY (YORAM) WIND
Member
DR. JOHN L GATTORNA
Member
MR. MICHAEL PROFFITT
Member
MR. PAUL W. BRADLEY
Member
MR. RICHARD TAFFET
Member
MR. WILLIAM P. ADAMOPOULOS
Member

COMPANY SECRETARY & COMPLIANCE OFFICER

MR. RAHUL NEOGI

REGISTRAR & SHARE TRANSFER AGENT:

Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate, Saki Vihar Road
Andheri (East), Mumbai - 400072
Email: info@bigshareonline.com
Tel: +91-22-28470652/ 40430200, Fax: +91-22-28475207

SENIOR MANAGEMENT

MR. ANTHONY BARNES
Head-Global Integrated Sales
MR. G. HARIHARAN
Group Legal Counsel & Head-Corporate Governance
MR. HASMUKH DAFTARY
Chief Commercial Officer
CAPT. KAPIL ANAND
Chief Operating and Marketing Officer
CAPT. KAPIL BHALLA
CEO-Arshiya FTWZ & Logistics
MR. NITIN KOLHATKAR
Chief Financial Officer
MR. NIJAY N NAIR
Head-Strategic Initiatives
MR. OZ OZTURK
Chief Technology Officer
MR. SAJAL MITTRA
CEO-Arshiya Rail Infrastructure
MAJOR SUHAS THAKAR
Chief Infrastructure & Regulatory Officer

REGISTERED OFFICE:

3rd Floor, Plot No.61, Road No.13, M.I.D.C.,
Andheri (East), Mumbai - 400 093.
Maharashtra, India.
Tel: +91-22-40485300 Fax: +91-22-40485399

CORPORATE OFFICE:

301 Ceejay House, Level 3, Shiv Sagar Estate,
F-Block, Dr. Annie Besant Road, Worli,
Mumbai - 400018. Maharashtra, India.
Tel: +91-22-42305500-502 Fax: +91-22-42305555

BANKERS:

AXIS Bank Limited
Andhra Bank
Bank of India
Central Bank of India
Dena Bank
Federal Bank
HDFC Bank Limited
Karur Vysya Bank
State Bank of Mysore
State Bank of Patiala
Union Bank of India
UCO Bank

AUDITORS:

MGB & CO.
Jolly Bhawan -2, 1st Floor, 7, New Marine Lines,
Mumbai - 400 020.

BOARD OF DIRECTORS



AJAY S MITTAL

Chairman & Managing Director

Education: M.B.A (USA), Bachelor of Commerce (India)

Experience: Mr. Mittal represents the driving force behind Arshiya International Ltd in its vision of being India's first fully integrated supply chain management and logistics infrastructure solutions company. With a 17-year entrepreneurial career; Mr. Mittal has held key leadership positions in diverse sectors including Commercial and Private Real Estate Development, Financial Services, Manufacturing, International Trading, Information Technology and Global Supply Chain Management. Over the last decade, Mr. Mittal has successfully scaled Arshiya International by adding

International Logistics, Supply Chain Management, Information Technology, Logistics Infrastructure Development & Rail Infrastructure to its integrated business portfolio. Today, Arshiya stands at the helm of being not just the first developers of Free Trade and Warehousing Zones, but also the largest private container rail operator in India. Under Mr. Mittal's visionary leadership, Arshiya International is currently working on a phased plan towards infusing US\$ 1.5 billion dollars into developing logistics infrastructure and bringing efficiency into supply chain management across India - that will ultimately re-define the logistics industry in the country. He also serves as a Director with the M.G. Mittal Group - one of India's leading business conglomerates in the real-estate development & infrastructure space.

Mr. Mittal received his M.B.A from the United States; upon completion of which he returned to India giving life to new business entities. He currently serves as Chairman of the Board of Arshiya International Ltd. He is also very active with various social reform and community service organizations. His personal mission is for Arshiya International to play a major supporting role in India's economic transformation.



ARCHANA A MITTAL

Joint Managing Director

Education: Bachelor of Arts (India)

Experience: Mrs. Mittal, Joint Managing Director, represents Arshiya as one of the Board of Directors while also leading the charter of Procurement & Projects for Arshiya's intensive CAPEX deployment into globally integrated logistics infrastructure. Mrs. Mittal is in the promoter group of Bhushan Steel Limited - one of the leading integrated steel producers of India; and brings with her extensive experience and leadership towards implementation, budgeting & adherence for Arshiya's consolidated infrastructure projects including the creation of Free Trade and Warehousing Zones &

Rail Infrastructure Terminals across India. In addition to the above, Mrs. Mittal is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development. Mrs. Mittal is a graduate in Bachelor of Arts (Honours) from Punjab University and is also very active with various social reform organizations across India.



V. SHIVKUMAR

Executive Director

Education: Associate Member of the Institute of Company Secretaries of India, Science and Law Graduate from Mumbai University

Experience: Mr. Shivkumar has over 36 years of experience in the areas of business administration, corporate secretarial functions, corporate governance, legal, finance and human resource development spanning a distinguished professional career. He has been involved in companies engaged in manufacturing and marketing of key products viz, chemicals, paper, cigarettes, cosmetics, steel rolled products and in service industry involved in merchant banking, financial services and

supply chain activities. Mr. Shivkumar also serves on the Board of Directors of some of the Arshiya's subsidiary companies. Mr. Shivkumar is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development. He is currently involved in HR, Administration, Legal, Secretarial and Corporate Governance functions of the Company.



SANDESH CHONKAR

Executive Director

Education: Chartered Accountant, Bachelor of Commerce (India)

Experience: Mr. Chonkar has over 19 years of senior management experience, including international assignments. He has spent over 13 years within the related group. His experience includes having held key positions in financial, commercial, logistics, trading and operational areas. His international assignments include 3 years in Singapore, managing a trading company. He is currently involved in financial control, strategic planning, foreign trade documentation and business process development within the group. Mr. Chonkar currently serves on the Board of Directors of

some of the Arshiya's subsidiary companies. Mr. Chonkar is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development.



ASHISH BAIRAGRA

Independent Director and Chairman of the Audit Committee

Education:

Chartered Accountant, Bachelor of Commerce (India)

Experience:

Mr. Bairagra is currently a partner with M.L. Bhuwania and Company, Chartered Accountants. He has extensive experience in handling internal audits, statutory audits, management audits, and business advisory assignments. His areas of specialisation include international taxation, transfer pricing, international business planning and business consulting.



RISHABH P. SHAH

Independent Director

Education: Bachelor of Arts (India), L.L.B. (India)

Experience: Mr. Shah is a practicing legal counsel in the High Court at Mumbai with specialisation in corporate law. He has over 12 years of experience representing major corporations as legal counsel.



PROF. G. RAGHURAM

Independent Director

Education: PhD (Northwestern University), PGDM (IIMA)

Experience: Prof. Raghuram is a professor in the Indian Institute of Management, Ahmedabad. His specialization is in infrastructure and transportation systems, and supply chain and logistics management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations and issues in logistics and supply chain management. He has also taught at Northwestern University and Tulane University, USA. He has been visiting faculty at universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several

institutions in India. He has co-authored four books. He was the President of Operational Research Society of India (1999-2000) and is a member of boards and government committees related to infrastructure and logistics.



MUKESH KACKER

Independent Director

Education: Master in Economics (Public Policy) from Harvard University, B.Sc. (Physics, Mathematics & Statistics) and M.A. (Political Science) from Allahabad University

Experience: Mr. Kacker has 30 years of experience of working in the Government as an I.A.S. officer before he opted for voluntary retirement to work in the area of infrastructure, and has held important senior positions, both in policy formulation roles as well as in executing capacities. As Member, National Highways Authority of India (NHAI), he was in the vanguard of personnel leading India's highways revolution and was instrumental in planning and executing a major portion of the

Golden Quadrilateral. As Joint Secretary (Petrochemicals), he drafted the National Policy on Petrochemicals and conceptualized the policy on Investment Regions anchored by big Petrochemical units. In his state cadre of Madhya Pradesh, Mr. Kacker has held various positions including Secretary to the Government, Managing Directors of two state Public Sector Undertakings and Secretary to the Chief Minister.

In view of his experience in the infrastructure sector, the Government of India has inducted him as Member, Task Force on Infrastructure Development and Mega Projects. He is also a Member on the Governing Board of Lifeline Foundation, an NGO based in Vadodara and working in the field of highway rescue. He is the founder-promoter of Kacker & Daughter Infrastructure Consultancy Services Ltd. Mr. Kacker currently serves as Director General of CUTS Institute for Regulation and Competition (CIRC).



JAMES BELTRAN

Independent Director

Education:

L.L.B. (UK). Certificate of Legal Practice (Malaysia) Admissions to Malaysia Bar, Bar Council Malaysia Certified Financial Planner, International CFP Board

Experience:

Mr. Beltran currently serves as Chairman, MAA International (Malaysia's largest insurance corporation with international offices throughout the region). He previously headed his own law firm, Ravi Beltran Advocates and Solicitors, served as partner at Gurbakash and Tan Advocates and

Solicitors, and worked in litigation and corporate law of Sebastian and Company in London. He is a founder member of the Financial Planner Association of Malaysia and was selected by the World Economic Forum as a "New Asian Leader".

GLOBAL ADVISORY BOARD



ASHUTOSH VARSHNEY

Professor, Political Science, Brown University

Mr. Ashutosh Varshney is a professor of Political Science at Brown University. He has held teaching posts at Harvard (1989-98), the University of Michigan and Ann Arbor (2001-2008). In 2008 he won the Guggenheim fellowship and the Carnegie Scholar awards. He also served on the former UN Secretary General Kofi Annan's Millennium Task Force on Poverty (2002-05); the South Asia Task Force of the Council on Foreign Relations (New York); and the Advisory Board of the Center for Strategic and International Studies (CSIS, Washington). He is a consultant to the World Bank, and has also been a consultant to the United Nations Development Program (UNDP), Human Rights Watch, Freedom House, and UK Department for International Development (DFID).

He has earned his master's degree in Political Science and Philosophy from University of Allahabad and Jawaharlal Nehru University (JNU) respectively. He completed his Ph.D. in Political Science at MIT in 1990, where he received the Daniel Lerner Prize for Best Dissertation.



FLEMMING JACOBS

Former Partner - AP Moller Former CEO - APL

Mr. Jacobs brings with him over 40 years of experience in the Shipping & Transportation industry, where he was responsible for growth and service delivery across Europe, Asia and North America. Starting his career in the shipping industry in 1960 with AP Moller, Mr. Jacobs helped build Maersk Lines into one of the world's leading container lines - where he became partner in 1996. Between 1999 and 2003 he also served as President & CEO of Singapore based Neptune Orient Lines, owners of American President Lines and APL Logistics.

He currently serves as Senior Advisor & Non-Executive Director on a variety of boards for organizations in the Banking, Transportation and Logistics sectors. These include the Panama Canal and Lloyds Register.

Furthermore, he is also a trustee of the Sailors' Society, UK, a charity for seafarers and a Fellow of the Chartered Institute of Transport and Logistics. In 2001 he was named CNBC Asian Business Leader of the year, CEO's choice.



DR. FRANK-JÜRGEN RICHTER

President Horasis, The Global Visions Community - a investment and advisory firm

Through Horasis, he is a Senior Advisor to the leadership of corporations from Asia, Europe and North America. Prior to founding Horasis, Dr. Richter was Director of the World Economic Forum, in charge of Asian affairs. During this time he has developed an extensive experience and knowledge on the world's economic, business and political scene and of its key players. Under his leadership, the Forum's Summits in Asia and the Asia part of 'Davos' have evolved to facilitate the exchange of expertise between leaders in business, government, and civil society.

He has lived, studied and worked in Asia for almost a decade, principally in Tokyo and in Beijing where he developed and managed European Multinationals China operations. As one of the leading analysts of international business and Asian economies, he influences major business and governmental decisions with his public commentary. He has a thorough understanding of how the world functions today - an understanding created through an on-going interaction with top business, political and intellectual leaders around the world. Dr. Richter is also an active scholar and has authored and edited a series of best-selling books on global strategy and Asian business. One of his recent books include:

Global Future, Asia's New Crisis and Recreating Asia.

He has addressed audiences at the World Economic Forum, Brookings Institute, Harvard University, Beijing University, Royal Institute of International Affairs, and several high-level corporate events. His writings appeared in the financial and regional press, such as The International Herald Tribune, The Wall Street Journal, The Far Eastern Economic Review, The Straits Times and The South China Morning Post.

He has been interviewed by several publications and appeared on CNN, BBC, CNBC, CCTV (China Central Television) as well as the Voice of America. He completed his education from Germany (his home country), France, Mexico and Japan. He can speak Mandarin and Japanese fluently.



PROF. G. RAGHURAM

Independent Director

Prof. Raghuram is a professor in the Indian Institute of Management, Ahmedabad. His specialization is in infrastructure and transportation systems, and supply chain and logistics management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations and issues in logistics and supply chain management. He has also taught at Northwestern University and Tulane University, USA. He has been visiting faculty at universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several institutions in India. He has co-authored four books. He was the President of Operational Research Society of India (1999-2000) and is a member of boards and government committees related to infrastructure and logistics.



DR. JERRY (YORAM) WIND

Professor, MBA courses in Marketing Strategy, Marketing Methods and Applications for Business Consulting

Professor Jerry Wind is internationally known for pioneering research on organizational buying behaviour, market segmentation, conjoint analysis, and marketing strategy. He consults with major firms around the world, and has lectured in over 50 universities world wide.

Professor Wind is one of the most cited authors in marketing. He is a regular contributor to the professional marketing literature, with 22 books and more than 250 research papers, articles and monographs on marketing strategy, marketing research, new product and market development, consumer and industrial buying behaviour and international marketing. His 2004 book *The Power of Impossible Thinking: Transform the Business of Your Life and the Life of Your Business*, draws on the latest research in neuroscience to explain how a person's mental models can distort perceptions, creating both limits and opportunities.

Professor Wind is the founding editor of Wharton School Publishing, a joint venture with Pearson and has published 25 books in the first 18 months. Over the years he has served as editor-in-chief of the *Journal of Marketing*, the policy boards of the *Journal of Consumer Research* and *Marketing Science*, the editorial boards and guest editor of all the major marketing journals.

He is the recipient of numerous academic awards, including the three major marketing awards, The Charles Coolidge Parlin Award, the AMA/Irwin Distinguished Educator Award, and the Paul D. Converse Award. Professor Wind teaches MBA courses in Marketing Strategy, Marketing Methods and Applications for Business Consulting, and a new course in creativity. Professor Wind received his PhD from Stanford University and his MA and BS degrees from The Hebrew University in Jerusalem.



DR. JOHN L. GATTORNA

Chairman & Advisory Board, Institute for Logistics and Supply Chain Management and Visiting Professor, Macquarie Graduate School of Management (MGSM)

John has taught and researched at several universities around the world, consulted to many major multinational corporations; and published widely on emerging subject of supply chain.

John is regarded as one of the worlds thought leaders in the supply chain management. He is one of the co-developers of "Strategic Alignment" concept. This is renamed now to "Dynamic Alignment" applying to design management of supply chains. He has written many books and articles.



MICHAEL PROFFITT

Director Supply Chain and Logistics Group - Dubai Member Cranfield Centre for Logistics Supply Chain Management Advisory Board Member Asia Pacific Supply Chain Advisory Board

Michael Proffitt has been involved with Logistics and Supply Chains on a global basis for well over 25 years and has held a number of senior management positions, including Logistics Director for Danzas based in Switzerland and main Board Director of Logistics for Hays in the UK. He has recently stepped down as CEO of Dubai Logistics City after successfully developing the value proposition and positioning Dubai, and Dubai Logistics City, as the new global logistics hub. He has worked with leading companies on their supply chain and logistics requirements and has a successful track record in Mergers and Acquisitions within the industry.

He is a Director of the Supply Chain and Logistics Group - Dubai, a member of the Cranfield Centre for Logistics and Supply Chain Management Advisory Board and a member of the Asia Pacific Supply Chain Advisory Board.

He obtained his MBA from the Cranfield School of Management.



PAUL W. BRADLEY

CEO, Caprica International and Vice Chairman, Supply Chain Asia

Mr. Bradley has been involved in international business for almost two decades, including 18 years in Asia. He has established new business entities in China, South East Asia, and the United States. He was former President of Arshiya International, and has served as Managing Director of IDS Logistics International and two other business entities within the Li & Fung Group, and in key management positions with BDP Asia Pacific/ the HAVI Group, NYK Line (A member of the Mitsubishi Group) and American President Lines. He also served as a Congressional Assistant in the United States Senate and Parliamentary Assistant in the British House of Commons. Mr. Bradley received his MBA in International Management from Thunderbird, School of Global Management. He also completed the

Asia Securities Executive Program from the Asian Institute of Management and the Wharton School Of Business. He is a Certified Professional Logistician (CPL) and was elected as a Fellow of the Chartered Institute of Logistics and Transport. Mr. Bradley was recently selected by the World Economic Forum as one of the forty "New Asian Leaders" and was designated as the "Asian Supply Chain Manager of the Year" by Lloyds FTB publications in 2004. He has served on a number of government advisory committees, written, published articles and is a frequent speaker at global conferences.



RICHARD TAFFET

Partner, Bingham McCutchen LLP and
Co-Chair, Bingham's Intellectual Property Litigation and Patent Prosecution Group

Richard Taffet is co-chair of Bingham's Intellectual Property Litigation and Patent Prosecution Group. He serves as lead counsel in a wide range of intellectual property, anti-trust and commercial litigation matters.

He represents clients before federal agencies including Department of Justice, Federal Trade Commission, the United States Trade Representatives Office and the Consumer Products Safety Commission.



WILLIAM P. ADAMOPOULOS

President and Publisher, Forbes Asia

William Adamopoulos serves as President and Publisher, Forbes Asia. He is responsible for all Forbes Media LLC business interests in Asia Pacific and the Middle East, including Forbes Asia, local partnerships Forbes India, Forbes China, Forbes Korea and Forbes Nihonban, Forbes.com and the annual Forbes Global CEO Conference.

Since establishing an Asia headquarters in 1999, Adamopoulos has built up the Forbes business and brand across the region. Forbes circulation now totals more than 400,000 - making it the largest international business publication brand in Asia Pacific.

Prior to Forbes, Adamopoulos was Publisher and Managing Director of The Asian Wall Street Journal. He also held the posts of President of Dow Jones Publishing Company (Asia), President of Dow Jones Printing Company (Asia), Managing Director of Dow Jones Interactive (Asia) and Chairman of the Dow Jones Asia Regional Committee.

A 1984 graduate of Harvard College where he studied economics, Adamopoulos is based in Singapore with his wife, Georgette Tan Li-Hsien, and their daughters, Lianne and Zoe.



SENIOR MANAGEMENT



ANTHONY BARNES

Head - Global Integrated Sales

Mr. Barnes has built extensive leadership expertise in international shipping and logistics during his 20+ year career. He has spent 12 years in Asia with Maersk and Maersk Logistics which includes various regional management positions in Hong Kong and Shanghai, China. He was also a member of the core team that initially designed and developed Maersk Logistics infrastructure in China in the early 1990's and has held various regional Pan-Asia commercial Director level roles with the Maersk/AP Moeller group. In addition to this, Anthony also managed the Maersk Group's commercial activities and sales organizations for Maersk Line and Maersk Logistics western region based in San Francisco from 2001-2006. Prior to joining Arshiya International, Anthony was based in Hong Kong responsible for Maersk Line and Maersk

Logistics Greater China sales and commercial activities for key clients. He has a B.S. degree from the University of Delaware (1987) and an Executive Education and Advanced Management certificate (2005) from INSEAD, Fontainebleau, France.



G. HARIHARAN

Group Legal Counsel & Head Corporate Governance

Mr. G. Hariharan holds Masters degree in Law and is a Fellow Member of the Institute of Company Secretaries of India. He has wide experience of more than three decades into various corporate responsibilities like Secretarial, Legal, Finance and Strategies including M&A in brewery, sugar, engineering & cement industries. He was a member of the Secretarial Standards Board Committee of ICSI for two consecutive terms. He was associated with Bombay Chamber of Commerce and Industry as the Co-Chairman of its Legal Affairs Committee.



HASMUKH DAFTARY

Chief Commercial Officer

Mr. Daftary has vast and varied experience of over 32 years in the fields of Corporate Finance, Accounts, Costing, Budgetary Control, Taxation, Treasury, Materials Management & Inventory Control, Sales & Marketing and Regulatory compliances. His experience includes holding key position with reputed organizations like ACC, Asahi India Glass Ltd. and Pipavav Shipyard Ltd. in financial, commercial and other functional areas. Mr. Daftary is a Commerce and Law Graduate and holds a professional degree in accountancy from The Institute of Chartered Accountants of India



CAPT. KAPIL ANAND

Chief Operating and Marketing Officer

Capt. Anand is a Master Mariner with over 40 years of experience in the shipping and logistics industry. He has worked with Neptune Orient Lines (parent company of American President Lines) and Contship Container Lines in the capacity of operations manager, responsible for their shipboard operations and CFS activities. He has also worked at JNP, during the setting up of their CFS and logistics operations. He was the CEO of Gateway Distriparks Ltd. (GDL), He was responsible for setting up the Phase II and Phase III of GDL and its expansion in other locations around the country. He was the overall in-charge of marketing, operations and management of all locations of the Company and reported to the Board of Directors. During his tenure he got GDL listed on the Indian and Luxemburg

Stock exchanges and thereafter raised money through a GDR as well. The market cap of the company at the time of leaving GDL was in excess of US \$ 600 million.

Prior to joining Arshiya International Ltd. he was the President Apollo LogiSolutions Ltd. spearheading Apollo group's foray into the Logistics business.



CAPT. KAPIL BHALLA

Chief Executive Officer, Arshiya FTWZ & Arshiya Logistics

Capt. Bhalla has 35 years' experience in the areas of Logistics, Terminal Management, Projects, Liner Agency, Freight Forwarding, NVOCC, Stevedoring, Transportation, Warehousing and Port Operations in India, Middle East and Europe. He has worked with APM Terminals at various management positions. He was heading APM Terminals, Romania and was handling projects and business development for APM Terminals Netherlands. In his tenure with APM Terminals, Netherlands he was responsible for a US\$ 88 million Africa Terminal project going live. As a country manager with Maersk Lines (Muscat), he was responsible for operational efficiency, market share improvement, and new projects development. Before joining Arshiya he was heading Star Track Terminals (a joint venture

between Maersk India and CONCOR) at India. He was an overall in-charge of managing the profit center, and was also responsible for probing into newer areas of investment. He has completed Master (F.G.) and obtained a Certificate of Competency at Mumbai. He was a member of Chartered Institute of Logistics & Transport, U.K.



NITIN KOLHATKAR

Chief Financial Officer

Mr. Kolhatkar has more than 20 years of experience in the field of International, Corporate and Managerial finance. He has diverse experience ranging from Managing Finances, Merger and Acquisitions, Project evaluation, Accounts, Audit, MIS to Investor relationships. He has worked with a leading shipping company from India in the capacity of Vice president Finance and Accounts and prior to that he had more than 13 years of experience with a multinational company in agrochemical space. He has had scores of notable achievements to the likes of successful launch of IPO in India and abroad, corporate restructuring, setting up of MIS system and issuance of foreign funds through various financial instruments. He is a Cost Accountant and also holds post

graduation in Commerce from Mumbai University.



NIJAY N NAIR

Head - Strategic Initiatives

Mr. Nair has over 12 years of experience in Strategic Expansion and International Business. He has a distinguished history of building high-growth strategies, process improvement, efficiency enhancement and solutions development for Fortune 500 corporations. Through his career, he has held key roles in various industries which include Auto, IT, ITES before joining the logistics & infrastructure space. Prior to joining Arshiya, Mr. Nair was Director - Global Strategic Initiatives with US based Sutherland Global Services where he was responsible for process excellence and operational expansion in South East Asia (Philippines), North America (Canada & US), Europe (Bulgaria, Germany, Romania) and Latin America (Mexico, Nicaragua). He additionally was

responsible for liaison with Government organisations across various countries on exploring Investment opportunities and Economic development. Nijay is a graduate in Science from Mumbai University and holds an MBA in International Trade & Finance (USA).



OZ OZTURK

Chief Technology Officer

Mr. Ozturk has over 17 years of expertise in leading technology transformation programs to deliver logistics solutions within the Transportation, Retail, Consumer Goods, Energy and Industrials sectors. Having worked as a senior executive at management consulting firms PricewaterhouseCoopers and IBM, he has extensive experience in diagnosing and solving supply chain problems for organisations across Asia. During his career he has helped Fortune 500 companies transform their supply chains, has led complex enterprise implementations, designed business-centric technology solutions, and provided subject matter expertise on best practices and operational excellence to various industries.

His career commenced as a management consultant for Coopers & Lybrand focusing on supply chain optimisation after which he moved to Singapore to drive solutions consulting for Manugistics Asia. Most recently in his executive roles at IBM and PricewaterhouseCoopers, he has been a trusted advisor to multinational organisations, assisting them in optimising their supply chain processes and technology platforms to drive shareholder value. Mr. Ozturk has a Bachelor of Commerce in Information Technology & Accounting, is qualified as a Chartered Accountant and holds numerous supply chain qualifications.



SAJAL MITTRA

Chief Executive Officer - Arshiya Rail Infrastructure

Mr. Mittra has served in various capacities on the Railways for more than 22 years. He has held various positions in Commercial and Operations departments handling Planning & Monitoring of freight operations. He has joined us from Indian Railway Traffic Service (IRTS). Mr. Mittra joined Container Corporation (Concor) on deputation from Indian Railways where he was one of the key officials in setting up of Container Freight Station (CFS) at Mulund (Mumbai) and Inland Container Depots (ICD's) at Pithampur (Indore) & Sabarmati (Ahmedabad). Mr. Mittra has also served as Director (Petroleum, Oil & Lubricants), Railway Board, and Ministry of Railways for a period of 4 years. His last assignment was in the Ministry of Development of Northern Region as Director Incharge of

Infrastructure Development since last 5 years. He currently serves as CEO of Arshiya Rail Infrastructure and is managing the helms of railway freight management for Arshiya.



MAJOR SUHAS THAKAR

Chief Infrastructure & Regulatory Officer

Major Thakar has over 35 years of experience in diverse fields starting from combat engineering tasks for the Indian Army. He has played an instrumental role in framing the Central SEZ Act as well as the SEZ bill for the State of Maharashtra which is expected to come into force shortly. He is a BE (Civil) and a paratrooper who participated in the liberation of Bangladesh (then East Pakistan) in the 1971 war. He was responsible for the civil engineering aspects of oil drilling in the North Eastern states of India through troubled political times. Major Thakar has also worked with CIDCO (City & Industrial Development Corporation) of Maharashtra; where he held many senior positions and executed many mega-infrastructure projects over the last 15 years of his career. Major Thakar comes with

phenomenal regulatory and implementation expertise.

DIRECTORS' REPORT

To
The Members of
Arshiya International Limited

Your Directors are pleased to present the 29th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2010.

A) SUMMARIZED FINANCIAL RESULTS - ARSHIYA INTERNATIONAL LTD

	For the year ended 31-03-2010 (` in Lacs)	For the year ended 31-03-2009 (` in Lacs)
Income from operations and other Income	28293.76	26674.74
Expenditure	25801.35	23688.56
Profit Before Depreciation & Tax	2492.41	2986.18
Depreciation	179.84	156.39
Profit Before Tax & Exceptional Items	2312.57	2829.79
Provision for Taxation	772.61	981.26
Profit After Tax	1539.96	1848.53
Balance B/f	2208.33	1094.55
Amount available for Appropriation	3748.29	2943.08
Proposed Dividend	587.53	470.02
Dividend tax	97.58	79.88
Transfer to General Reserve	154.00	184.85
Balance Carried to Balance Sheet	2909.18	2208.33

FINANCIAL PERFORMANCE

During the year under report, Income from Operations, along with other income has increased by more than 6.07% as compared to the previous year. The Profit Before Tax has recorded a decrease of 18.28% over that of the previous year and the Profit After Tax has decreased by 16.69% as against the previous year.

B) SUMMARIZED CONSOLIDATED FINANCIAL RESULTS - ARSHIYA INTERNATIONAL LTD AND ITS SUBSIDIARIES

	For the year ended 31-03-2010 (` in Lacs)	For the year ended 31-03-2009 (` in Lacs)
Income from Operations and other Income	56781.93	51493.96
Expenditure	45287.61	43056.51
Profit Before Depreciation & Tax	11494.32	8437.45
Depreciation	963.09	701.21
Profit Before Tax & Exceptional Items	10531.22	7736.24
Provision for Taxation	735.78	1136.71
Profit After Tax and Minority Interest	9831.34	6562.29

On a Consolidated basis, your Company has recorded a 10.27% increase in income and 49.82% increase in Profit After Tax over the previous year.

DIVIDEND

Based on the Company's performance, your Directors are pleased to recommend for approval of members a dividend for the financial year ended 31st March, 2010 @ 50%, i.e. ₹ 1/- per Equity Share of ₹ 2/- The Dividend on Equity Shares, if approved by the Members, would involve a cash outflow of ₹ 685.11 Lacs including dividend tax.

TRANSFER TO RESERVES

Your Directors propose to transfer a sum of ₹ 1.54 Crore to the General Reserve Account.

BUSINESS AND FUTURE OUTLOOK

With its 10-year legacy in the logistics industry, servicing over 1,200 customers, Arshiya has a vision to reduce India's 'last mile' logistics & supply chain cost from 14% to 9%, thus targeting the absolute inefficiency of US\$ 50 billion in the country. It leverages Arshiya's unique competency of combining 'Soft Infrastructure' such as asset-light 3PL, 4PL services, with innovative 'Hard Infrastructure' such as Free Trade and Warehousing Zones, Rail Infrastructure and Domestic Distriparks, integrated through customized IT solutions.

With an investment outlay of US\$1.5 billion, Arshiya will be the industry pioneer in development and operations of state-of-the-art logistics infrastructure solutions across strategic locations in India.

This year will be an extremely exciting one for Arshiya with its core business adding momentum, FTWZ becoming operational and additional trains being added to Arshiya's rail operations with strategic siding infrastructure being developed pan India, all while global economic conditions are improving. Five 'Domestic Distriparks' have been planned pan-India, complementing the FTWZ network. The first of the distriparks will be in Khurja (near Delhi) in the state of Uttar Pradesh.

Arshiya's model has been instrumental in successfully securing full financial closure of ₹ 2,628 crores for the first phase of its FTWZs, and rail and Domestic Distripark projects. This includes ₹ 533 crores, ₹ 421 crores and ₹ 492 crores for the FTWZ in Panvel, Khurja and Nagpur respectively. Phase 1 of Arshiya's rail project will cost ₹ 626 crores and the Domestic Distripark ₹ 556 crores.

(I) Arshiya Free Trade and Warehousing Zones (FTWZ)

The FTWZ regulatory framework under the Special Economic Zone (SEZ) Act of 2005 will give India the much needed impetus to drive its economic growth to the next level, truly leveraging the nation's vast domestic market and growing purchasing power parity. Over the last few decades India has been losing investments to neighbouring economies, which were being used by global corporations as bases for feeding India, due to lack of comparable infrastructure availability in India.

With FTWZs, our country will be able to leverage 'Soft Infrastructure' such as skilled manpower, cost competitiveness, regulatory framework IT connectivity, as well as 'Hard Infrastructure' such as dedicated state-of-the-art mega logistics parks, rail connectivity and world class supply chain management services.

(II) Arshiya Rail Infrastructure

Arshiya Rail Infrastructure started its operations in February 2009. In FY10, this Company has added 10 trains to its portfolio, with phase 1 plans for inducting a total of 25 to 30 trains in FY11. Our unique model has resulted in Arshiya Rail being the most profitable private container rail operator in India.

(III) Arshiya Domestic Distripark

Arshiya Domestic Distripark is a venture designed to provide companies with a strategic hub warehousing for domestic consolidation of goods. This rail-connected mega consolidation hubs promise considerable time and cost reduction.

The first of Arshiya's five planned Domestic Distriparks is strategically located at the confluence of the Eastern and Western freight corridors at Khurja (near Delhi) in the state of Uttar Pradesh. It is further benefited by the adjoining presence of the modern high-capacity Arshiya Rail infrastructure and Free Trade and Warehousing Zone. It allows companies to access ports and the hinterland through both the freight corridors. This bottlenecked location, helps companies to cut down drastically on so-called inevitable transportation expenses, prevalent in India.

A Domestic Distripark has dedicated container yards to process incoming cargo, customized warehousing facilities, state-of-the-art cargo handling equipment, skilled manpower, integrated IT services for complete visibility, road and rail connectivity. Thus greatly aiding in reducing a company's capital expenses as a consolidation point in the region and make the supply chain more profitable. The development of Domestic Distriparks will generate substantial economic activity and infrastructure development in the region in terms of employment to the locals, development of roads, schools, connectivity, housing, trade, etc.

(IV) Arshiya Logistics

With a 10 year legacy in providing integrated logistics solutions, Arshiya Logistics offers end-to-end Freight Management, Transportation, Document Management, Customs Clearance and Project Logistics services, in over 150+ countries world-wide.

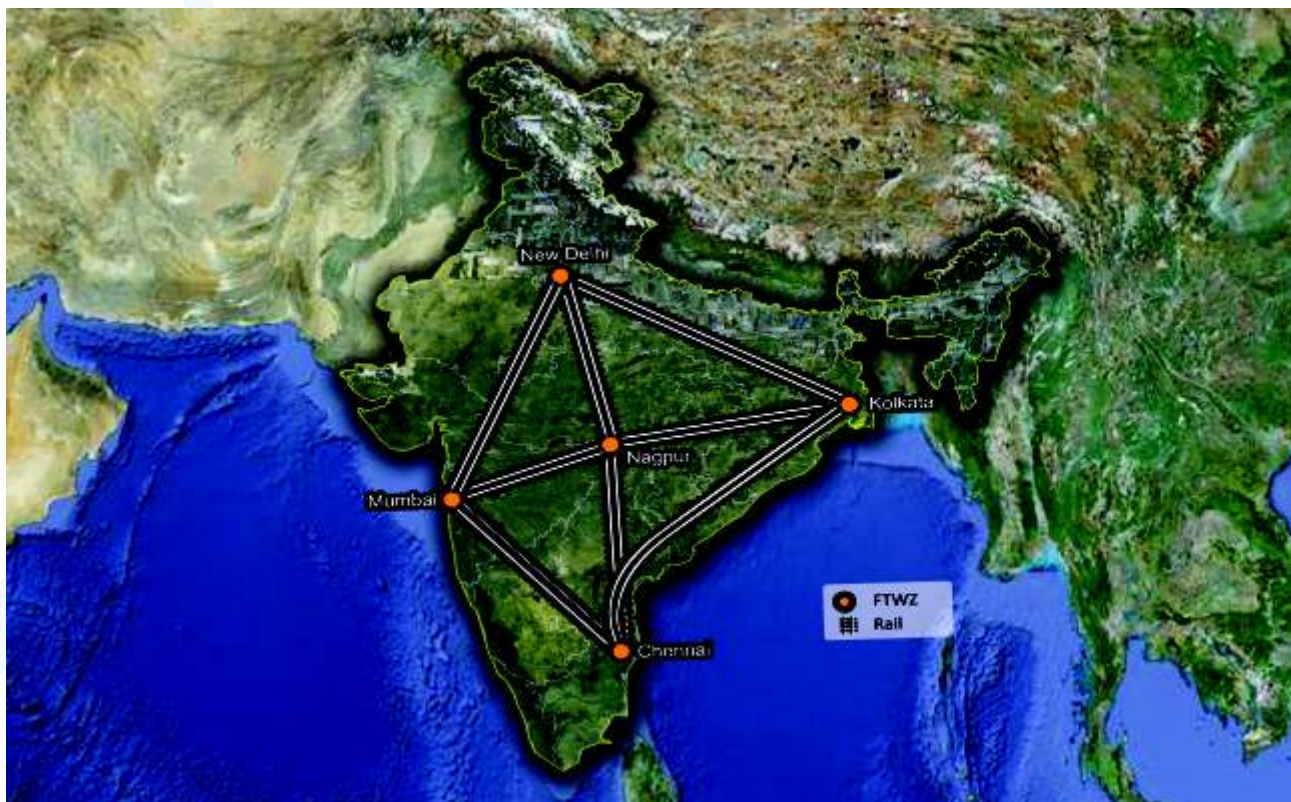
(V) Arshiya Supply Chain Management

With a 5 year legacy, Arshiya Supply Chain provides end-to-end supply & demand chain solutions. Committed to evolving end-to-end strategic and innovative solutions across supply chain management.

(VI) Arshiya Technology

Provides software solutions for supply chain management and business process outsourcing. Offers a suite of customized web-based proprietary solutions that work to reduce costs, optimize stock levels and cycle time while satisfying the need for on-time delivery.

Arshiya's Planned Integrated Infrastructure Footprint



FIXED DEPOSITS

The Company has not accepted any public deposits falling under the purview of Section 58A of the Companies Act, 1956, and as such no such deposit was outstanding as on 31st March, 2010.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL RESULTS:

The Company has the following subsidiaries as at 31st March, 2010:

Arshiya Domestic Distripark Ltd & its following Subsidiaries:

Arshiya Northern Distripark Ltd;
Arshiya Southern Distripark Ltd;
Arshiya Eastern Distripark Ltd;
Arshiya Western Distripark Ltd;
Arshiya Central Distripark Ltd

Arshiya Logistics Infrastructure Ltd & its following subsidiaries:

Arshiya Northern Logistics Infrastructure Ltd;
Arshiya Southern Logistics Infrastructure Ltd;
Arshiya Central Logistics Infrastructure Ltd;
Arshiya Eastern Logistics Infrastructure Ltd;
Arshiya Western Logistics Infrastructure Ltd

Arshiya Rail Infrastructure Limited

Arshiya Supply Chain Management Pvt. Ltd

Arshiya Hongkong Ltd & its following subsidiaries:

Arshiya Logistics LLC, Oman;
Arshiya Logistics LLC, Dubai;
Arshiya Logistics WLL, Qatar

Cyberlog Technologies International Pte Ltd & its following subsidiaries:

Cyberlog Technologies Hongkong Ltd;
Cyberlog Technologies Inc.(USA);
Cyberlog Technologies (India) Pvt. Ltd.;
Cyberlog Technologies (UAE) FZE

Arshiya International Singapore Pte Ltd

As required under the listing agreements with Stock Exchanges, a consolidated Financial Statement of the Company and all its subsidiaries prepared in accordance with Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India (ICAI) giving details of financial resources, assets, liabilities, income, profits, etc., of the Company, its associates and subsidiaries, after elimination of minority interest as a single entity, is annexed.

Ministry of Corporate Affairs, Government of India, vide letter ref no.47/417/2010-CL-III dated 18th May, 2010, has granted exemption to the Company from the applicability of the provisions of Section 212(1) of the Companies Act, 1956, with regard to attaching the balance sheet, profit and loss account, etc., of the Subsidiary Companies to the Annual Accounts of the Company for the financial year 2009-10. Accordingly, annual accounts of the Subsidiary Companies are not being attached with the Annual Report of the Company.

The Annual Accounts of the above referred subsidiaries as at 31st March, 2010, and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and the same will also be available for inspection by any Member of the Company/its subsidiaries at the Registered Office of the Company and will be available on the website of the Company. In addition, the annual accounts of the said subsidiaries will be made available for inspection at the Registered Office of the respective subsidiary companies.

During the year under report, Arshiya Rail Infrastructure Limited, the wholly owned subsidiary of your Company incorporated two wholly owned subsidiary Companies, namely Arshiya Rail Sidings & Transport Limited, and Arshiya Transport & Handling Limited. The Accounts of these step down subsidiaries would be made upto 31st March, 2011 for the first time, and therefore it was not

required to seek exemption under Section 212(1) of the Companies Act, 1956, in respect of the aforesaid step down subsidiaries.

EQUITY SHARE CAPITAL

Your Company's Equity Shares were admitted to the National Stock Exchange (NSE) for trading with effect from 14th December, 2009. The Company's Equity Shares are already traded on the Bombay Stock Exchange Limited (BSE).

CORPORATE GOVERNANCE

Your Company has been following the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity. As per Clause 49 of the Listing Agreement entered into with BSE and NSE, a separate section on Corporate Governance forms part of the Annual Report.

A Certificate from a Practicing Company Secretary confirming compliance with the conditions of corporate governance under Clause 49 of the Listing Agreement is also attached to this Report.

DIRECTORS

Mr. Mukesh Kacker, Mr. V. Shivkumar and Mr. Sandesh Chonkar were appointed as Additional Directors with effect from 28th October, 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956 to hold office till the ensuing Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Mukesh Kacker, Mr. V. Shivkumar and Mr. Sandesh Chonkar as Directors of the Company liable to retire by rotation. Members may approve the appointment of Mr. Mukesh Kacker, Mr. V. Shivkumar and Mr. Sandesh Chonkar as Directors of the Company.

Your Board has appointed Mr. V. Shivkumar & Mr. Sandesh Chonkar as Executive Directors of the Company for a period of 5 years with effect from 28th October, 2009 to 27th October, 2014 subject to the approval of the members at the forthcoming Annual General Meeting.

The Board has appointed Mrs. Archana A Mittal as the Joint Managing Director of the Company with effect from 23rd April 2010, to 18th April 2014, subject to the approval of the Members at the forthcoming Annual General Meeting. She was the Whole Time Director of the Company prior to her aforesaid appointment.

In accordance with the provisions of the Companies Act, 1956, and Article 123 of the Articles of Association of the Company, Mr. Ashish Bairagra and Mr. Rishabh Shah, Directors, retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for reappointment.

GLOBAL ADVISORY BOARD

Your Company has a ten member Global Advisory Board (the Advisory Board) consisting of eminent personalities with rich global experience in diverse fields including business, management and supply chain. The Advisory Board usually meets twice a year. The valuable advise and guidance of the Advisory Board plays a crucial role in formulating strategies, expansion plans and creating a Company with uniqueness in the supply chain services sector.

The Global Advisory Board currently comprises of the following members:

1. Mr. Ashutosh Varshney
2. Mr. Flemming Jacobs
3. Dr. Frank-Jurgen Richter
4. Prof. G. Raghuram
5. Dr. Jerry (Yoram) Wind
6. Dr. John L. Gattorna
7. Mr. Michael Proffitt
8. Mr. Paul W. Bradley
9. Mr. Richard Taffet
10. Mr. William P. Adamopoulos

ARSHIYA EMPLOYEE STOCK OPTION PLAN 2007

Employee Stock Option Plan 2007 is now administered by the Remuneration and Compensation Committee of the Board. The Board had allotted 14,11,700 stock options in first tranche on 15th February 2008, and 1,33,900 stock options in second tranche on

24th April 2008, at a price of ₹ 210/- per option. Summary of the options granted by the Company under Employee Stock Option Plan 2007 is as under:

	Tranche I	Tranche II
Date of Grant	15.02.2008	24.04.2008
No. of options allotted	1411700	133900
Date of 1st vesting	15.02.2009	24.04.2009
1st vesting (%)	35%	35%
Exercise period for 1st vesting	15.02.09 - 14.02.10	24.04.09- 23.04.10
No. of options forfeited due to resignation of employees till the expiry of first exercise period	1046100	70900
No. of options in force till the expiry of exercise period	365600	63000
No. of options lapsed due to non exercise by the employees	127960	22050
Date of 2nd vesting	15.02.2010	24.04.2010
2nd vesting (%)	35%	35%
Exercise period for 2nd vesting	15.02.10 - 14.02.11	24.04.10- 23.04.11

Details of Options granted and other disclosures as required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as at 31st March, 2010, are set out in Annexure to this Report.

SAP IMPLEMENTATION

During the year under review, your Company has partially implemented SAP system resulting in better transparency, accountability and reliability of information and accounting systems for better internal control.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, with regard to the Directors Responsibility Statement, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;
- the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010, and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

SECRETARIAL AUDIT REPORT

As a measure to ensure compliance of Corporate Laws, your Company has engaged a Practising Company Secretary to conduct a Secretarial Audit and the Report of the practicing professional for the financial year ended 31st March, 2010, is annexed to this report.

HUMAN RESOURCES

During the year, your Company has endeavoured to focus its efforts on enhancing the competence and commitment levels of its employees. The Company's Human Resources department is constantly on the lookout to attract, nurture and retain the right kind of talent and therefore attaches utmost importance to the values that they bring to the Company. Your Company has attracted dynamic young leadership talent from Key business schools spread over the country and abroad with a view to nurture and grow the talent into responsible positions of senior leadership, which will be essential to leverage the Company's dynamic growth potential.

Attracting and retaining talented professionals is therefore a key functional area of the Company's Human Resources department. The Company's policies are designed to motivate the employees to put in their best efforts towards furthering the organizational goals and to foster a sense of belongingness among them. Your Company provides ample scope to its employees for career enhancement and personality development. Achieving employee empowerment remains one of the key thrust areas of Human Resource initiatives.

Your Company therefore acknowledges the visible and invisible efforts of all our team.

HEALTH, SAFETY AND ENVIRONMENT

As a responsible corporate citizen, your company lays considerable emphasis on health and safety aspects of its human capital, operations and overall working. Constantly aware of its obligations towards maintaining and improving the environment, all possible steps are being taken to meet the toughest environmental standards on pollution, effluents, etc., in various spheres of its activities.

Arshiya's Rail Infrastructure division especially plays a pivotal role in the mitigation of pollution and reduction of fuel used for road-travel through its unique Rail solutions it provides to corporations pan-India.

The Company has initiated several proactive measures towards making its first FTWZ in Sai Village, Panvel, Maharashtra environment friendly, which are as follows:

- Rain Water Harvesting
- Development of green area: Re-plantation of 3,500 trees will be done in the FTWZ
- Re-utilisation of hard rock & excavated earth for filling, ground profiling & concreting
- Developed water bodies as natural storage & utilising the water from it throughout the year
- Sewage treatment plant being made. The water treated in this plant will be re-utilised for landscape watering

CORPORATE SOCIAL RESPONSIBILITY

Your Company strongly believes that growth has not only to be profitable and competitive, but also sustainable in a socially relevant way. Today's business environment therefore demands that Corporates play a pivotal role in shouldering social responsibility.

Your Company is committed to meeting its social responsibility for the ultimate benefit of the community. As the Company's social responsibility towards the society, "Arshiya Cares", the CSR arm of the Company has pledged to join hands with organizations who are working towards finding simple solutions to the infrastructure problems that India faces. As a step towards this direction, your Company has joined hands with Empowering Villages Everywhere (EVE), a noble project that essentially aims to provide solar lamps to poor people who are remotely placed in villages with no electricity. Your Company is also committed to provide employment opportunities to people depending on the skill sets who have sold their lands for the establishment of the Company's first FTWZ in Sai Village, Panvel, Maharashtra.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy:

The operations of the Company involve low energy consumption. However, adequate measures have been taken to conserve energy such as:

- Roof of the Company's FTWZ warehouses at Sai Village, Panvel, Maharashtra have been designed with MR24 standards. A provision of installation of solar panels has been made on the roofs to generate renewable energy.
- Orientation of the Company's FTWZ building at Sai Village, Panvel, Maharashtra has been done in such a way that there is less heat transmission resulting in saving the electrical consumption by minimising heat loss in the HVAC system.

Technology Absorption:

The Company tries its maximum to use the latest technologies and improve the quality of its services and products.

Foreign Exchange received - ` 358,402,208/-

Foreign Exchange incurred - ` 125,364,421/-

PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules,

1975, as amended, forms part of the Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent excluding the aforesaid information. The same will be provided to the members on request in writing.

AUDITORS

M/s MGB & Co., Chartered Accountants, Mumbai, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a certificate from M/s MGB & CO. Chartered Accountants, Mumbai, confirming that their appointment, if made, shall be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Board places on record its sincere appreciation of the assistance and contribution of employees at all levels, clients, vendors, investors, bankers and all other stakeholders towards the performance of the Company during the year under review.

For and on behalf of the Board of Directors

Date: 11th August, 2010

Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

ANNEXURE - I TO THE DIRECTORS' REPORT

The Details of Options granted under "The Arshiya Employee Stock Option Plan, 2007, (hereinafter referred as "The ESOP Plan-2007") as at March 31, 2010:

Particulars	ESOP Plan- 2007
Options outstanding at the beginning of the year	924200
Option Granted During the year	Nil
The Pricing Formula	The Stock Options granted at Rs.210/- per Option as determined by Compensation Committee.
Options vested	482279
Options exercised	NIL
The Total number of shares arising as a result of exercise of option	1 option = 1 equity share of Rs.2/- each.
Options lapsed and forfeited during the year.	623560
Variation of terms of options	NIL
Money realised by exercise of options	NIL
Total number of options in force at the end of the year	300640
Employee-wise details of options granted during the year to:	
I. Senior Managerial Personnel:	NIL
II. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year.	NIL
III. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting standard (AS) 20 "Earnings per Share."]	` 2.62
Method used for accounting of the Options.	The employee compensation cost has been calculated using intrinsic value method of accounting for Options under the Company's Employees Stock Options Plan.
Weighted-average Exercise Price of Option at the Grant Date:	` 210.00

Notes:-

1. Vesting Schedule and Exercise Period is as below:

- 35% :- 12 months from the grant date.
- 35% :- 24 months from the grant date.
- 30%:- 36 months from the grant date.

Exercise period:

One year from the date of vesting of options or within 5 years from the date of grant of options, whichever is earlier.

2. No options were granted during the year.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 11th August, 2010

Ajay S Mittal
Chairman & Managing Director

ANNEXURE - II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

The Board of Directors
Arshiya International Limited
3rd Floor, Plot No 61, Road No 13
M.I.D.C., Andheri (East)
Mumbai 400 093

I have examined the registers, records, books and papers of M/s.Arshiya International Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Listing Agreement with Sock Exchanges for the financial year ended on 31st March, 2010 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained all registers as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. the Company has filed the forms, returns and documents required to be filed with the Registrar of Companies and Central Government under the Companies Act and the rules made there under and also with the Stock Exchanges as per the Listing Agreement with the Stock Exchanges.
3. the Company has closed the Register of Members and Share Transfer Registers in accordance with the provisions of the Act and the Listing Agreement.
4. the Annual General Meeting for the financial year ended on 31st March, 2009, was held on 29th September, 2009, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
5. the Company has not held any Extra Ordinary General Meeting.
6. the Company has not advanced any loan to its directors or persons or firms or companies referred to in Section 295 of the Act.
7. the Company has not entered into any contract specified in Section 297 of the Act.
8. the Company has made necessary entries in the register maintained under Section 301 of the Act.
9. the Company was not required to obtain approval from the Board of Directors, Members or Central government, as the case may be, since there was no instance falling within the purview of Section 314 of the Act.
10. the Company has complied with the provisions of law in respect of issue of duplicate share certificates.
11. the Company has complied with the provisions of applicable laws in respect of transfer/transmission of shares, declaration and payment of dividend.
12. the Company has complied with the provisions of the Act regarding composition of the Board and appointment of Directors on the Board of the Company.
13. the Company has complied with the applicable provisions regarding appointment and payment of remuneration to the Managing and Whole Time Directors.
14. the Directors of the Company have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
15. the Company has neither issued nor bought back any shares during the year under report
16. the Company has not invited/accepted any deposit including any unsecured loan falling within the purview of Section 58A of the Act.
17. the total borrowings by the Company from the financial institutions, banks and others are within the borrowing limits of the Company as laid down under Section 293(1)(d) of the Act.
18. the loans and investments made and guarantee or securities provided to other bodies corporate by the Company are within the limits and legal parameters.
19. the Company has generally complied with all applicable provisions of the Act and the Rules made thereunder.

Place: Mumbai
Dated: 5th August, 2010

P.K.B.NAMBIAR
Company Secretary
C.P. 1090

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL MACROECONOMIC OVERVIEW

The Global Economy, which took a severe hit over the past few years, is slowly starting to recover. With recovery, the business community is looking to reinvest in innovative solutions to meet their unique needs. Companies are acutely aware of the risks involved with doing business on a global scale. While they are willing to start spending, it is even more crucial that the investments made are prudent. With global growth projected at 4½ percent in 2010, leveraging specific global positions is the only way businesses will be able to fully rebound and benefit from this growth.

Output growths in key emerging Asian economies are averaging near 10% from Q2-Q4 of 2009, exceeding expectations of the economy. For example, India's expected growth for 2010 is 9.2% compared to 2.6% in the US and 2.5% in the UK. The US growth is largely tied to the recovery of the global economy. Currently, it is being fuelled by government stimulus, while the UK is experiencing uneven growth due to several factors including complex policy implementation. The Asian markets are currently waging the most balanced and vigorous recovery.

INDIA'S MACROECONOMIC OVERVIEW

The global economy over the last two years has witnessed one of the most challenging environments for growth. Recession supported by weak business sentiments were the most common macro economic variables responsible for shaking the foundation of developed as well as developing markets of the world. In contrast, India being one of the most vibrant and diverse emerging markets, felt the least effect of the global turmoil. Its vast domestic market, cautious monetary policies, timely government interventions and large middle class population cushioned the adverse effects of recession.

As per the Finance Ministry, India's Gross Domestic Product (GDP) for 2009-2010 has grown by 6% during Oct to Dec 2009 and is estimated to grow by 9.2% in 2010-11, as compared to an estimated 7.2% for FY 2009-10. All three broad sectors of the economy, viz. the industrial, agricultural and the services sector are expected to perform well in 2010-11. Among the three major sectors, the manufacturing sector grew at 18.5% in December 2009 and 9.0% during April-December 2009-10 compared to (-) 0.6% in December 2008 and 3.6% during April-December 2008-09. Mining grew at 9.5% in December 2009 and at 8.5% during April-December 2009-10 as compared to 2.2% in December 2008 and 3.2% in the period April-December 2008-09.

INDIA'S UNIQUE OPPORTUNITIES

Although India is experiencing a golden period in its prosperity owing to its consistent GDP growth, huge domestic market, increasing purchasing power parity, increasing industrial output and foreign investments, the country still faces unique challenges. Hard infrastructure such as roads, rail, ports and hinterland connectivity and logistics as a whole being the most prominent variables in the equation. Logistics cost in India is fairly high – at around 14% of GDP, as against 8% - 9% in most developed nations. On a US\$ 1 trillion GDP; this represents absolute value of inefficiency of over US\$ 50 billion. This inefficiency is reflected on all products being manufactured, consumed, warehoused and traded in India, contributing significantly to the biggest challenge faced by India's growing economy - 'Inflation'.

Measurable improvements have been made over the last few years in building hard infrastructure, but still at the fundamental level, road has the largest share of transport at about 65%, with rail having only about 30% market share. Thus dependency on road makes hinterland cargo movement more expensive and inefficient.

India's freight transport system currently carries approximately 2.8 billion metric tonnes (MT) of cargo; which is expected to grow to approximately 5.2 billion MT by 2020, at a CAGR of 6%.

Given the CAGR of India's middle class growth, between 2000 to 2010, the country will have approximately 615 million consumers in the segment by 2020. By 2020, India is projected to have an additional 47 million working population, almost equal to the total world shortfall with an average Indian age of 29 years. Comparative average population age of other geographies at that time will be: China (37), US & Western Europe (45) and Japan (48). Thus the country is poised for an exponential growth in the coming decades.

One of the most critical variables for realizing India's true potential as an economic power house is efficiency and innovation in logistics and supply chain industry.

INDIA'S LOGISTICS INDUSTRY – 'the underlying trends'

The present logistics industry is highly unorganised, with a large number of players providing individual services, across the value chain. The fragmented nature of the industry leads to customers having to deal with various service providers, thus putting a strain on their logistics costs. As unorganised players compete on costs, at the expense of service quality and customer delight, it indirectly results in higher per unit cost due to wastage and higher inventory costs.

As per government estimates, the overall Indian logistics spend in the year 2008 – 2009, was ` 2.7 trillion which included only primary transport modes and infrastructure, growing at a CAGR of 11%, to reach revenues of ` 4.6 trillion by 2013-14. The unorganized segment's share is estimated to account for 75-80% of the market across logistics segment.

Transportation has the largest share of over 75% in the industry. The infrastructure segments, such as warehousing, ICD (In-land Container Depot) & CY (Container Yard) are expected to grow from ` 312 billion in 2008-09, to around ` 498 billion by 2013-14, with a CAGR of 9.8%. India, in 2008-09, processed just about 7 million TEUs (Twenty Equivalent Units) as against economies such as Dubai (12 million), Singapore (22 million) and China (over 180 million).

These underlying industry dynamics provide a strong growth opportunity for organised and integrated players providing end-to-end services through innovative logistics infrastructure solutions, such as Free Trade and Warehousing Zones (FTWZ), Domestic Distriparks, Customised Rail Containers and dedicated Rail Sidings, across strategic locations in India.

INDIA'S POTENTIAL: 'as the market of the future'

As the second-fastest-growing major economy in the world, India has tremendous potential as a market for selling as well as sourcing products, for international corporations looking to leverage India's cost and skill arbitrage. Over the years this economy has been ranked as the second largest market in all types of products from automobiles, telecommunications, consumer goods, pharmaceuticals, FMCGs, luxury products, wines & spirits, travel, energy, defense and so on. With its increasing strategic role in global trade, India will have to scale up its investment in building support infrastructure for its growing economy such as roads, rail, ports, hinterland connectivity, trade-friendly regulatory environment and flexible tax structure. Due to our democratic political setup and inherent entrepreneurial mindset, the state will look towards private participation in building support infrastructure.

Till date, neighbouring economies across the Asian continent and Middle East were gaining business at the cost of India, as the country lacked state-of-the-art mega trade & logistics infrastructure to facilitate ease of business and hinterland movement. Thus India's market was serviced with global products, using neighbouring countries as transshipment hubs and regional distribution centers despite India's intellectual resources being almost 30% economical than that of regional counterparts in terms of wages.

On the domestic front, lack of logistics infrastructure directly affects the efficiency of product movement across the hinterland of India. This could be either from the manufacturing plant where the product is made to the store where the end consumer buys the product or from the port where the product lands into India to the shelf where the end consumer buys the product. Thus every product bears the cost of inefficiency in the system, which is reflected in the consumer price index – 'inflation', wherein, ultimately, every consumer pays the price. Thus the vicious circle feeds itself through the growing logistics inefficiency in India's economy.

India's greatest opportunity lies in tackling its greatest challenges in the space of logistics:

- Less than 8% of India Inc. (manufacturing & services) outsources its logistics while in the developed world the outsourcing is done by more than 45% of companies – indicating the level of sophistication that is required to be brought about in this space and the tremendous opportunities present in the form of core growth and efficiency improvement.
- The dominant road transport sector in India remains very largely unorganized with an average trucker in India owning only about seven trucks. This high dependence on road transport not only represents inefficiencies arising from the bad quality of trucks and roads in India, but adds to costs on account of product theft/loss, time taken for delivery on account of state border crossings and loss of visibility of products.

- While India is the 2nd largest small-car market in the world, global average for finished automobiles moving by trains is approximately 26% while in India it is merely 3%.
- India's power production capacity is set to increase from the current 1.5 GW to about 2.5 GW by 2017. This will represent a significant increase in the requirement of coal that will need to be moved in the system. All of this will have to move by Rail, thus increasing the importance of rail as a transport medium in India's development.
- At present over 60% of container freight traffic entering or leaving India is out of one port – Jawaharlal Nehru Port Trust (JNPT), in Mumbai, requiring India to depend heavily on domestic freight movement for last mile supply chain connectivity from this port to industrial hubs and the end consumer.
- The average time taken to clear import and export cargo at ports is about 19 days in India, as against 3 to 4 days in Singapore.
- Compared to European countries, rail transportation in India is almost 3.5 times more expensive and the average transit time by road is three times longer.
- World Bank's 2010 report on Logistics Performance Index ranks India 47th amongst 155 countries in terms of macroeconomic variables such as Logistics Competence, Infrastructure, International Shipments, Timeliness & Custom Clearance. China & Brazil, part of BRIC economies, are ranked 27th and 41st respectively.
- It is reported that, as a country India burnt approximately US\$ 2.5 billion worth of fuel on account of trucks waiting at check posts.
- India loses approximately 35% of its farm produce to wastage on account of lack of logistics infrastructure.
- Logistics costs account for 45-55% of other costs in the pharmaceutical value chain.
- The delay in reaching medicinal drugs to the market costs companies around US\$ 1 million per day in India.
- Even if India grows at the modest CAGR of 6%, its transport system will have to move over 6 billion MT of cargo by 2020.

At the present levels of logistics spends vs GDP, even if India can bring about efficiency as that of developed economies while maintaining its consistent growth, there is a direct market of US\$ 50 billion to be tapped. Due to India's unique geographic location, diverse markets, varied consumer segments, logistics & supply chain faces unique challenges unlike anywhere in the world. To leverage this enormous market opportunity, companies are looking for an end-to-end service provider with the capability and resolve to provide end-to-end logistics services, integrating innovative infrastructure solutions to core logistics solutions and therein lies India's big logistics opportunity.

ARSHIYA INTERNATIONAL'S PERSPECTIVE FOR CAPITALIZING ON INDIA'S LOGISTICS OPPORTUNITY – 'what does it take'

To make India realize its true potential, a proactive approach needs to be taken for creating a revolution in India's logistics evolution. The industry needs an innovative and 'Game Changing' approach towards creating logistics infrastructure solutions such as,

- Free Trade and Warehousing Zones (FTWZs)
 - To enable EXIM cargo Consolidation, Value Addition, to allow India to become a Regional Trading and Transshipment Hub
- Domestic Distriparks
 - For Domestic cargo value addition and consolidation for Rail transportation to remove dependency on road
- Rail Infrastructure Solutions
 - To comprise innovative Customized Containers for specific product types, Service Level agreements on timeline and delivery with Key Performance Indicators
 - State-of-the-art Rail Terminals, at strategic locations across India with modern equipment to increase speed of loading/unloading and churn
- Integrate Logistics Infrastructure with Global Logistics, Domestic Supply Chain Management & Information Technology (IT)
 - Global ocean & air logistics, domestic forward and reverse supply chain management with ownership on reduction of working capital and product visibility & control, through technology

ARSHIYA INTERNATIONAL LTD: 'Integrated Supply Chain & Logistics Infrastructure Solutions'

With its 10-years legacy in the logistics industry, servicing over 1,200 customers, Arshiya has a vision to reduce India's 'last mile' logistics & supply chain cost from 14% to 9%, thus targeting the absolute inefficiency of US\$ 50 billion in the country. It leverages Arshiya's unique competency of combining 'Soft Infrastructure' such as asset-light 3PL, 4PL services, with innovative 'Hard Infrastructure' such as Free Trade and Warehousing Zones, Rail Infrastructure and Domestic Distriparks, integrated through

customized IT solutions.

With an investment outlay of US\$1.5 billion over the first phase, Arshiya will be the industry pioneer in development and operations of state-of-the-art logistics infrastructure solutions across strategic locations in India.

- 5 FTWZs - Rail Connected, Planned Pan-India spanning:
 - WEST: 165-acres in Sai Village, Panvel – Mumbai, Maharashtra
 - NORTH: 135-acres park in Khurja, UP - near Delhi
 - CENTRAL: 110-acres in Nagpur, Maharashtra
 - SOUTH: To be announced in FY11
 - EAST: To be announced in FY12
- 5 Domestic Distriparks - Planned Pan-India, Complementing the FTWZ Network
 - 130-acres adjoining the FTWZ in Khurja, UP near Delhi
 - Others following the FTWZ footprint pan-India
- 75-Train Rail Infrastructure Operations Pan-India
 - Providing customized solutions to marquee customers with long term contracts.
 - Inducted 10 trains in FY10, since Arshiya Rail Infrastructure's operational inception in February 2009.
 - Pan-India Rail Terminal Network complementing each FTWZ, Domestic Distriparks & Rail Operations and thus accelerating cargo distribution through aggregation.
 - ★ The first of which being a 50-acre Rail Terminal in Khurja, UP near Delhi adjoining Arshiya's FTWZ & Domestic Distripark in the region. This location is also strategic as it serves as an intersection between the Western & Eastern Freight Corridors.

ARSHIYA'S FREE TRADE AND WAREHOUSING ZONE: 'the game changer in FY11'

The FTWZ regulatory framework will give India the much needed impetus to drive its economic growth to the next level, while truly leveraging the nation's vast domestic market and purchasing power parity. Over the last few decades India has been losing investments to neighbouring economies, which were being used by global corporations as bases for feeding India, because of unavailability of similar infrastructure in India.

With FTWZs our country will be able to leverage 'Soft Infrastructure' such as skilled manpower, cost competitiveness, regulatory framework, IT connectivity, as well as 'Hard Infrastructure' such as dedicated state-of-the-art mega logistics parks, rail connectivity and world class supply chain management services. Immediate benefits that our economy will see through FTWZ are as below:

- India will emerge as a major economic hub for companies either Importing, Exporting or doing Value Addition to its products, for selling in India or to other regional countries.
- Broaden the scope of India's economy from its present Manufacturing-&-Service-centric model, to include Trading, Warehousing, Value Additions & Consolidations, thus opening the market for more investments which were directed to neighbouring Asian and Middle East economies, due to lack of infrastructure setup in India.
- Boost India's exports, as more companies will be able to stock, source and make products closer to their suppliers based in India, driving cost savings and thus competitiveness, resulting in more investments.
- Each zone will directly employ in excess of 5,000 people & will indirectly create employment for over 10,000 people in terms of development of surrounding economy & facilitating the growth of support services industry.

Overall Arshiya's FTWZ is a state-of-the-art integrated logistics infrastructure, with Rail Terminal connectivity, Integrated Inland Container Depot (ICD) / Container Yard (CY) infrastructure, 24-hour uninterrupted water & power supply (inclusive of 100% back-up), facilities including common essential services (Insurance, Banking, Travel, Courier etc.), Business Centre, Exhibition Centre, Fuel Stations, Security Services, Cafeteria Facilities, all of which will facilitate ease of trade.

UNIQUE BENEFITS OF FTWZS: 'imports, exports, re-exports & value addition'

- Importing products into the FTWZ will allow companies the flexibility of end-distribution in India through duty deferment (up to 2 years), higher inventory visibility, reduced buffer stocks and lowered product costs also allowing flexible and hassle-free

re-exports.

- Services like value addition (packaging, re-packaging, labelling, etc.) and other services (including procurement of materials for the purpose of value addition) availed by companies inside FTWZ will be exempt from local taxes and they will also enjoy income tax exemptions on re-export of imported products.
- Products from India entering the FTWZ are treated as an export thereby providing unique and immediate export benefits (e.g. Tax incentives where applicable, reduced working capital, etc.) to the suppliers.
- A FTWZ will allow companies to consolidate, value-add and conduct quality control on these products before end distribution world-wide, thus increasing supply chain efficiencies (forward & reverse) while enhancing capital cash flow; all contributing to reducing cost of sourced products.
- Ability to leverage India as a regional/global distribution & value addition hub.
- 24/7 Customs clearance for the first time in India, enhancing speed and efficiency of product clearance.
- Quality control capability prior to duty-payment and hassle-free re-exports.
- Local Tax Exemption (e.g. CST, Sales Tax, Excise & VAT).
- Service tax exemption on all activities conducted inside the FTWZ including rentals & labour.
- Ability to conduct business in free currency.

ARSHIYA RAIL INFRASTRUCTURE – 'FY10 & Beyond'

Arshiya's strategy with the container rail business is to capitalize on the untapped domestic opportunity by partnering with the Indian Railways in increasing market share for rail in the Indian freight transportation system. As background, the Indian freight transport system currently carries approximately 2.8 billion MT; of which the road transport system has 60 -65%, rail 30-32% and coastal shipping 6-7% market share. With demand expected to grow considerably over the next decade, it is imperative for India to realize the true potential of Rail and increase its market share in order to bring the required efficiency in India's hinterland transportation. In FY10, since just incepting its Rail operations, Arshiya Rail Infrastructure has successfully added 10 trains and executed long term contracts with marquee customers by being able to provide a unique Rail solution coupled with end-to-end logistics capability. Arshiya's overall strategy in Rail remains one governed by economies of scale and on the following guiding principles enabling it to be the only profitable private container rail operator in India today:

- Investing in the creation of the required rolling stock (total of 75 rakes, with the induction of 30 trains in Phase 1) in order to acquire dedicated business from large corporations
- Making phased investments in private railway terminal infrastructure at strategic locations across the country
- Invest in customized containers that can carry heavy and light cargo, thus adding value to Arshiya's customers
- Provide and integrate a total end-to-end logistics solution along with its rail offering including Supply Chain, Freight Forwarding and IT solution capability.

Adding to the 10 trains and strategic Rail Terminals already operational in FY10, Arshiya Rail Infrastructure intends to strengthen its Rail Terminal footprint with the beginning of operations of its key Rail Terminal siding in Khurja. This Rail terminal will be connected to the company's FTWZ & Domestic Distripark in Khurja, UP that also falls along the Western & Eastern Freight Corridors – providing Arshiya Rail Infrastructure the unique opportunity to provide Rail connectivity for its captive EXIM & Domestic Cargo. Along with its already strong domestic cargo movement business which will continue to expand, Arshiya Rail Infrastructure stands well positioned to capitalize on the movement across Arshiya's hubs to re-enforce its position as the strongest private container rail operator in the country. It anticipates to take its total strength to 25 - 30 trains in FY11.

ARSHIYA'S CORE BUSINESSES LEVERAGING FROM THE INFRASTRUCTURE (FTWZ, RAIL & DOMESTIC DISTRI PARK) INVESTMENTS – 'The true value & game changer'

As Arshiya International continues its investments into creating innovative logistics infrastructure, it creates a stronger positioning for its core supply chain, freight forwarding & IT services portfolio – all getting a captive customer base to offer its tried and tested service offerings. The Arshiya Logistics & Supply Chain businesses are asset-light servicing in excess of 1,200 customers on a standalone basis that will now offer core logistics and supply chain support for customers of its infrastructure solutions of FTWZ, Domestic Distriparks & Rail Infrastructure to bring about a seamless, and first of its kind, end-to-end integrated supply chain and logistics infrastructure solutions capability in India. With the recovery of global economies, expansion of the Rail Infrastructure business and launch of the FTWZs, Arshiya stands at a unique position to capitalize on a truly phenomenal market opportunity.

Towards strengthening its integrated offering to its customers, while remaining focused on its key priorities, Arshiya has entered into an agreement with aurionPro Solutions Ltd for the sale of marketing rights along with all existing customers and hosting infrastructure in FY10. Under the deal, in addition to a cash payment and percentage of license sale, Arshiya will continue to own the product suite for its integrated operations enabling Arshiya to continuously enhance the platform and bring in global best practices to our benefit as we will be getting all product updates at no cost.

THE YEAR UNDER REVIEW

As the global economy recovered in 2009-10, from the downturn in previous year, India's logistics industry showed consistent growth. Arshiya International was able to leverage its integrated services and grow its volumes significantly. This year Arshiya also made significant progress in developing the game changing logistics infrastructure across India, some of which are on schedule to be operational in the next financial year. From the corporate branding perspective, Arshiya successfully completed its pan India logistics convention called 'ELICIT' (Emerging Logistics in India Changing Infrastructure and Technology) in partnership with Economic Times. This platform was aimed at creating a forum that can effectively represent the logistics & supply chain industry and create a thought leadership positioning for Arshiya International. Following the success of ELICIT, sales initiatives across India and international markets were undertaken, resulting in generating a formidable sales pipeline for coming year. Arshiya's Executive Management, Board of Directors and Global Advisory Board team was also strengthen. Some of the other key accomplishments for the year include:

- Arshiya Rail Infrastructure added 10 rakes since operational inception in Feb, 2009
- Khurja FTWZ (near Delhi) notification was secured along with financial tie-ups
- Formal approval received for Nagpur FTWZ from the Ministry of Commerce and notification process is in progress
- For Domestic Distripark in Khurja financial tie-ups was secured
- Arshiya was honoured with prestigious awards for its contribution to the logistics industry in India:
 - Face of the Year - Express Logistics & Supply Chain Awards, India
 - Visionary of the Year - Supply Chain Asia Magazine, Singapore
 - Supply Chain Innovation - Supply Chain Asia Magazine, Singapore
 - Logistics Company of the Year - Maritime Gateway, India
 - Employer of the Year - Indira Group of Institutes, Pune for creating employment for the youth

Financial highlights 2009-10 – Based on standalone Financials

- Total income increased by 6.07% from ` 266.75 cr in 2008-09 to ` 282.94 cr in 2009-10
- EBIDTA decreased by 3.25% from ` 30.43 cr in 2008-09 to ` 29.44 cr in 2009-10
- EBIDTA margin decreased from 11.87% in 2008-09 to 10.76% in 2009-10
- Net Profits decreased by 16.69% from ` 18.49 cr in 2008-09 to ` 15.40 cr in 2009-10
- Net Profit margins decreased from 7.21% in 2008-09 to 5.63% in 2009-10

Segmental Performance

Segment-Wise Performance Review

(Amt. In crores)

	Turnover 2008-09	Turnover 2009-10	Y-o-Y increase/(decrease)
Logistics	256.79	273.61	16.82
Software	0.02	0.00	(0.02)
Total turnover	256.81	273.61	16.80

Financial highlights 2009-10 – Based on Consolidated Financials

- Total income increased by 10.27% from ` 514.94 cr in 2008-09 to ` 567.82 cr in 2009-10
- EBIDTA increased by 49.66% from ` 85.54 cr in 2008-09 to ` 128.02 cr in 2009-10
- EBIDTA margin improved from 16.99% in 2008-09 to 24.34% in 2009-10
- Net Profits increased by 49.82% from ` 65.62 cr in 2008-09 to ` 98.31 cr in 2009-10
- Net Profit margins increased from 13.05% in 2008-09 to 18.69% in 2009-10

(Amt. In crores)

	Turnover 2008-09	Turnover 2009-10	Y-o-Y increase /(decrease)
Logistics	460.76	459.07	(1.69)
Software	40.55	18.59	(21.96)
Containerised rail transport operations	2.07	48.23	46.16
Total turnover	503.38	525.89	22.51

THE PERFORMANCE REVIEW

Despite the difficult economic conditions world over, the Company has performed remarkably well registering consolidated revenues of ` 525.89 crores as against ` 503.38 crores for FY09. Even with sharp drops in freight rates, Arshiya has been able to leverage the integrated services to grow volumes of our core businesses. Arshiya has negotiated the economic downturn successfully by securing full financial closure of ` 2,628 crores for the first phase of its FTWZs, Rail and Domestic Distripark projects which includes:

- ` 533 crores for the Phase 1 of its FTWZ in Sai Village (Mumbai)
- ` 421 crores for the Phase 1 of its FTWZ in Khurja, UP (Delhi)
- ` 492 crores for the Phase 1 of its FTWZ in Nagpur
- ` 626 crores for the Phase 1 of its Rail Infrastructure Operations
- ` 556 crores for the Phase 1 of its Domestic Distripark in Khurja, UP (Delhi) adjoining the FTWZ

Arshiya's first FTWZ in Mumbai (Panvel – Sai Village) is operational since August 2010. It will be followed by the FTWZ and Domestic Distripark in Khurja in the state of Uttar Pradesh, near Delhi. Following this, will be the FTWZ in Nagpur followed by one in the South and East of India. Arshiya Rail Infrastructure since its inception in February 2009 added 10 trains in FY10, planning to add another 25 to 30 in FY11.

THE YEAR THAT WILL FOLLOW

Arshiya International in the upcoming year will focus on operational efficiencies and service excellence. Our senior management team alone holds over 250 man years of combined experience within the industry. As we move forward, we plan to draw upon this experience, while leveraging our unique competencies of providing soft and hard logistics infrastructure, with customised IT solutions. Arshiya's Rail Infrastructure, FTWZs and Domestic Distriparks will provide unprecedented efficiency in movement, storage and handling of products. Our 3PL and 4PL services will provide logistics solutions globally. Combined, these integrated services will maximize the yield per customer and differentiate Arshiya as the only end-to-end logistics provider with true capability to service any business needs.

ORGANIZATIONAL CULTURE: 'continuous improvement and development of intellectual capital'

Arshiya actively focuses on creating an organization which nurtures continuous improvement and innovation in management practices. Due to the fragmented nature of this industry, Arshiya acknowledges and understands substantial challenges in attracting young and seasoned professionals. We recognize the need of this industry to attract best-in-class talent from other industries. At Arshiya, we aim to recruit developing talent across leading management colleges, universities and enroll them as management trainees across various functions, thus giving them a platform to acquire the necessary skill sets required to excel.

Arshiya has recently hired 64 Management Trainees from 23 top educational institutions across India in a campus recruitment exercise. These trainees are a part of a leadership development program designed to scale Arshiya's operations. Our talent pool also includes international students enrolled for our 'Internship Program', who work with our various divisions on live projects. We rely on a rigorous selection process involving a series of aptitude tests and interviews to identify the best resource. The selection process is continuously assessed and improved.

The Company has adequate internal control systems and procedures in place commensurate with the size and nature of our business. The effectiveness of the internal controls is continuously monitored by the Internal Auditors of the Company. The

Company has a well defined system of management reporting and periodic review of businesses to ensure timely decision making. The Internal Auditor's main objective is to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. The Internal Auditor also assesses opportunities for improvement in business processes, systems & controls and may provide recommendations, designed to add value to the organisation, and also follows up on the implementation of corrective actions and improvements in business processes after review by the Audit Committee and Senior Management.

RISK MANAGEMENT

The Enterprise Risk Management (ERM) initiative, at Arshiya encompasses practices related to identification, assessment, monitoring and investigation of various risks to our business. The Company's ERM is being aimed at minimizing risks that may affect the achievement of our business objectives and enhance stakeholder value. Risk management is integral and fundamental to our business. Since Arshiya is operating in a highly competitive environment, it is exposed to various strategic and operational risks like trade related risks, financial risks, economic risk, liability and regulatory risks. The Company has processes in place to safeguard its assets and liability risks through adequate and appropriate insurance coverage.

CAUTIONARY STATEMENT

Certain statements made in the management discussions and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on, whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the Company does not have any direct control.

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company firmly believes that any meaningful policy on Corporate Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with due care and responsibility. Arshiya's governance philosophy revolves around trusteeship, environmental & societal care, transparency, empowerment and accountability, control and ethical corporate citizenship, and the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

Arshiya not only adheres to the prescribed Corporate Governance norms prescribed under Clause 49, but also constantly strives to adopt emerging best practices worldwide.

The following report on Corporate Governance has been provided pursuant to Clause 49 of the Listing Agreement:

2. GOVERNANCE PRACTICES

The Company's Corporate Governance practices are driven by the core fundamental principles of fairness, accountability, transparency and responsibility. The Company is aware that good Corporate Governance and systems are an essential prerequisite to stakeholder's value creation. In pursuance of its Corporate Governance philosophy, the Company has formulated the following policies and codes:

a) Code of Conduct

The Company's Code of Conduct, which is required to be followed by the Board Members and Senior Management Personnel is based on the principle that business should be conducted ethically and honestly. The document also requires conduct of business in the professional manner directed towards maintaining and enhancing the reputation of the Company. The Code is applicable to Arshiya as well as all its subsidiary companies. The Code of Conduct has been posted on the Company's website, www.arshiyainternational.com. The members of the Board and Senior Management Personnel have affirmed compliance to the said Code of Conduct. A declaration to this effect, duly signed by the Chairman and Managing Director, is provided as Annexure I to this Report.

b) Code for Prevention of Insider Trading

As per SEBI (Prevention of Insider Trading) Regulation, 1992, further amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2008, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company (also called "Designated Employees") are governed by this Code. The Company has appointed Mr. Rahul Neogi as the Compliance Officer who is responsible for setting forth procedures and implementation of the code of conduct for trading in Company's securities. During the year under review there has been due compliance with the said Code.

c) Whistle Blower Policy

The Company has a Whistle Blower Policy in place that provides a formal mechanism for all employees of the Company to approach the Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy provides every employee with a mechanism to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy.

d) Human Resource Development Policy

The Company's Human Resource Development Policy seeks and strives to enhance competitiveness and skills of its employees, with the sole objective of harnessing the full potential of human intellect. It also seeks to promote and foster a culture of continuous learning, knowledge enhancement and empowerment of employees at all levels by training and development whenever considered necessary.

e) Equal Opportunity Employer

The Company is committed to a policy of providing equal opportunity to all in terms of employment, and ensures no discrimination on grounds of caste, creed, religion, marital status, ancestry, gender, sexual orientation, nationality, ethnic origin or disability.

3. BOARD OF DIRECTORS

The Board of Directors ("the Board") of the Company is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

(A) Composition of Board

The Board comprises of Executive and Non-Executive Independent Directors, who have in depth knowledge of the business and industry. The composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges.

As at 31st March, 2010 the Company has nine Directors on its Board with an Executive Chairman. Of the nine Directors five are non-executive independent Directors.

(B) Non executive Directors' Compensation and Disclosures:

Non-Executive Directors are not entitled to any remuneration except sitting fees. The details of sitting fees paid to them are separately mentioned in this report.

(C) Other Provisions as to Board and Committees:

None of the Director is a member of more than ten Committees or Chairman of more than five Committees, across all the Companies in which they are Directors. Necessary disclosures regarding committee positions in other public companies as on 31st March, 2010 have been received from the Directors.

Attendance at Board Meetings

During the year under report seven meetings of the Board were held on the following dates with a gap not exceeding four months between two meetings:

28th April, 2009, 19th June, 2009, 28th July, 2009, 6th August, 2009, 14th August, 2009, 28th October, 2009 and 28th January, 2010.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other Directorships do not include directorships in Private Limited Companies, Section 25 Companies and Companies incorporated outside India. Chairmanships of Board Committees include only Audit and Shareholders/Investors Grievance Committee, now renamed as Share Transfer & Investor Relations Committee.

Sr. No.	Name of the Director	Category	Number of Board Meetings during the year 2009-10 & Director's Attendance		Directorships in other public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at A.G.M. held on 29th September, 2009
			Held	Attended		Chairman	Member	
1.	Ajay S Mittal	Executive	7	7	9	-	4	Present
2.	Archana A Mittal*	Executive	7	6	2	-	-	Present
3.	Ashish Bairagra	Independent	7	5	4	-	-	Present
4.	Rishabh P Shah	Independent	7	7	-	-	-	Present
5.	James Beltran	Independent	7	-	-	-	-	Absent
6.	Prof G Raghuram	Independent	7	5	4	-	2	Present
7.	**Mukesh Kacker	Independent	2	2	-	-	-	N/A
8.	**V. Shivkumar	Executive	2	2	11	-	1	N/A
9.	**Sandesh Chonkar	Executive	2	2	11	1	-	N/A
10.	***Francis X Bolte	Non Executive	2	-	-	-	-	N/A
11.	***Richard Bolte Jr.	Non Executive	2	-	-	-	-	N/A

* Mrs. Archana A Mittal has been designated and appointed as Joint Managing Director of the Company w.e.f. 23rd April, 2010.

** Mr. Mukesh Kacker, Mr. V. Shivkumar and Mr. Sandesh Chonkar have been appointed as Additional Directors of the Company w.e.f. 28th October, 2009. Mr. V. Shivkumar and Mr. Sandesh Chonkar have been appointed as Executive Directors w.e.f. that date.

*** Mr. Richard Bolte Jr. and Mr. Francis X Bolte have resigned from the Company w.e.f. 30th June, 2009.

4. COMMITTEES OF THE BOARD:

The Board Committees play a crucial role in the governance structure of the Company and are being set up to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review. The Board has currently established the following Committees:

1. Audit Committee
2. Share Transfer & Investor Relations Committee
3. Remuneration and Compensation Committee
4. Committee of Directors

All decisions pertaining to the constitution of Committees, terms of reference and appointment of Committee members are taken by the Board of Directors. Details of the role and composition of these committees, including the number of meetings held during the year and the attendance are provided below.

AUDIT COMMITTEE

The Audit Committee of the Company in accordance with Clause 49 of the Listing Agreement and with the provisions of Section 292A of the Companies Act, 1956.

The Audit Committee of the Company is entrusted with the responsibility to assess the adequacy of and supervise the Company's internal control systems and financial reporting process and inter alia performs the following functions:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds as and when raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults if any in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Carrying out any other function as is assigned to the Audit Committee.
15. Such other powers & duties as may be required to be included in terms of Listing Agreement amended from time to time.

The meetings of Audit Committee are also attended by Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Committee also invites such of the other Directors or Executives as it considers appropriate to be present at the meeting. The Company Secretary acts as the secretary to the Committee. Minutes of each Audit Committee meeting are placed before, and when considered appropriate, are discussed in the meeting of the Board.

The Composition of the Audit Committee and details of meetings attended by its members are given below:

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Bairagra	7	5
2.	Mr. Rishabh P Shah	7	7
3.	Mr. Ajay S Mittal*	7	7
4.	Prof G Raghuram**	2	2
5.	Mr. Sandesh Chonkar***	-	-

* Mr. Ajay S Mittal was member of the committee till 28th January, 2010.

** During the period of absence of Mr. Ashish Bairagra, Prof G Raghuram, Independent Director was coopted as a member of the Committee in compliance with the conditions of Clause 49 of the Listing Agreements as to the composition of the Audit Committee, for meetings of the Committee held on 06.08.2010 and 12.08.2010.

*** No meeting of Audit Committee was held after the appointment of Mr. Sandesh Chonkar as member of the Committee w.e.f. 28th January, 2010.

Seven meetings of the Audit Committee were held during the year on the dates given below:

28th April, 2009, 28th July, 2009, 6th August, 2009, 12th August, 2009, 28th October, 2009, 22nd December, 2009 and 28th January, 2010.

REMUNERATION AND COMPENSATION COMMITTEE

The Company has a Remuneration and Compensation Committee of Directors.

The broad terms of reference of the Committee are as under:

- Administration and superintendence of Arshiya Employees Stock Option Schemes (ESOS).
- Formation and review of the detailed terms and conditions of the ESOS.
- Grant of ESOS
- To deal with and decide all matters pertaining to Arshiya ESOS adopted by the Board.
- Recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

The Composition of the Remuneration and Compensation Committee and details of meetings attended by its members are given below:

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Rishabh P Shah	2	2
2.	Mr. Ashish Bairagra	2	2
3.	Prof G Raghuram	2	1

The Remuneration and Compensation Committee met twice during year on 27th July, 2009 and 28th October, 2009.

Remuneration to Directors

Executive Directors viz. Chairman and Managing Director, Whole Time Director and Executive Director receive salary, allowances and perquisites while independent Directors are eligible to receive sitting fees for attending the Meetings of the Board and Committee(s). In the Board Meeting held on 28th October, 2009, the sitting fees was increased from ` 7500/- to ` 20,000/- for each board meeting and sitting fees was fixed at ` 5000/- per meeting for Audit Committee and in the Board Meeting held on 28th January, 2010, the sitting fees was fixed at ` 5000/- per meeting for Remuneration & Compensation Committee.

Your Company benefits from the professional expertise and invaluable experience of the Independent Directors in their individual capacity as competent professionals/business executives in achieving corporate excellence. During the period, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to any of its Non-Executive Directors.

Details of Sitting Fees/Remuneration paid to Non-executive and Executive Directors for the year ended March 31, 2010 are given below:

a) Non-executive Directors:

Sr. No.	Name of Director	Sitting Fees paid (`)	No. of shares held (Face Value ` 2/- each)
1.	*Mr. Ashish Bairagra	60,000/-	-
2.	*Mr. Rishabh P Shah	77,500/-	4550
3.	*Prof. G. Raghuram	50,000/-	-
4.	*Mr. Mukesh Kacker	27,500/-	-
5.	*Mr. James Beltran	Nil	-
6.	#Mr. Francis X. Bolte	Nil	-
7.	#Mr. Richard Bolte Jr.	Nil	-

* Independent Directors

Mr. Francis X. Bolte and Mr. Richard Bolte Jr. are inter-se related.

b) Executive Directors:

Sr. No.	Name of Director	Salary, Perquisites, Allowances and Commission paid (`)	No. of Stock Option
1.	@Mr. Ajay S Mittal-Chairman & Managing Director	89,15,026	Nil
2.	@Mrs. Archana A Mittal- Whole Time Director	74,03,026	Nil
3.	Mr. V. Shivkumar	43,87,266	48,750
4.	Mr. Sandesh Chonkar	43,82,211	48,750

@Mr. Ajay S Mittal and Mrs. Archana A Mittal are related to each other being spouse. The Company had entered into Service Contracts with Mr. Ajay S Mittal – Chairman and Managing Director and Mrs. Archana A Mittal – Whole Time Director on 29th September, 2009 which are terminable by giving three months notice on either side.

SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Company has a Share Transfer and Investor Relations Committee of Directors.

The broad terms of reference of the Committee are as under:

- To deal and approve share transfers, request for split, issue of duplicate shares certificate.
- To delegate Authority to the Senior Executives for approval of transfer & transmission of securities issued by the Company.
- To deal with the Investors complaints.
- To maintain, develop and improve relations with the investors.

The Composition of the Share Transfer and Investor Relations Committee and details of meetings attended by its members are given below:

Sr. No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Ashish Bairagra	5	5
2.	Mr. Ajay S Mittal*	5	5
3.	Mr. Rishabh P Shah	5	5
4.	Mr. V. Shivkumar**	-	-

* Mr. Ajay S Mittal was member of the committee till 28th January, 2010.

** No meeting of the Committee was held after the appointment of Mr. V. Shivkumar as member of the Committee on 28th January, 2010.

The meetings of the Share Transfer and Investor Relations Committee were held five times during the year on 15th September, 2009, 27th November, 2009, 28th December, 2009, 15th January, 2010 and 18th January, 2010.

Name and designation of compliance officer

Mr. Rahul Neogi, Secretary of the Company is the Compliance Officer of the Company.

Status of Investor complaints

The Company received six letters/complaints relating to share transfers, non receipt of Annual Report, dividend etc. from the investors during the year ended 31st March, 2010 and all of them were resolved satisfactorily.

COMMITTEE OF DIRECTORS

The Committee of Directors comprises of Mr. Ajay S Mittal, Mr. Ashish Bairagra, Mr. V. Shivkumar and Mr. Sandesh Chonkar. Mr. Ajay S Mittal is the Chairman of the Committee. No meeting of the Committee was convened during the year.

The role of the Committee includes the following:

- i) Liquidity management and deployment of surplus funds.
- ii) Identifying project opportunities for the business of the Company & recommending to the Board various project investment proposals and approving project investments up to ` 100 Crores.
- iii) To invest funds of the Company in the securities including that of subsidiaries of the Company to the extent of ` 500 Crore in any financial year.
- iv) To approve authorized signatories for the purposes of investments (including deposits placed & loans granted) of the Company & to make alteration therein.
- v) To make loans including loans to subsidiaries of the Company to the extent of ` 500 Crore in any financial year & decide the terms thereof.
- vi) To borrow money up to ` 100 Crores per facility, where moneys to be borrowed together with moneys already borrowed by the Committee during any financial year shall not exceed ` 750 Crore.
- vii) Consideration and review of business strategies and policies, review and approval of merger and acquisition medium terms plans and annual budgets.
- viii) To open & close banking accounts of the Company to issue operating instructions/changes in authorised signatories to alter the authority and operating instructions thereof.
- ix) To approve write off of advances, accounts, receivables, claims and dues to the Company.
- x) In respect of securities held by the Company, to open & close dematerialization accounts with a depository /depository participant, and to alter the operating instructions thereof.
- xi) To grant authority to, and / or issue general and specific Powers of Attorney in favour of employees / agents / legal counsel / consultants and other similar persons for the purpose of business of the Company including but not limited to delegating authority for filing/ defending in any legal proceedings before courts / tribunals /statutory, government & semi government authority.
- xii) To approve donations to be made by the Company within the limits specified in Section 293(1) (e) of the Companies Act, 1956 (donation for political purposes excluded).
- xiii) To authorise purchase/sale of moveable properties including but not limited to vehicles, office furniture, items of plant & machinery.
- xiv) To approve and authorise execution of Agreements, Memorandum Of Understanding, Leave and Licence agreements, lease agreements, etc.
- xv) To approve and authorise appointment of consultants, senior personnel not otherwise in the employment of the company.
- xvi) To approve and authorise transfer of land, buildings, and other infrastructure facilities from one project to another project among the Arshiya group companies.
- xvii) To approve and authorise purchase/sale of immoveable properties.
- xviii) For efficient functioning & operations of the affairs of the Company, to consider and decide all other matters which under any law are not obligatory to be carried out and decided only by the Board of Directors of the Company.

5. BOARD PROCEDURE

The Board meets frequently to discuss and decide on issues related to the Company/its business policy / strategy apart from other normal businesses. The Board/Committee meetings held each year are pre-scheduled to facilitate the Directors to plan their schedules for ensuring their meaningful participation in the meetings, well in advance. However, in case of a special and urgent business need for which the Board need not meet, the Board's approval is taken by circulating the resolution, which is ratified in the next Board Meeting.

The Agenda for the Board/Committee meetings is generally accompanied by background notes and other material information which is circulated among the Directors in advance to facilitate discussion for taking an informed decision. The Independent Directors also meet separately with the Chairman before or after every Board Meeting, if need be, to discuss on issues of utmost importance and appropriately address their concerns, if any.

Information Supplied to the Board:

The Board of Directors has complete access to the information within the Company, which inter alia, includes:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The management periodically brings to the attention of the Board a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

6. SUBSIDIARY COMPANIES:

Clause 49 of the Listing agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, defines a "material non-listed Indian subsidiary" as an unlisted subsidiary Company, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Company has twenty four subsidiary companies, including step down subsidiaries as on 31st March, 2010. However, none of these subsidiaries fall under the norm prescribed for "Material non-listed Indian Subsidiary".

7. GENERAL BODY MEETINGS

a) Location, time and date where last three Annual General Meetings (AGMs) were held are given below:

Financial Year	Date & Time	Venue
2008-2009	29th September, 2009 at 3:00 p.m.	6th Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai- 400001
2007-2008	24th September, 2008 at 4:00 p.m.	6th Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai- 400001
2006-2007	10th September, 2007 at 10.00 a.m.	AIPMA House, MIDC, Marol, Andheri E, Mumbai - 400059

In the last three AGMs, following special resolutions were passed:

AGM held on	Special Resolution passed
29th September, 2009	<ul style="list-style-type: none"> • Appointment of Mr. Ajay S Mittal as Chairman and Managing Director of the Company and approval of remuneration. • Appointment of Mrs. Archana A Mittal as Whole-time Director of the Company and approval of remuneration.
24th September, 2008	<ul style="list-style-type: none"> • Alteration of the Articles of Association of the Company by replacing existing clause 10 and by inserting new clause 61A.
10th September, 2007	<ul style="list-style-type: none"> • Increase in remuneration of Managing Director • Increase in remuneration of Whole-time Director • Change of name of Company from 'Arshhiya Technologies International Limited' to 'Arshiya International Ltd' • To make inter-corporate investments in excess of limit specified in Section 372A of the Companies Act, 1956 • Alteration of capital clause of Memorandum of Association of the Company upon sub-division of one Equity Share of ` 10/- to five Equity Shares of ` 2/- each. • Alteration of capital clause of Articles of Association of the Company upon sub-division of one Equity Share of ` 10/- to five Equity Shares of ` 2/- each.

b) Resolution passed through Postal Ballot

No resolution was passed through postal ballot during the year.

8. DISCLOSURES

a) Related Party Transactions

Transactions with related parties have been disclosed in Note No. 14 of Schedule 18 to the Standalone Financial Statements in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest. The Audit Committee has reviewed these transactions as per provisions of Clause 49 of the Listing agreement.

b) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.

c) Disclosure of Risk management

Your Company is well aware of risks associated with its business operations and various projects under execution. Comprehensively risk management system is being put in place involving classification of risk, adoption of risk mitigation measures and a strong mechanism to deal with potential risks and situation leading to rise of risks in an effective manner.

Senior Professionals conversant with risk management systems have been entrusted with the said task with a brief to implement the risk management.

d) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.

The Company received no proceeds from any issue during the year.

e) Management Discussion & Analysis:

Management Discussion & Analysis Report forms part of Annual Report.

f) Disclosure regarding appointment or re-appointment of Directors:

The detailed profiles of Directors proposed for appointment/reappointment at the Annual General Meeting, are provided in the Annexure to the Notice of the Annual General Meeting.

9 CEO / CFO Certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO/CFO Certification is provided as Annexure-II to this Report.

10. COMPLIANCE BY THE COMPANY

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. However, the Company had filed consent terms with SEBI in respect of delay in filing disclosures as per Regulation 6(4) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 for the year 1997, and 8(3) of the said Regulations for the year 1998, 1999 and paid settlement charges as per Consent Order issued by SEBI on 30th September, 2008. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.

11. MEANS OF COMMUNICATION

- a) The quarterly, half-yearly and annual financial results are usually published in The Economic Times and Maharashtra Times.
- b) The Company has its own website viz. www.arshiyainternational.com and the financial results and quarterly shareholding pattern along with other relevant information useful to the investors are uploaded on the website regularly.
- c) At present half yearly report on accounts is not being sent to each household of the shareholders.
- d) Presentations made to the Institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are displayed on the Company's website.
- e) The Management Discussion and Analysis is given separately in this Annual Report.

12. GENERAL SHAREHOLDER INFORMATION:

a)	Date Time and Venue of Annual General Meeting	Date : 24th September, 2010 Time : 3.00 p.m. Venue : Babasaheb Dhanukar Sabhagraha, 6th Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai-400001
b)	Financial Calendar - 2010-2011 (Tentative)	i) First Quarter Results - 11th August, 2010 ii) Second Quarter Results - End of October, 2010 iii) Third Quarter Results - End of January, 2011 iv) Fourth Quarter Results - End of April, 2011
c)	Date of Book Closure	17th September, 2010 to 24th September, 2010 (both days inclusive)
d)	Dividend payment date	On or after 25th September, 2010
e)	Listing on Stock Exchanges	Bombay Stock Exchange Limited. National Stock Exchange of India Limited (w.e.f. 14th December, 2009) The Company has paid the Listing fees for the year 2010-2011.
f)	Stock Code Symbol	BSE : 506074 NSE: ARSHIYA
g)	Demat ISIN Number For CDSL and NSDL	INE968D01022

h) Market Price Data:

The monthly high and low quotations of shares traded on BSE and BSE Sensex during each month in last financial year are as follows:

Month	BSE Price (₹) **		BSE Sensex	
	High	Low	High	Low
April 09	89.90	47.40	11,492.10	9,546.29
May 09	114.00	68.00	14,930.54	11,621.30
June 09	139.40	104.00	15,600.30	14,016.95
July 09	125.00	97.00	15,732.81	13,219.99

Month	BSE Price (₹)**		BSE Sensex	
	High	Low	High	Low
August 09	149.40	118.40	16,002.46	14,684.45
September 09	155.75	130.05	17,142.52	15,356.72
October 09	154.95	116.05	17,493.17	15,805.20
November 09	154.95	126.05	17,290.48	15,330.56
December 09	199.00	147.15	17,530.94	16,577.78
January 10	231.30	155.65	17,790.33	15,982.08
February 10	212.00	171.05	16,669.25	15,651.99
March 10	201.00	174.80	17,793.01	16,438.45

**Source: www.bseindia.com

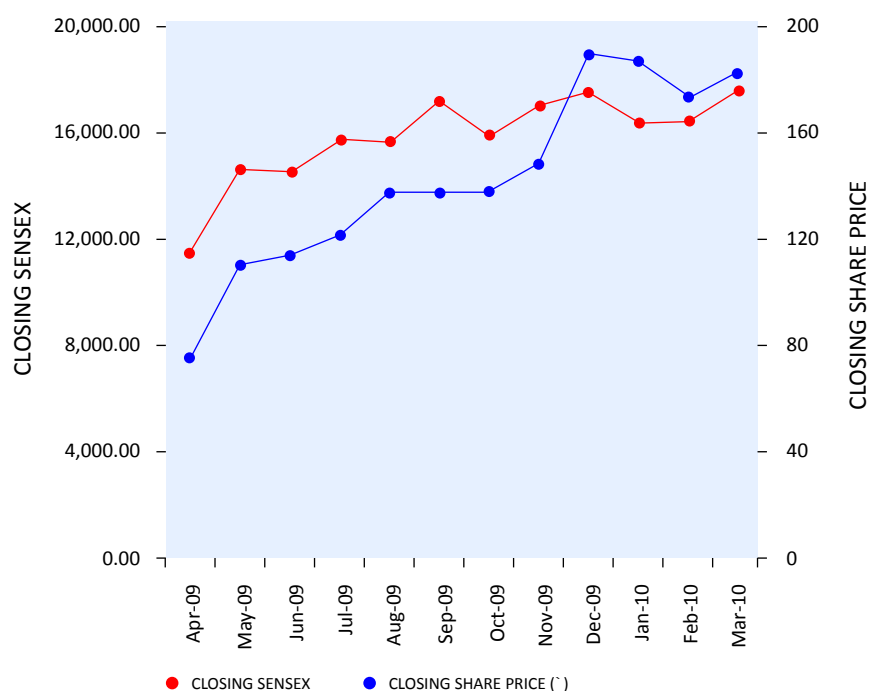
The monthly high and low quotations of shares traded on NSE and S&P CNX Nifty during each month in last financial year are as follows:

Month	NSE Price (₹)**		S&P CNX Nifty	
	High	Low	High	Low
December 09	200.00	150.00	5221.85	4943.95
January 10	215.00	180.00	5310.85	4766.00
February 10	212.00	169.00	4992.00	4675.40
March 10	200.10	165.60	5329.55	4935.35

**Source: www.nseindia.com

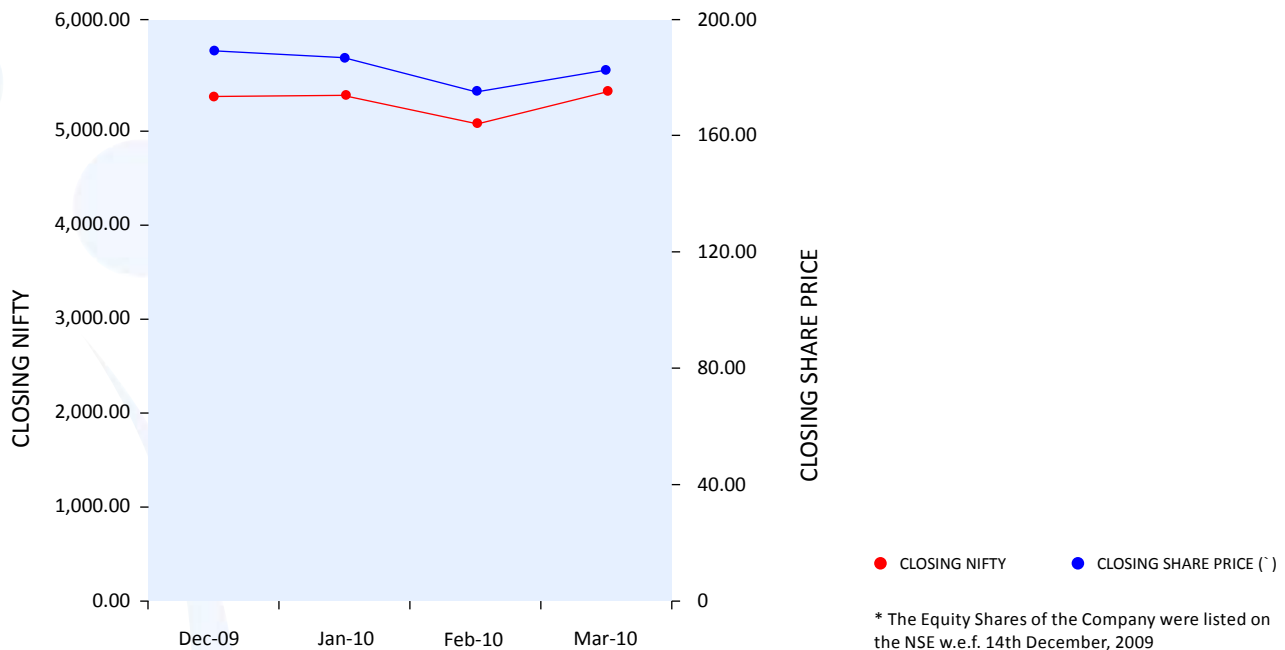
i)(1) Relative Performance of Arshiya Shares Vs. BSE Sensex

The performance of the Company's Equity Shares relative to the BSE Sensitive Index (BSE Sensex) is given in the chart below.



l) (2) Relative Performance of Arshiya Shares Vs. Nifty Index*

The performance of the Company's Equity Shares relative to the Nifty Index is given in the chart below.



j) Registrar and Share Transfer Agent:

Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400072.

Tel.: 91-22-28470652/40430200 Fax.: 91-22-28475207

E-mail: info@bigshareonline.com

k) Share Transfer System:

All shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agent within 30 days of the lodgement, if documents are found in order. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

l) (a) Category wise distribution of equity shareholding as at 31st March , 2010:

Category	Number of shares held (~ 2/- each)	Percentage of Shareholding (%)
Promoter and Promoter Group	2,53,80,203	43.20
Mutual Funds/UTI	7,71,971	1.31
Financial Institutions/Banks	2,04,000	0.35
Foreign Institutional Investors	1,29,34,797	22.02
Bodies Corporate	48,13,502	8.19
Individuals	87,07,139	14.82
Clearing Member	7,298	0.01
NRI	2,75,580	0.47
Foreign National	11,45,000	1.95
Foreign Company	45,13,332	7.68
GRAND TOTAL	5,87,52,822	100.00

l) (b) Distribution of shareholding as on 31st March, 2010:

Number of Equity shares held	Total Holders	% of total holders	Total Holding in `	% of Total Capital
1 - 5000	3244	91.18	2344196	1.99
5001 - 10000	98	2.75	763576	0.65
10001 - 20000	90	2.53	1332480	1.13
20001 - 30000	24	0.67	607262	0.52
30001 - 40000	17	0.48	600234	0.51
40001 - 50000	11	0.31	517896	0.44
50001 - 100000	19	0.53	1551200	1.32
100001 - 99999999	55	1.55	109788800	93.44
Total	3558	100.00	117505644	100.00

m) Dematerialization of shares and Liquidity:

About 89% of the total number of shares are in dematerialized form as on 31st March, 2010. The Equity shares of the Company are traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

n) Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity.

As on 31st March, 2010, there were no Outstanding ADRs or GDRs, Warrants or any convertible instruments.

o) Address for Investor Correspondence:

All routine correspondence regarding share transfers, transmission, dematerialization of shares, change of address, non-receipt of dividend etc. should be addressed to the Company's Registrar & Share Transfer Agents at:

Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400072.

Tel.: 91-22-2847 0652/40430200 Fax: 91-22-2847 5207

E-mail: info@bigshareonline.com

For the complaints/grievances, if any, members are requested to address the same to:

Company Secretary

Arshiya International Ltd

3rd Floor, Plot no. 61,

Road No. 13, M.I.D.C.,

Andheri (East), Mumbai- 400093

Email: grv.redressal@arshiyainternational.com

COMPLIANCE WITH THE CORPORATE GOVERNANCE FRAMEWORK

The Company is in full compliance with all mandatory requirements of Clause 49 of the Listing Agreement. In addition, the Company has also adopted the non mandatory requirements, wherever feasible, relating to the following:

NON - MANDATORY REQUIREMENTS:-

(a) The Board:

There is no policy at present to determine the tenure of Independent Directors.

(b) Remuneration Committee:

The Company has already in place a Remuneration and Compensation Committee of the Board of Directors of the Company. A detailed note is provided under section on "Committees of the Board" in the Report.

(c) Shareholder Rights:

At present, the Company is not sending half-yearly financial performance to the each household of shareholders. However, quarterly financial results are published in leading news papers and are also available on the Company's website.

(d) Training of Board Members:

As the members of the Board are eminent and experienced professionals, necessity to formulate a policy for their training has not been felt.

(e) Mechanism for evaluating Non-Executive Board Members:

At present, no policy has been framed for evaluation of Non-Executive Directors.

(f) Whistle Blower Policy:

Though there is no formal Whistle-blower policy, the Company has in place a Whistle Blower Policy to provide appropriate avenues to employees to bring to the attention of the Management any issue which is perceived to be in violation or in conflict with the fundamental business principles of the Company. The Company has provided a dedicated email address of the Chairman of the Audit Committee for reporting of such complaints. The Company takes due cognizance of complaints made and suggestions given by the employees and wherever necessary, suitable corrective steps are taken.

Annexure I:-

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreements with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited, to the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Company as applicable to them for the financial year ended on 31st March, 2010.

Date: 11th August, 2010
Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

Annexure II:-

CEO/CFO CERTIFICATION

We, Ajay S Mittal, Chairman and Managing Director and Nitin Kolhatkar, Chief Financial Officer of Arshiya International Limited certify that:

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2010 and that to the best of our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2010 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- d) During the year:
 - (i) There has not been any significant changes in internal control over financial reporting;
 - (ii) There have not been any significant changes in accounting policies and
 - (iii) There have been no instances of significant fraud of which we are aware that involve management or other employee having significant role in the Company's internal control system over financial reporting.

Date: 11th August, 2010
Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

Nitin Kolhatkar
Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
ARSHIYA INTERNATIONAL LIMITED

I have examined the records concerning Compliance of the conditions of Corporate Governance by ARSHIYA INTERNATIONAL LIMITED for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreements entered into with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

The compliance of conditions of Corporate Governance is the responsibility of management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the records and documents furnished to me by the Management, of the Company, I certify that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the above mentioned Listing Agreements.

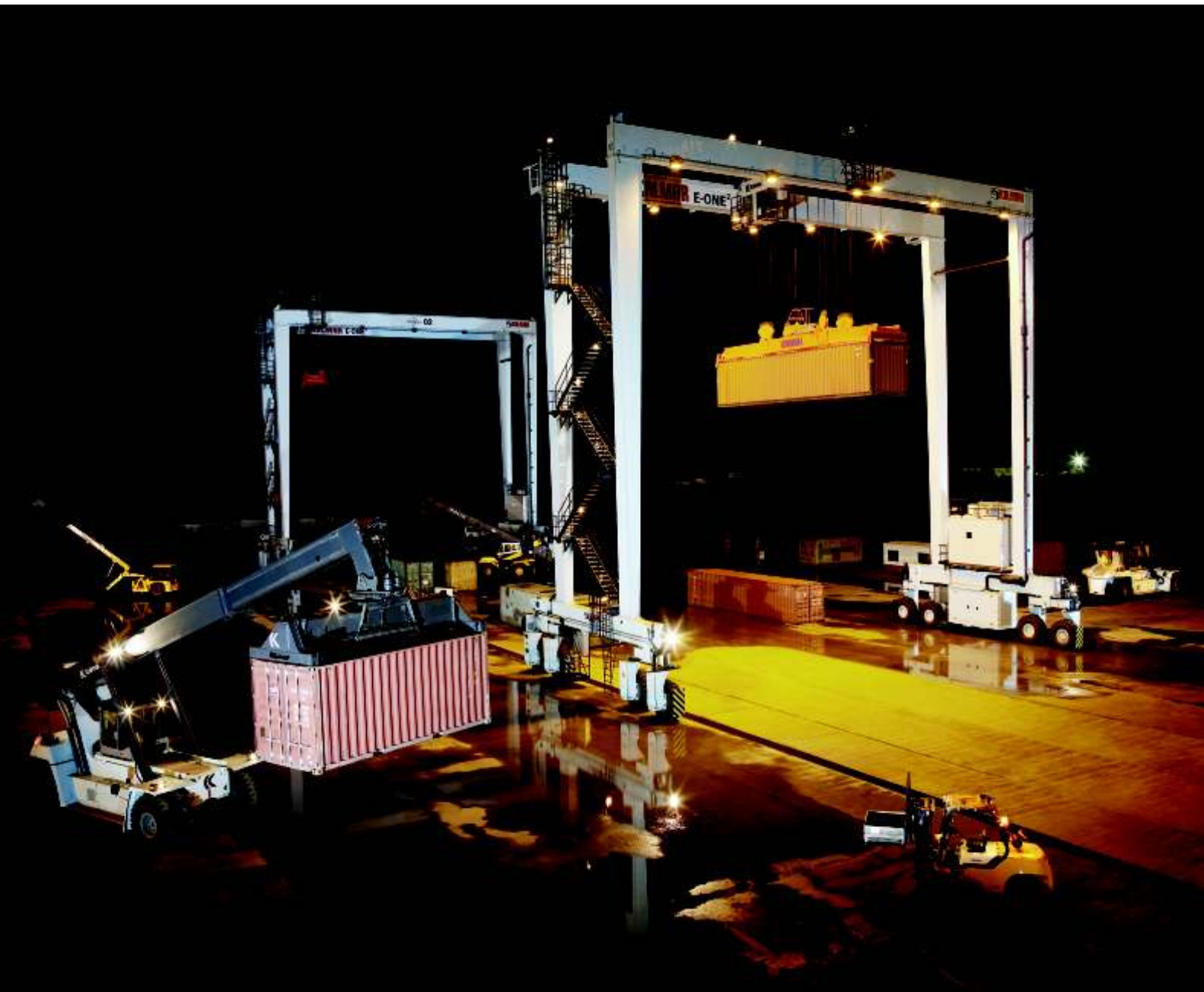
I further state that such compliance is neither an assurance as to the viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

P. K.B. NAMBIAR
Company Secretary

Date: 11th August, 2010
Place : Mumbai

FCS No.1296
CP: 1090

FINANCIAL SECTION



AUDITORS' REPORT

TO THE MEMBERS OF
ARSHIYA INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **Arshiya International Limited** as at March 31, 2010, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in Paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the **profit** for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215
Mumbai, 11 August 2010

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in Paragraph 3 of Auditors' Report to the Members of **Arshiya International Limited** on the accounts for the year ended March 31, 2010.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management in a phased manner at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
2. Considering the nature of business activity carried out by the Company, the company does not have any inventory. Hence requirements of the clause (ii)(a), (ii)(b) and (ii)(c) of paragraph 4 of the order are not applicable to the company.
3. (a) According to information and explanation given to us, the company has granted unsecured loans, to two subsidiary companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to ₹ 46,439,343 and ₹ 26,600,799 respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, no principal amounts were due as at the year end and the party has paid interest, where stipulated.
- (d) In respect of the aforesaid loans, there is no overdue amount.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain capital items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The Company's operation does not involve purchase of inventories and sale of goods. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us and based on the disclosure of interest made by the directors of the Company, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions for sale of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs, are in respect of service of a special nature, for which comparative prices are not available. Hence, we are unable to comment on the reasonableness of the price or otherwise of such transactions.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. The Company's internal audit is carried out by a firm of chartered accountants. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company's business.
9. (a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities, except few delays in respect of service tax and tax deducted at source. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax as at March 31, 2010 which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	4,350,076	Assessment Year 2006-2007	Commissioner of Income-tax-Appeals
Income tax Act, 1961	Fringe Benefit Tax	385,400	Assessment Year 2007-2008	Asst. Commissioner of Income-tax

10. The Company has no accumulated losses as at the year end and has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks during the year. The Company has not obtained any borrowings from financial institution or by way of debenture.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loan taken by subsidiaries from banks and financial institutions are prima facie not prejudicial to the interest of the Company.
16. According to the information and explanation given to us, and the examination of the balance sheet of the Company and other records we report that the term loans availed by the company has been applied for the purpose for which they were raised.
17. According to the information and explanation given to us, and the examination of the balance sheet of the Company and other records, on overall basis, we report that short-term funds have not been used for long-term investments..
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures.
20. The Company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year.

For **MGB & Co.**

Chartered Accountants

Firm Registration No. 101169W

Sanjay Kothari

Partner

Membership No. 48215

Mumbai, 11 August 2010

BALANCE SHEET AS AT MARCH 31, 2010

(Amount in ₹)

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	117,505,644	117,505,644
Employee stock options outstanding		11,828,978	29,904,549
Reserves and surplus	2	4,839,050,337	4,753,565,213
		4,968,384,959	4,900,975,406
Loan funds			
Secured loans	3	3,064,114,423	789,916,440
Unsecured Loans	4	529,994,803	—
Total		8,562,494,185	5,690,891,845
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		233,705,031	126,493,189
Less: Depreciation/Amortisation		57,800,929	29,979,939
Net block		175,904,102	96,513,250
Capital work in progress		6,058,121,669	3,446,337,671
		6,234,025,771	3,542,850,921
Investments	6	1,138,304,322	1,126,750,600
Deferred tax assets (Net)		572,095	1,714,728
Current assets, loans and advances			
Sundry debtors	7	914,498,523	574,546,184
Cash and bank balances	8	433,056,935	279,695,515
Loans and advances	9	1,937,934,278	774,646,473
		3,285,489,736	1,628,888,172
Less: Current liabilities and provisions			
Current liabilities	10	2,011,082,958	533,282,310
Provisions	11	84,814,781	76,030,266
		2,095,897,739	609,312,576
Net current assets		1,189,591,997	1,019,575,596
Total		8,562,494,185	5,690,891,845
Notes to accounts	18		

As per our report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215
Mumbai: August 11, 2010

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Nitin Kolhatkar
Chief Financial Officer

Mumbai: August 11, 2010

Archana A Mittal
Joint Managing Director

Rahul Neogi
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Income from operations	12	2,736,078,505	2,568,085,640
Other income	13	93,297,704	99,388,638
Total		2,829,376,209	2,667,474,278
EXPENDITURE			
Operating expenses	14	2,227,568,104	2,149,677,390
Personnel Cost	15	155,296,647	93,071,879
Administrative and other expenses	16	152,111,544	117,911,951
Finance expenses	17	45,158,500	8,194,415
Depreciation/Amortisation	5	17,984,483	15,639,434
Total		2,598,119,278	2,384,495,069
Profit Before Tax		231,256,931	282,979,209
Less: Provision for taxation			
– Current tax – Current year		76,000,000	98,000,000
– Earlier years		118,242	226,288
– Deferred tax charge/(credit)		1,142,633	(2,525,911)
– Fringe benefits tax		–	2,425,692
Net profit for the year		153,996,055	184,853,140
Balance brought forward		220,832,858	109,455,324
Amount available for appropriation		374,828,913	294,308,464
Appropriations			
Proposed dividend		58,752,822	47,002,258
Dividend tax		9,758,109	7,988,034
Transfer to General reserve		15,400,000	18,485,314
Balance carried to balance sheet		290,917,982	220,832,858
		374,828,913	294,308,464
Notes to accounts	18		
Earnings per share – Basic		2.62	3.18
– Diluted		2.62	3.18
Face value per share – ₹ 2 (Refer note 17 of schedule 18)			

As per our report of even date

For and on behalf of the Board of Directors

For **MGB & Co.**
Chartered Accountants
Firm Registration No. 101169W

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Joint Managing Director

Sanjay Kothari
Partner
Membership No. 48215
Mumbai: August 11, 2010

Nitin Kolhatkar
Chief Financial Officer
Mumbai: August 11, 2010

Rahul Neogi
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION AS PER PROFIT AND LOSS ACCOUNT	231,256,931	282,979,209
Adjustments for		
Depreciation/Amortisation	17,984,483	15,639,434
Interest Expenses	45,158,500	8,194,415
Interest income	(83,195,356)	(45,032,768)
Loss on sale of fixed assets (net)	1,150,439	261,117
Dividend income	(223,323)	(30,454,208)
Bad debts	111,650	5,330,626
Exchange adjustment	6,524,841	(7,489,886)
Provision for doubtful debts	506,876	4,758,234
Employee compensation expenses	(2,569,808)	7,557,242
Provision no longer required written back	8,566,071	(2,688,920)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	225,271,304	239,054,495
Adjustments for :		
(Increase)/decrease in Trade and other receivables	(447,314,419)	(111,857,369)
Increase/(decrease) in Trade creditors and other Payable	220,147,937	84,041,607
CASH GENERATED FROM/(USED IN) OPERATIONS	(1,895,179)	211,238,733
Direct taxes paid (including fringe benefits tax)	(91,895,190)	(71,935,077)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)	(93,790,369)	139,303,656
CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets/Capital Work in Progress	(2,357,146,892)	(1,584,742,679)
Proceeds from sale of fixed assets	4,238,140	456,654
Advance from subsidiaries against land	904,115,899	250,000,000
Acquisition of subsidiaries	(7,837,400)	(1,003,843,000)
Disposal of investments	7,000	981,000
Purchase of investments in mutual funds	(143,723,322)	(983,234,951)
Sale of investments in mutual funds	140,000,000	2,318,220,472
Dividend received	223,323	30,454,208
Interest received	88,717,472	43,385,423
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B)	(1,371,405,780)	(928,322,873)
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares and share warrants	—	157,365,000
Long term loan to subsidiaries	(1,865,029,067)	(786,999,284)
Loan repaid by subsidiaries	780,783,124	159,275,036
Proceeds from long term borrowings	2,799,197,983	61,574,696
Proceeds from short term borrowings	729,994,803	725,000,000
Repayment of short term borrowing	(725,000,000)	—
Dividend paid	(55,083,428)	(52,079,440)
Interest paid	(46,305,847)	(7,047,068)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES (C)	1,618,557,568	257,088,940
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	153,361,420	(531,930,277)
OPENING CASH AND CASH EQUIVALENTS	279,695,515	811,625,792
CLOSING CASH AND CASH EQUIVALENTS (Refer Note 1 to Cash Flow Statement)	433,056,935	279,695,515

Notes to the Cash Flow Statement

1. Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of the following Balance Sheet items.

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
Cash in hand	1,244,003	1,065,447
Cheques in hand	—	30,000
Balance with scheduled banks:		
In current accounts	332,049,669	218,966,776
In fixed and margin deposits (against letter of credit and bank guarantees)	99,763,263	59,633,292
	433,056,935	279,695,515

2. The above Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3 (AS 3) Cash Flow Statements' as specified in Companies (Accounting Standard) Rules, 2006.
3. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current years' classification.

As per our report of even date

For and on behalf of the Board of Directors

For MGB & Co.
Chartered Accountants
 Firm Registration No. 101169W

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Joint Managing Director

Sanjay Kothari
Partner
 Membership No. 48215

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

Mumbai: August 11, 2010

Mumbai: August 11, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1 : Share Capital		
Authorised		
75,000,000 (75,000,000) Equity shares of ₹ 2 each	150,000,000	150,000,000
Issued, subscribed and paid up		
58,752,822 (58,752,822) Equity shares of ₹ 2 each fully paid up	117,505,644	117,505,644
The above includes :		
(a) 22,627,500 (22,627,500) fully paid up equity shares of ₹ 2 each issued as bonus shown by capitalization of Securities Premium Account		
(b) 1,560,000 (1,560,000) equity shares allotted to shareholders of BDP (India) Private Limited pursuant to the Scheme of Amalgamation		
Total	117,505,644	117,505,644
SCHEDULE 2 : Reserves and Surplus		
Share premium account		
As per last balance sheet	4,480,309,197	4,308,956,197
Add: Received during the year	—	171,353,000
	4,480,309,197	4,480,309,197
Amalgamation Reserve *		
As per last balance sheet	12,480,000	12,480,000
	12,480,000	12,480,000
General Reserve		
As per last balance sheet	39,943,158	21,457,844
Add: Transferred from profit and loss account	15,400,000	18,485,314
	55,343,158	39,943,158
Profit and loss account		
	290,917,982	220,832,858
Total	4,839,050,337	4,753,565,213
* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Honorable High Court of Judicature at Bombay, Amalgamation reserve is free for all purposes.		
SCHEDULE 3 : Secured Loans [Refer Note 2 to Schedule 18]		
From Banks		
Long Term Loan from banks	2,964,120,163	—
Short Term Loan from banks	—	475,000,000
Working Capital Loan from banks	93,227,672	62,876,569
Interest accrued and due	3,976,271	—
From Finance Company		
Short Term Loan	—	250,000,000
Finance Lease	2,790,317	2,039,871
Total	3,064,114,423	789,916,440
SCHEDULE 4 : Usecured Loan		
From Banks	299,994,803	—
From Company	230,000,000	—
Total	529,994,803	—

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 5 : Fixed Assets

(Amount in ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at April 1, 2009	Additions	Deductions/ Adjustments	As at March 31, 2010	Up to March 31, 2009	For the year	Deductions	As at March 31, 2010	As at March 31, 2009
Building	17,015,200	—	—	17,015,200	3,661,827	667,669	—	4,329,496	13,353,373
Leasehold Improvements	56,414,081	87,547,829	3,480,107	140,481,803	8,837,706	16,951,448	440,750	25,348,404	47,576,375
Furniture and fixtures	17,061,780	1,394,154	2,040,167	16,415,767	3,617,575	2,589,441	526,333	5,680,683	13,444,205
Computers	12,925,151	14,130,445	—	27,055,595	6,404,731	5,665,743	—	12,070,474	6,520,420
Vehicles (Refer Note below)	13,064,483	5,201,942	2,027,520	16,238,905	5,614,961	2,611,190	1,196,622	7,029,529	7,449,522
Office equipments	10,012,494	6,496,266	11,000	16,497,761	1,843,139	1,505,714	6,510	3,342,343	8,169,355
Total	126,493,189	114,770,636	7,558,794	233,705,031	29,979,939	29,991,205	2,170,215	57,800,929	96,513,250
Previous Year	48,939,573	78,726,510	1,172,894	126,493,189	14,795,628	15,639,434	455,123	29,979,939	34,143,945
Capital work-in-progress (at cost) including advances on capital account and Pre-operative Expenses								6,058,121,669	3,446,337,671
								6,234,025,771	3,542,850,921

Note:

- Gross Block includes cost of vehicles taken on lease of ₹ 8,394,884 (₹ 7,863,481).
- Depreciation for the year includes ₹ 12,006,722/- (₹ Nil) transferred to Pre-operative Expenses.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 6 : Investments (unquoted, unless otherwise stated)		
I. Long Term (at cost)		
Trade Investment		
In Subsidiary companies		
300,000 (300,000) Equity shares of Arshiya Hong Kong Limited of USD 1 each, fully paid up	53,250,000	53,250,000
2,500,000 (2,500,000) Equity shares of Cyberlog Technologies International Pte. Limited of SGD 0.10 each, fully paid up	60,500,000	60,500,000
100,000 (100,000) Equity shares of Arshiya International Singapore Pte. Limited of SGD 1 each, fully paid up	3,431,000	3,431,000
1,600,000 (816,000) Equity shares of Arshiya Supply Chain Management Pvt. Limited (Formerly known as Genco (India) Pvt. Limited) of ₹ 10 each, fully paid up	16,000,000	8,160,000
50,000 (50,000) Equity shares of Arshiya Logistics Infrastructure Limited of ₹ 10 each, fully paid up (Refer Note 14 of Schedule 18)	500,000	500,000
50,000 (50,000) Equity shares of Arshiya Distripark Limited of ₹ 10 each, fully paid up (Refer Note 14 of Schedule 18)	500,000	500,000
30,350,000 (30,350,000) Equity shares of Arshiya Rail Infrastructure Limited of ₹ 10 each, fully paid up (Refer Note 14 of Schedule 18)	1,000,400,000	1,000,400,000
In Others		
NIL (100) Equity shares of The Shamrao Vithal Co-op. Bank Limited of ₹ 25 each, fully paid up	—	2,600
NIL (700) Equity shares of Flat World Processes Limited of ₹ 10 each, fully paid up	—	7,000
	1,134,581,000	1,126,750,600
II. Current Investments [quoted]		
In mutual fund units		
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	2,723,322	—
SBI Debt Fund Series - Growth Fund	1,000,000	—
	3,723,322	—
Total	1,138,304,322	1,126,750,600
Aggregate cost of mutual fund units	3,723,322	—
Market value (Net asset value) of the mutual fund units	3,723,322	—
Units of mutual funds purchased and sold during the year	No. of units purchased	No. of units sold
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	8,520,643	8,358,059
SBI Debt Fund Series - Growth Fund	100,000	—

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 7 : Sundry Debtors		
Debts outstanding for a period exceeding six months		
Considered good	55,412,192	27,244,412
Considered doubtful	5,265,110	4,758,234
	60,677,302	32,002,646
Other debts - considered good	859,086,331	547,301,772
	919,763,633	579,304,418
Less: Provision for doubtful debts	5,265,110	4,758,234
Total	914,498,523	574,546,184
SCHEDULE 8 : Cash and Bank Balances		
Cash in hand	1,244,003	1,065,447
Cheques in Hand	—	30,000
Balances with scheduled banks:		
— in current accounts *	332,049,669	218,966,776
— in fixed deposits	6,111,348	22,000,000
— in margin money deposits	93,651,915	37,633,292
(against guarantees, letter of credit and cash credit facilities)		
* includes balance in unclaimed dividend accounts ₹ 1,181,190 (₹ 1,274,326)		
Total	433,056,935	279,695,515
SCHEDULE 9 : Loans and Advances		
(Unsecured, considered good)		
Loans and advances to subsidiaries	1,788,281,438	704,035,495
Advances recoverable in cash or in kind or for value to be received	69,508,702	34,734,826
Fringe benefits tax (Net of Provision for fringe benefits tax)	405,384	—
Deposits	79,738,754	35,876,152
Total	1,937,934,278	774,646,473

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10 : Current Liabilities		
Sundry creditors		
– Due to Micro and Small Enterprises (Refer note 5 of Schedule 18)	–	–
– Capital Goods	357,551,319	150,299
– Others	487,208,179	270,257,276
Advance received from subsidiaries against land (Refer note 20 of Schedule 18)	1,154,115,899	250,000,000
Trade Advance from customers	195,992	3,680,477
Book overdraft	10,830,379	6,772,585
Interest accrued but not due on term loan	–	1,147,347
Unclaimed dividend (Refer Note 13 of Schedule 18)	1,181,190	1,274,326
Total	2,011,082,958	533,282,310
SCHEDULE 11 : Provisions		
Provision for Retirement Benefits	14,206,987	3,166,164
Provision of tax (net of advance tax and tax deducted at source)	2,096,863	17,594,104
Provision of fringe benefits tax (net of advance fringe benefits tax)	–	279,706
Proposed dividend	58,752,822	47,002,258
Dividend tax	9,758,109	7,988,034
Total	84,814,781	76,030,266

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 12 : Income from Operations		
Income from logistics operations and related services	2,736,078,505	2,567,895,640
Sale of software and related services	—	190,000
Total	2,736,078,505	2,568,085,640
SCHEDULE 13 : Other Income		
Interest income from subsidiaries [Tax deducted at source – ₹ 12,696,035/- (₹ 1,326,828/-)]	77,912,531	5,816,608
Interest income from others [Tax deducted at source – ₹ 757,719/- (₹ 8,424,916/-)]	5,282,825	39,216,160
Income from current investments	223,323	30,454,208
Dividend received from subsidiaries	1,301,725	—
Gain on Foreign Exchange Fluctuations	—	23,004,013
Sundry balances written back	8,566,071	897,649
Miscellaneous Income	11,230	—
Total	93,297,704	99,388,638
SCHEDULE 14 : Operating Expenses		
Cost of logistic operations	2,227,568,104	2,149,640,310
Purchase of software and related services	—	37,080
Total	2,227,568,104	2,149,677,390
SCHEDULE 15 : Personnel Cost		
Salary, bonus and other allowances	129,180,349	67,709,991
Contribution to provident fund and other funds	13,172,372	5,858,463
Staff welfare	15,513,734	11,946,183
Employee compensation expenses (Refer Note 9 of Schedule 18)	(2,569,808)	7,557,242
Total	155,296,647	93,071,879

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 16 : Administrative and Other Expenses		
Electricity charges	4,312,501	3,216,204
Repairs and maintenance – Building	1,692,795	5,724,286
– Others	5,936,832	2,401,612
Rent	16,329,585	16,219,662
Rates and taxes	2,366,724	6,244,699
Insurance	273,639	236,207
Advertisement and business promotion	13,721,567	8,075,361
Communication expenses	11,787,182	9,992,770
Travelling and conveyance	21,911,939	21,147,347
Vehicle expenses	12,775,332	10,850,206
Legal and Professional Charges	18,329,649	9,238,946
Printing and stationery	4,139,651	2,901,070
Commission and brokerage	–	185,000
Auditors' remuneration – Statutory audit	4,963,500	4,985,458
– Other matters	1,108,086	516,856
– Out of pocket expenses	–	124,575
Loss on sale of assets (net)	1,150,439	261,117
Loss on foreign exchange fluctuation (net)	19,363,412	–
Bad debts	111,650	3,002,123
Less : Provision for doubtful debts utilised	–	(1,791,271)
	111,650	1,210,852
Provision for doubtful debts	506,876	4,758,234
Royalty paid	1,519,271	1,732,411
Miscellaneous expenses	9,810,914	7,889,078
Total	152,111,544	117,911,951
SCHEDULE 17 : Finance Expenses		
Interest on		
– Fixed loans	29,939,819	305,099
– Others	10,231,546	6,402,520
Bank and other financial charges	4,987,135	1,486,796
Total	45,158,500	8,194,415

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 18 : NOTES TO ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act 1956 and guidelines issued by Securities and Exchange Board of India (SEBI).

b. **Use of estimates**

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

c. **Fixed assets**

Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation and borrowing cost incurred during pre-operative period for construction of qualifying asset.

Capital work-in-progress comprises pre-operative expenses pending capitalization/allocation, advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use as at the year end.

d. **Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

e. **Depreciation and amortisation**

- (i) Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.
- (ii) Leasehold improvements are amortised over the primary period of the lease.

f. **Leases****Finance lease**

Assets taken on finance lease are accounted for as fixed assets at the lower of the fair value or the present value of minimum lease payments at the inception of the lease. Lease payments are apportioned between finance charge and reduction of outstanding liability.

Operating lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

g. **Investments**

- (i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognise a decline, other than temporary.
- (ii) Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

h. **Revenue recognition**

- (i) Revenue from logistic operations is accounted on the basis of date of departure of the vessel/aircraft for jobs related to export shipments and date of arrival of the vessel/aircraft for jobs related to import shipments, considering substantial completion of contracted services.
- (ii) Interest and other income are accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

i. **Employee benefits**

- (i) Provident fund - Contributions to defined contribution scheme such as provident fund are charged to the Profit and Loss Account as incurred. The Company contributes to State Plans namely Employees' State Insurance Fund which is also charged to the Profit and Loss Account.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

- (ii) Gratuity - The Company has defined benefit plan comprising of gratuity. The Company contributes to the gratuity plan which is administered by Life Insurance Corporation of India. The liability for the gratuity fund is determined on the basis of an independent actuarial valuation done at the year end.
- (iii) Leave encashment - The Company liability for leave encashment entitlements is provided on the basis of independent actuarial valuation.

j. Foreign currency transactions

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss Account.

Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates and the resultant exchange difference is recognised in the Profit and Loss Account.

Non-monetary foreign currency items are carried at cost/fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

k. Accounting for taxes on income

- (i) Provision for current tax is made, based on the tax payable under the Income-tax Act, 1961.
- (ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

l. Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

m. Employee stock options

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognised as deferred stock compensation expense and is amortised over the vesting period.

n. Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent Assets are not recognized or disclosed in the financial statements.

o. Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

2. Secured Loans:**(a) Long Term loans from Banks:**

- (i) ₹ 1,923,660,728/- (₹ Nil) Secured by First Charge on all the present and future movable and immovable assets including Plant and machinery, spares etc. except assets for Khurja Project, Cuttack Project and Nagpur Project. Further secured by first mortgage and charge on existing and future receivables arising out of the operations relating to the project at Sai Village near JNPT, Navi Mumbai, to be shared on pari-passu basis with short term working capital loan to the extent of ₹ 10 Crore.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

- (ii) ₹ 40,471,814/- (₹ Nil) Secured by exclusive charges over the assets financed viz interiors, furnitures and fixtures, office equipments at MIDC office.
- (iii) ₹ 499,987,621/- (₹ Nil) Secured by equitable mortgage of land in the name of company at Khurja, near Noida, U.P.
- (iv) All the above loans are secured by personal guarantee of the Promoter Directors i.e. Mr Ajay Mittal and Mrs. Archana Mittal.
- (v) ₹ 500,000,000/- (₹ Nil) Secured by equitable mortgage of land admeasuring 108.87 acres situated at village Buti Bori, District Nagpur. This loan is secured by personal guarantee of the Promoter Director i.e. Mr. Ajay Mittal.
- (b) Short Term loans from Banks:**
 - (i) ₹ NIL (₹ 300,000,000/-) by hypothecation of land situated at village Bori near Buti railway station Taluk Nagpur Grameen, Nagpur District and personal guarantee of two directors of the Company.
 - (ii) ₹ NIL (₹ 175,000,000/-) by first charge on equitable mortgage of land situated at Khurja district Bulandshar, U.P., term deposit of ₹ 17,500,000/- and personal guarantee of two directors of the Company.
- (c) Working Capital loan from banks:**
₹ 93,227,672/- (₹ 62,876,569/-) Hypothecation of current assets, receivable arising out of the operations of the JNPT Andheri (East), Mumbai, immovable properties pertaining to FTWZ project in JNPT, term deposit of ₹ 5,000,000/- and personal guarantee of two directors of the Company.
- (d) Loan from Finance Company:**
 - (i) ₹ Nil (₹ 250,000,000/-) Hypothecation of rights under project agreements/documents, Rights under Insurance contracts/policies, specific assets including rail rakes. This loan is being utilised by wholly owned subsidiary, namely, Arshiya Rail Infrastructure Limited and these rakes are also in name of the aforesaid subsidiary.
 - (ii) ₹ 2,790,317/- (₹ 2,039,871/-) Hypothecation of leased vehicles.
- 3. Unsecured Loans**
 - (i) ₹ 299,994,803/- (₹ Nil) is against the personal guarantee of the Promoter Directors i.e. Mr Ajay Mittal and Mrs. Archana Mittal.
 - (ii) ₹ 200,000,000/- (₹ Nil) is against the security of shares of quoted company held by a promoter director.
- 4. (a) Contingent liability not provided for in respect of:**
 - (i) Disputed income tax demands – ₹ 6,609,841/- (₹ 21,967,977/-).
 - (ii) Claims against the Company not acknowledged as debts – ₹ 29,702,022/- (₹ 15,542,002/-).
 - (iii) Guarantees issued by banks on behalf of the Company – ₹ Nil (₹ 100,000/-).
 - (iv) Guarantees given to banks in respect of loan facilities granted to wholly owned subsidiaries of the company – ₹ 4,358,800,000/- (₹ 608,800,000/-)
 - (v) Amount outstanding towards Letters of Credit given to bank – ₹ 642,814,009/- (₹ 544,341,168/-)
- (b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) – ₹ 3,362,495,327/- (₹ 2,253,232,067/-).**
- 5.** The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the year end together with interest payable as required under the said Act have not been given.
- 6. (a)** In the opinion of the management, the current assets, loans and advances and current liabilities are approximately of the value stated, if realised/paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
- (b)** Debit and credit balance is subject to confirmation.
- 7. (a)** Income from logistics operations and related services mainly comprises of freight and forwarding income, clearing and handling charges, other related income and also includes related commission income of ₹ 285,593,810/- (₹ 159,991,786/-)
- (b)** Cost of logistics operations and related services mainly comprises of freight and forwarding expenses, clearing and handling charges and other related expenses

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

8. Prior period items included in Profit and Loss Account:

(Amount in ₹)

Particulars	Year ended 31 March, 2010	Year ended 31 March, 2009
Income from logistics operations and related services	1,436,784	4,209,226
Reversal of Cost of logistic operations	(1,832,536)	3,129,029
Rent	202,500	34,000
Personnel Cost	110,364	—
Interest income reversed for earlier period	1,343,865	—
Net prior period expenses/(income)	(1,612,591)	(1,046,197)

9. Employee Stock Option Plan (ESOP):

The Company has established "Arshiya Stock Option Plan 2007" for a grant of Options to the employees of the Company and its subsidiaries convertible into One Equity Shares of ₹ 2 each. These Options vest over a period of 36 months from the date of grant and are to be exercised within a maximum period of 12 months from the date of vesting.

The Compensation committee formed by Board of Directors has approved the grant of Options. Each Option confers on the employee a right to one equity shares of ₹ 2 each at an exercise price of ₹ 210 per share. Details of Grants made under "Arshiya Stock Option Plan 2007" is as under:

Tranche	Date of grant	No. of Options granted
Tranche I	February 15, 2008	1,411,700
Tranche II	April 24, 2008	133,900

Particulars	Employees of Arshiya International Limited	Employees of subsidiaries of Arshiya International Limited	Total
Option outstanding at the beginning of the year	293,100 (530,200)	631,100 (860,600)	924,200 (1,390,800)
Options granted/transferred during the year	9,000 (71,300)	(9,000) (204,600*)	— (275,900)
Options forfeited/transferred during the year	52,400* (308,400)	443,200 (434,100)	495,600 (742,500)
Options exercised during the year	— (—)	— (—)	— (—)
Options expired during the year	76,545 (—)	51,415 (—)	127,960 (—)
Options outstanding at the end of the year	173,155 (293,100)	127,485 (631,100)	300,640 (924,200)
Options exercisable at the end of the year	57,454 (89,635)	47,770 (201,355)	105,224 (290,990)

* During the year, there was no transfer of options (142,000) to subsidiary companies from the Company due to transfer of employees from the Company to subsidiary companies.

Out of the total employee stock compensation credit of ₹ 18,075,573/- (Debit of ₹ 23,977,352/-) recognized during the year, on account of the options outstanding at the end of the year, the Company has credited ₹ 2,569,808/- (Debit of ₹ 7,557,242/-) to the Profit and Loss account, reduced from project cost ₹ 276,466/- (Debit of ₹ 2,255,130/-) on account of options granted to employees employed exclusively for its new projects. The balance credit of ₹ 15,229,299/- (Debit of ₹ 14,164,980/-) pertaining to the options granted to the employees of the subsidiary companies has been transferred to these subsidiary companies.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

10. Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits

The disclosures as required as per the revised AS 15 are as under:

(a) Brief descriptions of the plans:

The Company has various schemes for long-term benefits such as provident fund and gratuity. The Company's defined contribution plan is provident fund since the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees of the Company are also entitled to leave encashment as per the Company's policy.

(b) Defined contribution plan (Provident fund):

Amount of ₹ 8,879,176/- (₹ 4,499,456/-) is recognized as expenses and included in Employees' Remuneration – Schedule 15 in the Profit and Loss Account

(c) Defined benefit plan (Gratuity):

Particulars	As at 31 March, 2010	As at 31 March, 2009
I. Actuarial assumptions:		
Discount rate	7.5%	7%
Rate of return on plan assets	8%	8%
Future salary rise	7%	7%
Attrition rate	10%	10%
II. Change in defined benefit obligations:		
Liability at the beginning of the year	2,883,748	1,453,353
Interest cost	304,696	162,841
Current service cost	1,987,037	801,388
Liability Transfer in	110,364	120,684
Past service cost (vested and non vested benefits)	—	—
Benefits paid	(1,035,970)	(438,462)
Actuarial (gain)/loss on obligations	4,233,376	783,944
Liability at the end of the year	8,483,251	2,883,748
III. Fair value of planned assets:		
Fair value of plan assets at the beginning of the year	2,751,217	1,362,162
Expected return on plan assets	387,358	208,175
Contributions	2,608,741	1,459,256
Transfer from other company	—	122,269
Benefits paid	(1,035,970)	(438,462)
Actuarial gain/(loss) on plan assets	(97,945)	37,817
Fair value of plan assets at the end of the year	4,613,401	2,751,217
Total Actuarial gain/(loss) to be recognized	4,331,321	(746,127)
IV. Actual return on plan assets:		
Expected return on plan assets	387,358	208,175
Actuarial gain/(loss) on plan assets	(97,945)	37,817
Actual return on plan assets	289,413	245,992
V. Liability recognised in the Balance Sheet:		
Liability at the end of the year	8,483,251	2,883,748
Fair value of plan assets at the end of the year	4,613,401	2,751,217
Difference	(3,869,850)	(132,531)
Unrecognised past service cost	—	—
Liability recognised in the Balance Sheet	(3,869,850)	(132,531)
VI. Percentage of each category of plan assets to total fair value of plan assets:		
Insurer managed funds	100%	100%

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Particulars	As at 31 March, 2010	As at 31 March, 2009
VII. Expenses recognised in the Profit and Loss Account:		
Current service cost	1,987,037	801,388
Interest cost	304,696	162,841
Expected return on plan assets	(387,358)	(208,175)
Net actuarial (gain)/loss to be recognized	4,331,321	746,127
Past service cost (vested and non vested benefits)	—	—
Expense recognised in Profit and Loss Account ##	6,235,696	1,502,181
VIII. Balance Sheet reconciliation:		
Opening net liability	407,910	91,191
Expenses as above	6,235,696	1,502,181
Employers contribution	(2,884,120)	(1,459,256)
Net transfers from other company	110,364	(1,585)
Closing net liability	3,869,850	132,531
IX. Expected employers contribution in next year:		
As per actuarial valuation report	2,285,250	1,802,617
X. Experience adjustments:		
On plan liability (gain)/loss	4,482,066	597,891
On plan asset (loss)/gain	(97,945)	37,817

Expense recognised in the books of account is net of transfer to group company for its contribution towards LIC fund amounting to ₹ 929,240/- (₹ 211,813/-) and amount transferred from group companies is ₹ 93,100/- (₹ Nil). During the year Gratuity of ₹ 1,167,450/- (₹ Nil) related to project employees have been capitalized.

(d) Leave Encashment (unfunded):

Particulars	As at March 31, 2010	As at 31 March, 2009
I. Actuarial assumptions:		
Discount rate	7.5%	7%
Rate of return on plan assets	0%	0%
Future salary rise	7%	7%
Attrition rate	10%	10%
II. Change in defined benefit obligations:		
Liability at the beginning of the year	3,033,634	2,261,079
Interest cost	288,367	263,780
Current service cost	1,686,433	1,531,477
Liability Transfer in	708,650	—
Liability Transfer out	(566,899)	—
Past service cost (vested and non vested benefits)	—	—
Curtailment	—	(2,701,067)
Benefits paid	(1,201,077)	(990,605)
Actuarial (gain)/loss on obligations	6,388,029	2,668,970
Liability at the end of the year	10,337,137	3,033,634
III. Fair value of planned assets:		
Fair value of plan assets at the beginning of year	—	—
Expected return on plan assets	—	—
Contributions	1,201,077	990,605
Transfer from other company	(708,650)	—
Benefits paid	(1,201,077)	(990,605)
Actuarial gain/(loss) on plan assets	—	—
Fair value of plan assets at the end of the year	—	—
Total Actuarial gain/(loss) to be recognized	(6,388,029)	(2,668,970)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Particulars	As at March 31, 2010	As at 31 March, 2009
IV. Actual return on plan assets:		
Expected return on plan assets	—	—
Actuarial gain/(loss) on plan assets	—	—
Actual return on plan assets	—	—
V. Liability recognised in the Balance Sheet:		
Liability at the end of the year	10,337,137	3,033,634
Fair value of plan assets at the end of the year	—	—
Difference	(10,337,137)	(3,033,634)
Unrecognised past service cost	—	—
Liability recognised in the Balance Sheet	(10,337,137)	(3,033,634)
VI. Expenses recognised in the Profit and Loss Account:		
Current service cost	1,686,433	1,531,477
Interest cost	288,367	263,780
Expected return on plan assets	—	—
Curtailment	—	(2,701,067)
Net actuarial (gain)/loss to be recognized	5,768,969	2,668,970
Past service cost (vested and non vested benefits)	—	—
Expense recognised in Profit and Loss Account	@ 8,362,829	1,763,160
VII. Balance Sheet reconciliation:		
Opening net liability	3,033,634	2,261,079
Expenses as above	8,362,829	1,763,160
Employers contribution	(1,210,77)	(990,605)
Net transfers from other company	708,650	—
Net transfers out	(566,899)	—
Closing net liability	10,337,137	3,033,634
VIII. Experience adjustments:		
On plan liability (gain)/loss	6,677,557	2,480,497
On plan asset (loss)/gain	—	—

@ The Company has capitalized leave encashment of ₹ 4,261,767/- (₹ 202,976/-) during the year towards leave salary of projects employees.

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market.

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario.

11. Segment information:

Primary segment information

The Company operates in two primary reportable business segments, i.e. “Logistics operations and related services” and “Free Trade Warehousing Zone (‘FTWZ’) operations” as per the definition under Accounting Standard 17 – “Segment Reporting”. The Company is in the process of setting up facilities for commencement of commercial operations in relation with FTWZ operations. The Company’s other business segments are not reported as separate reportable segment as the revenue, results

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

and assets pertaining to these segments do not exceed 10% of the Company's revenue, results and assets. Hence, these aforesaid business segments have been clubbed together as "Other Segments".

(Amount in ₹)

Particulars	Logistics operations and related services	FTWZ operations and related services	Other segments	Unallocated	Total
REVENUE					
External sales	2,736,078,505 (2,564,732,611)	— (—)	— (190,000)	— —	2,736,078,505 (2,564,922,611)
Other income	6,395,679 (897,649)	— (—)	— (—)	— —	6,395,679 (897,649)
Total revenue	2,742,474,184 (2,564,584,063)	— (—)	— (190,000)	— —	2,742,474,184 (2,564,774,063)
RESULT					
Segment result	403,928,327 (328,413,560)	— (—)	— (152,920)	— —	403,928,327 (328,566,480)
Unallocated corporate expenses (net of other income)				215,695,387 (84,958,617)	215,695,387 (84,958,617)
Operating profit				— —	18,82,32,940 (243,607,863)
Interest expenses				— —	40,171,365 (6,707,619)
Interest income				— —	83,195,355 (45,032,768)
Net prior period income/ (expenses)	— (—)	— (—)	— (—)	— (—)	— (—)
Income taxes (Including deferred tax and fringe benefits tax)					77,260,875 (98,126,069)
Net profit after taxation					153,996,055 (184,853,140)
Other Information					
Segment assets	954,141,816 (615,831,134)	6,039,184,201 (3,445,337,671)	— (733,270)	3,665,065,907 (2,238,302,346)	10,658,391,924 (6,300,204,421)
Segment liabilities	497,409,603 (282,123,770)	2,285,188,318 (726,147,347)	— (—)	2,907,409,043 (390,957,899)	5,690,006,964 (139,922,901)
Capital expenditure	1,758,654 (5,219,096)	2,592,846,530 (1,506,715,910)	— —	131,949,450 (—)	2,726,554,634 (1,511,935,006)
Depreciation	4,120,027 (3,880,109)	12,006,722 (—)	— —	13,864,456 (—)	29,991,205 (3,880,109)
Non-cash expenses other than depreciation	24,904,825 (10,443,185)	(276,466) (—)	— —	(1,097,017) (—)	23,531,342 (10,443,185)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Secondary segment information:

(Amount in ₹)

Particulars	India	Outside India	Total
Revenue	2,378,978,022 (2,246,997,774)	357,100,483 (317,776,289)	2,736,078,505 (2,564,774,063)
Carrying amount of assets	10,356,350,574 (6,029,699,677)	302,041,350 (270,504,744)	10,658,391,924 (6,300,204,421)
Capital expenditure	2,726,554,634 (1,511,935,006)	— (—)	2,726,554,634 (1,511,935,006)

Notes:

(i) Geographical segment and its composition are as follows:

Geographical segments	Composition
India	All over India
Outside India	Primarily in USA, Singapore, Malaysia, Hongkong and Germany

(ii) The Company has identified India and Rest of the World as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognised.

(iii) Capital expenditure also includes expenditure incurred on capital work in progress.

12. Capital Projects:

(i) Capital work-in-progress includes capital advances of ₹ 999,427,581/- (₹ 718,203,937/-) and Preoperative Expenses ₹ 645,036,509/- (₹ 144,021,145/-).

(ii) The details of pre-operative expenses are as under:

Nature of expenses	As at March 31, 2009	Incurred during the year	As at March 31, 2010
Personnel Cost	39,513,946	125,908,791	165,422,737
Electricity charges	305,638	1,189,332	1,494,970
Rent	11,122,808	42,426,535	53,549,343
Rates and taxes	6,019,458	6,542,626	12,562,084
Recruitment expenses	507,268	2,166,618	2,673,886
Travelling and conveyance	3,464,584	10,501,599	13,966,183
Depreciation/Amortization	—	12,006,722	12,006,722
Vehicle expenses	1,436,299	1,260,494	2,696,793
Legal and professional charges	11,807,081	93,445,129	105,252,210
Miscellaneous expenses	1,159,685	24,933,808	26,093,493
Security Expenses	—	7,060,726	7,060,726
Bank and other financial charges	65,828,649	13,830,404	79,659,053
Interest on Fixed loans	4,196,173	164,929,028	169,125,201
Less: Interest earned on capital advances	(1,340,444)	—	(1,340,444)
Less: Interest on Fixed Deposits	—	(5,186,449)	(5,186,449)
Total	144,021,145	501,015,364	645,036,509

13. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at the year end. These amounts shall be credited and paid to the fund as and when due.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

14. Related party disclosures, as required by Accounting Standard 18 "Related Party Disclosures" as given below:

Name of the Company	Country of Incorporation	Proportion of interest (including beneficial interest)/voting power (either directly/indirectly or through subsidiaries)
Arshiya Hong Kong Limited	Hong Kong	100% (100%)
Cyberlog Technologies International Pte Limited	Singapore	100% (100%)
Arshiya Supply Chain Management Private Limited (Formerly Known as Genco (India) Private Limited)\$	India	100% (51%)
Arshiya Rail Infrastructure Limited	India	100% (100%)
Arshiya Domestic Distripark Limited (formerly known as Arshiya Distripark Limited)	India	100% (100%)
Arshiya Logistics Infrastructure Limited	India	100% (100%)
Arshiya International Singapore Pte Limited	Singapore	100% (100%)
Arshiya Logistics LLC, Dubai* (Formerly known as BDP Dubai LLC)	United Arab Emirates	100% (100%)
Arshiya Logistics WLL, Qatar* (Formerly known as BDP Qatar WLL)	Qatar	60% (60%)
Arshiya Logistics LLC Oman*	Oman	51% (51%)
Cyberlog Technologies Inc. #	United States of America	100% (100%)
Cyberlog Technologies (UAE) FZE #	United Arab Emirates	100% (100%)
Cyberlog Technologies Hong Kong Limited #	Hong Kong	100% (100%)
Cyberlog Technologies (India) Private Limited #	India	90% (90%)
Arshiya Northern Distripark Limited ##	India	100% (100%)
Arshiya Southern Distripark Limited ##	India	100% (100%)
Arshiya Eastern Distripark Limited ##	India	100% (100%)
Arshiya Western Distripark Limited ##	India	100% (100%)
Arshiya Central Distripark Limited ##	India	100% (100%)
Arshiya Northern Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Eastern Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Western Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Southern Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Central Logistics Infrastructure Limited @	India	100% (100%)

\$ Wholly owned subsidiary w.e.f. November 11, 2009.

* Subsidiary Companies of Arshiya Hong Kong Limited

Subsidiary Companies of Cyberlog Technologies International Pte Limited

Subsidiary Companies of Arshiya Distripark Limited

@ Subsidiary Companies of Arshiya Logistics Infrastructure Limited

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

a. Key management personnel

Mr. Ajay S. Mittal – Chairman and Managing Director

Mrs. Archana Mittal – Whole Time Director

Mr. V. Shivkumar – Executive Director

Mr. Sandesh Chonkar – Executive Director

b. Enterprise owned or significantly influenced by key management personnel or their relatives

Bhushan Steels Limited

Note:

The related party relationships have been determined by the management on the basis of the requirements of the AS-18 and the same have been relied upon by the auditors.

The nature and volume of transactions during the year with the above related parties were as follows:

(Amount in ₹)

Particulars	Related Parties			
	Subsidiary companies	Key management personnel	Enterprise owned or significantly influenced by key management personnel or their relatives	Total
Income from operations	6,852,418 (11,300,527)	– (–)	371,105,257 (538,957,249)	377,957,675 (550,257,776)
Purchases and operating expenses – Cost of logistic operations	2,157,565 (6,658,764)	– (–)	– (–)	2,157,565 (6,658,764)
Interest received	77,912,531 (5,791,523)	– (–)	– (–)	77,912,531 (5,791,523)
Royalty paid	– (1,732,411)	– (–)	– (–)	– (1,732,411)
Remuneration paid	– (–)	25,087,528 (9,408,000)	– (–)	25,087,528 (9,408,000)
Loans and advances given	1,469,041,403 (970,229,172)	– (–)	– (–)	1,469,041,403 (970,229,172)
Loans and advances recovered	1,509,458,538 (1,219,281,065)	– (–)	– (–)	1,509,458,538 (1,219,281,065)
Fixed assets transferred	30,274,630 (622,377,932)	– (–)	– (–)	30,274,630 (622,377,932)
Issue of equity shares	– (–)	– (75,000,000)	– (–)	– (75,000,000)
Investments made	7,840,000 (1,003,849,000)	– (–)	– (–)	7,840,000 (1,003,849,000)
Investments sold	– (981,000)	– (–)	– (–)	– (981,000)
Corporate guarantees given	3,750,000,000 (608,800,000)	– (–)	– (–)	3,750,000,000 (608,800,000)
Outstanding balances				
Receivables	1,700,280,936 (714,241,655)	– (–)	38,695,208 (13,909,836)	1,738,976,144 (728,151,491)
Payables	955,653,215 (251,112,429)	– (–)	– (–)	955,653,215 (251,112,429)
Corporate guarantees	4,358,800,000 (608,800,000)	– (–)	– (–)	4,358,800,000 (608,800,000)
Investments	1,134,581,000 (1,126,741,000)	– (–)	– (–)	1,134,581,000 (1,126,741,000)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Note:

The following transactions constitute more than 10% of the total related party transactions of the same type:

(Amount in ₹)

Type of the transaction	Name of the Party	Year ended March 31, 2010	Year ended March 31, 2009
Income from operations	Bhushan Steels Limited	371,105,257	538,298,905
Purchases and operating expenses			
– Cost of logistic operations	Arshiya Logistics LLC, Dubai	475,593	6,651,131
	Cyberlog Technologies International Pte Limited, Singapore	769,034	–
	Arshiya Logistics LLC, Oman	277,280	–
	Arshiya Logistics WLL, Qatar	635,658	–
Interest received	Arshiya Rail Infrastructure Limited	69,093,291	2,974,356
	Arshiya Supply Chain Management Pvt. Ltd.	–	1,742,037
	Cyberlog Technologies India Pvt. Ltd.	–	622,639
Royalty paid	Cyberlog Technologies International Pte Limited, Singapore	–	1,732,411
Remuneration paid	Mr. Ajay S. Mittal	8,915,026	4,704,000
	Mrs. Archana Mittal	7,403,026	4,704,000
	Mr. Sandesh R. Chonkar	4,382,211	–
	Mr. V. Shivkumar	4,387,265	–
Loans and advances given	Arshiya Rail Infrastructure Limited	234,892,596	753,994,234
	Cyberlog Technologies International Pte Limited, Singapore	–	9,006,747
	Arshiya Supply Chain Management Pvt. Ltd.	–	14,252,734
	Arshiya Logistic Infrastructure Ltd.	861,616,521	102,485,810
	Arshiya Central Logistic Infrastructure Ltd.	201,100,000	–
Loans and advances recovered	Cyberlog Technologies International Pte Limited, Singapore	–	61,000,000
	Arshiya Rail Infrastructure Limited	–	1,152,553,769
	Arshiya Central Logistic Infrastructure Ltd.	507,500,000	–
	Arshiya Northern Logistic Infrastructure Ltd.	750,000,000	–
Fixed assets transferred	Arshiya Rail Infrastructure Ltd.	–	621,913,412
	Arshiya Northern Logistic Infrastructure Ltd.	30,274,630	–
Issue of equity shares	Mrs. Archana Mittal	–	75,000,000
Investments made	Arshiya Rail Infrastructure Ltd.	–	1,000,400,000
	Arshiya Logistic Infrastructure Ltd.	–	6,000
	Arshiya Domestic Distripark Limited	–	6,000
	Arshiya Supply Chain Management Pvt. Ltd.	7,840,000	–
Investments sold	Arshiya Western Logistic Infrastructure Limited	–	494,000

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

15. Loans and Advances in the nature of Loans to subsidiaries (pursuant to Clause 32 of the Listing Agreement with Stock Exchange).

(a) Loans and Advances to Subsidiary companies:

Name of the Subsidiary company (including subsidiary of subsidiary)	Amount outstanding as on March 31, 2010	Maximum amount outstanding during the year
Arshiya Supply Chain Management Pvt. Ltd. (Formerly known as Genco India Private Limited)	27,472,212 (22,512,082)	35,887,627 (22,512,082)
Arshiya Rail Infrastructure Limited	652,954,198 (476,457,433)	771,827,308 (476,457,433)
Arshiya Domestic Distripark Limited *	122,739,711 (2,674,878)	122,739,711 (2,674,878)
Arshiya Logistics Infrastructure Limited **	868,344,862 (102,677,028)	868,344,862 (102,677,028)
Cyberlog Technologies International Pte Limited ***	323,550 (11,909,894)	11,979,104 (63,903,148)
Arshiya Central Distripark Limited	— (206,772)	231,772 (206,772)
Arshiya Central Logistics Infrastructure Limited	— (1,436,767)	100,000,000 (1,436,767)
Arshiya Eastern Distripark Limited	— (206,752)	231,772 (206,752)
Arshiya Eastern Logistics Infrastructure Limited	— (206,787)	231,787 (206,787)
Arshiya Northern Distripark Limited	— (212,962)	237,962 (212,962)
Arshiya Northern Logistics Infrastructure Limited	104,745,290 (60,005,180)	104,745,290 (60,005,180)
Arshiya Southern Distripark Limited	— (206,752)	231,752 (206,752)
Arshiya Western Logistics Infrastructure Limited	8,143,543 (7,393,543)	8,143,543 (7,393,543)
Arshiya Southern Logistics Infrastructure Limited	1,477,252 (1,427,252)	1,477,252 (1,427,252)
Arshiya Logistics LLC, Dubai	974,281 (4,791,680)	974,281 (4,791,680)
Cyberlog Technologies India Private Limited	— (9,949,125)	13,179,953 (9,949,125)
Arshiya Logistics LLC, Oman	174,717 (266,170)	293,922 (266,170)
Arshiya Logistics WLL, Qatar	931,822 (1,287,686)	1,362,368 (1,287,686)

- (b) Though there is no stipulated repayment schedule for the above loans given to the subsidiary companies, all the loans are repayable on demand.
- (c) All loans and advances in the nature of loans are given in terms within the limits specified under Section 372A of the Companies Act, 1956.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

* Arshiya Domestic Distripark Limited has made the following investments in its subsidiaries:

Sr. No.	Name of the Company	No. of Shares As at 31 March, 2010	No. of Shares As at 31 March, 2009
(i)	Arshiya Central Distripark Limited	50,000	50,000
(ii)	Arshiya Western Distripark Limited	50,000	50,000
(iii)	Arshiya Eastern Distripark Limited	50,000	50,000
(iv)	Arshiya Northern Distripark Limited	50,000	50,000
(v)	Arshiya Southern Distripark Limited	50,000	50,000

** Arshiya Logistics Infrastructure Limited has made the following investments in its subsidiaries:

Sr. No.	Name of the Company	No. of Shares As at 31 March, 2010	No. of Shares As at 31 March, 2009
(i)	Arshiya Central Logistics Infrastructure Limited	11,050,000	50,000
(ii)	Arshiya Western Logistics Infrastructure Limited	50,000	50,000
(iii)	Arshiya Eastern Logistics Infrastructure Limited	50,000	50,000
(iv)	Arshiya Northern Logistics Infrastructure Limited	1,925,000	50,000
(v)	Arshiya Southern Logistics Infrastructure Limited	50,000	50,000

*** Cyberlog Technologies International Pte Limited, Singapore has made the following investments in its subsidiaries:

Name of the Company	No. of Shares As at 31 March, 2010	No. of Shares As at 31 March, 2009
Cyberlog Technologies India Private Limited	91,158	91,158

16. Disclosure pursuant to Accounting Standard 19 – Leases

Finance Lease

The Company has acquired vehicles under finance leases and the details of lease rentals payable in future are as follows:

(Amount in ₹)

Particulars	Not later than one year	Later than one year but not later than five year	Later than five year
Minimum lease payment	1,097,520 (1,784,801)	2,155,170 (438,568)	– (–)
Less: Finance charges payable in future	229,435 (127,884)	232,940 (55,614)	– (–)
Present value of the lease rentals	868,085 (1,656,917)	1,922,230 (382,954)	– (–)

Notes:

The following is the general description of significant clauses of above finance leasing arrangement by the Company.

- Rights, ownership, title or interest in assets would not pass to the lessee and the lessee cannot assign, sublet, hypothecate or otherwise encumber the assets.
- The lessor has a right to delegate to any person any of its rights under the agreements. Whereas, the lessee cannot assign its rights or obligations to any other person without the prior written consent of the lessor.
- The lessee has no entitlement to terminate the lease during the lease period. Premature termination of lease can be done by the lessee only with the consent of the lessor and after making payment of discounted value of future lease rentals.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**Operating Lease**

The Company has entered into operating lease arrangements for 2 to 5 years renewable at the option of the lessor and lessee. The lease arrangement provides escalations clause for increase in rent during the tenure of the lease. Under certain arrangements, refundable interest free deposits have been given.

In respect of assets taken on non cancelable operating lease:

(Amount in ₹)

Particulars	As at 31 March, 2010	As at 31 March, 2009
Lease obligations		
Future minimum lease rental payments		
– not later than one year	55,865,573	30,059,910
– later than one year but not later than five years	166,564,879	103,813,140
– later than five years	–	4,284,912
Total	222,430,452	138,157,962

Lease rental payments in respect of operating leases for the year are ₹ 16,329,585/- (₹ 32,240,673/-) and during the year ₹ 55,755,942/- (₹ 11,122,807/-) capitalized.

17. Earnings per share has been computed as under:

(Amount in ₹)

Particulars	Year ended 31 March, 2010	Year ended 31 March, 2009
Profit after tax for the year (₹)	153,996,055	184,853,140
Weighted average number of shares for basic	58,752,822	58,072,584
Weighted average number of shares for diluted	58,752,822	58,072,584
Nominal value per share (₹)	2	2
Earnings per share – Basic (₹)	2.62	3.18
– Diluted (₹)	2.62	3.18

Employee Stock Options outstanding as on March 31, 2010 are considered anti-dilutive as fair value of equity shares is less than the grant price.

18. Following are the major components of deferred tax (asset)/liability:

(Amount in ₹)

Particulars	As at 31 March, 2010	As at 31 March, 2009
Deferred tax liabilities		
Related to Fixed Assets	(336,892)	2,093,888
Total deferred tax liabilities (A)	(336,892)	2,093,888
Deferred tax assets		
Disallowances under the Income-tax Act, 1961	(5,818)	3,315,364
Others	241,021	493,252
Total deferred tax assets (B)	235,203	3,808,616
Net deferred tax liability/(assets) (A)-(B)	(572,095)	(1,714,728)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

19. a. Remuneration paid or provided in accordance with Section 198 of the Companies Act, 1956 to the directors is as under:

(Amount in ₹)

Particulars	Managing Director		Whole Time Director		Executive Directors	
	31 March, 2010	31 March, 2009	31 March, 2010	31 March, 2009	31 March, 2010	31 March, 2009
Salaries and Allowance	7,800,000	4,200,000	6,450,000	4,200,000	8,118,204	—
Commission	164,187	—	164,187	—	—	—
Perquisites/Contribution to Provident Fund	950,839	504,000	788,839	504,000	651,272	—
Total	8,915,026	4,704,000	7,403,026	4,704,000	8,769,476	—

Notes:

- (i) Salaries and allowances include basic salary, house rent allowance and leave travel allowance.
- (ii) Provision for post retirement benefits which is based on actuarial valuation done on an overall company basis is excluded from the above calculation.

b. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and commission payable to the Managing Director is as under:

(Amount in ₹)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Profit before Tax as per Profit and Loss Account	231,256,931	282,979,209
Add:		
Directors' remuneration (Excluding amount capitalized ₹ 7,403,026/-)	17,684,503	9,408,000
Directors' sitting fees	215,000	82,500
Provision for doubtful debts	506,876	4,758,234
Loss on sale of assets	1,150,439	261,117
Wealth Tax	61,532	—
Depreciation and amortization	17,984,483	15,639,434
	268,859,764	313,128,494
Less:		
Depreciation as envisaged under Section 350 of the Companies Act	17,984,483	15,639,434
Net profit as per Section 309 of the Companies Act, 1956	250,875,281	297,489,060
Commission @ 0.50% (Pro rata for the period)	941,398	—
Remuneration payable as per service agreement	25,700,553	9,408,000
Managerial Remuneration as per Section 198 of the Companies Act, 1956 @ 10% of the profits computed above	25,087,528	29,748,906
Remuneration to Directors restricted to	25,087,528	9,408,000

During the year, Whole Time Director of the Company was fully involved in the new projects of the Company and the Company has capitalised the managerial remuneration paid during the year amounting to ₹ 7,403,026/- (₹ 4,704,000/-).

20. Current Liabilities include advances received from subsidiaries for transfer of land, details of which are as follows:

(Amount in ₹)

Name of Company	As at 31 March, 2010	As at 31 March, 2009
Arshiya Rail Infrastructure Ltd.	109,152,666	250,000,000
Arshiya Central Logistics Infrastructure Ltd.	294,963,233	—
Arshiya Northern Logistics Infrastructure Ltd.	750,000,000	—
Total	1,154,115,899	250,000,000

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

21. Foreign currency transactions/balances of the Company are not hedged by derivative instruments or otherwise. The details of foreign currency transactions/balances of the Company are:

Particulars	Foreign currency amount			Equivalent amount (in ₹)	
	Currency	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Balances					
Bank balances	USD	57,831	31,072	2,541,664	1,552,020
Accounts receivable	USD	4,707,483	3,289,325	210,212,656	166,949,709
	EUR	2,734,015	2,732,672	167,202,641	171,299,454
Accounts payable	USD	157,211	259,462	7,083,517	13,281,839
	AED	—	6,346	—	89,981
	AUD	1,999	1,488	83,216	52,894
	DKK	6,563	—	53,783	—
	SGD	—	9,667	—	327,658
	GBP	404	3,007	27,757	221,991
	EUR	75,916	61,511	4,633,717	4,202,293
	JPY	6,204,610	317,158	3,010,942	166,064
	NOK	40,624	30,560	307,057	237,201
	NZD	1,452	—	46,694	—

22. Information pursuant to Part II of Schedule VI of the Companies Act 1956.

a. Earnings in foreign currency:

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Income from logistics operations and related services	357,100,483	317,776,289
Dividend	1,301,725	—
Total	358,402,208	317,776,289

b. Expenditure in foreign currency:

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Cost of logistics operations	72,526,292	122,024,255
Purchase of software and related services	1,519,271	129,000
Advertisement and Business promotion	2,403,180	—
Foreign travel expenses	4,404,103	9,018,109
Royalty paid	—	1,732,411
Legal and Professional Fees	4,467,192	—
Miscellaneous expenses	1,125,893	261,996
Total	86,445,931	133,165,771

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Remittances in Foreign Currency:

Dividend remitted in Foreign Currency to 21 (Previous year 16) non-resident shareholders:

(Amount in ₹)

For the year	Nature of Dividend	No. of Equity Shares	Year ended 31 March, 2010	Year ended 31 March, 2009
2007 – 2008	Final Dividend	8,424,990	–	6,739,992
2008 – 2009	Final Dividend	6,436,420	5,149,136	–

c. Value of Imports on CIF basis:

(Amount in ₹)

Particulars	Year ended 31 March, 2010	Year ended 31 March, 2009
Capital goods	33,769,354	1,555,650
Total	33,769,354	1,555,650

23. The Company has long term investment of ₹ 16,000,000/- (₹ 8,160,000/-) in Arshiya Supply Chain Management Private Limited (ASCMPPT) [Formerly known as Genco (India) Private Limited], a subsidiary of the company. The company has also given loans and advances of ₹ 27,472,212/- (₹ 22,512,082/-) to the said subsidiary. As at balance sheet date, Net Worth of ASCMPPT is eroded. The investments are strategic in nature and having regard to the future business plan and projected profitability, management perceives the erosion in the value of investment in ASCMPPT as only a temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of the company's investment or of the loans and advance given ASCMPPT.
24. The figures for the previous year have been regrouped where necessary to conform to current year classification. Previous year figures are given in bracket.

Signature to Schedule "1" to "18"

As per our report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215
Mumbai: August 11, 2010

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Nitin Kolhatkar
Chief Financial Officer

Mumbai: August 11, 2010

Archana A Mittal
Joint Managing Director

Rahul Neogi
Company Secretary

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE :

I. Registration details :

Registration number

2 4 7 4 7

State Code

1 1

Balance Sheet date

3 1 0 3 1 0

Date

Month

Year

II. Capital raised during the year : (Amount in Thousands)

Public Issue

N I L

Right Issue

N I L

Preferential Issue of Share Warrants

N I L

Bonus Issue

N I L

Preferential Issue of Share

N I L

Issue of Shares pursuant to
Scheme of Amalgamation

N I L

Private placement

N I L

Qualified Institutional Buyers

N I L

III. Position of mobilisation and deployment of funds : (Amount in Thousands)

Total Liabilities

8 5 6 2 4 9 4

Total Assets

8 5 6 2 4 9 4

Sources of funds

Paid-up Capital

1 1 7 5 0 6

Reserves and Surplus

4 8 3 9 0 5 0

Secured loans

3 0 6 4 1 1 4

Unsecured loans

5 2 9 9 9 4

Deferred tax liability (Net)

N I L

Applications of funds

Net Fixed assets

6 2 3 4 0 2 5

Deferred Tax Asset

5 7 2

Investment

1 1 3 8 3 0 4

Net current assets

1 1 8 9 5 9 1

Misc. expenditure

N I L

Accumulated losses

N I L

IV. Performance of Company : (Amount in Thousands)

Total income

2 8 2 9 3 7 6

Total expenditure

2 5 9 8 1 1 9

Profit before tax

2 3 1 2 5 6

Profit after tax

1 5 3 9 9 6

Earnings per share in ₹

2 . 6 2

Earnings per share in ₹

2 . 6 2

Basic

Diluted

Dividend rate %

5 0

V. Generic name of three principle products/services of the company :

Item code no. (ITC Code):

9 8 5 2 9 9

Product description:

L O G I S T I C S S E R V I C E S

INFORMATION REGARDING SUBSIDIARY COMPANIES AS ON 31-03-2010

Subsidiary Companies	Arshiya Hongkong Ltd.	Arshiya International Singapore Pte Ltd	Cyberlog Technologies International Pte Ltd	Genco (India) Pvt Ltd	Arshiya Rail Infrastructure Ltd	Arshiya Logistics LLC, Dubai	Arshiya Logistics WLL, Qatar	Arshiya Logistics LLC, Oman
Reporting Currency	HKD	SGD	USD	INR	INR	AED	QAR	OMR
Country	Hongkong	Singapore	Singapore	India	India	UAE	Qatar	Oman
Exchange Rate	5.80	32.20	45.03	₹	₹	12.26	12.38	117.41
1. Capital	13,481,693	3,219,790	18,045,487	16,000,000	303,500,000	3,678,990	2,475,500	17,611,950
2. Reserves	445,814,627	(2,994,920)	213,648,521	(15,266,533)	699,542,765	539,140,461	55,765,866	(8,563,838)
3. Total Assets	586,616,145	313,414	263,764,216	34,045,992	3,625,586,533	1,127,358,694	103,096,542	27,012,857
4. Total Liabilities	127,319,825	88,544	32,070,212	33,312,525	2,622,543,768	584,539,245	44,855,181	17,964,776
5. Investments other than Investments in Subsidiaries	—	—	—	—	219,839	—	—	—
6. Turnover	237,892,812	161	77,719,388	43,168,000	483,336,675	1,224,510,775	411,292,722	75,073,637
7. Profit Before Taxation	230,316,122	(2,821,695)	20,081,160	1,022,863	4,122,873	390,667,928	13,769,187	(5,164,379)
8. Provision for Taxation	—	—	(6,982,637)	556,422	501,878	—	794,611	—
9. Profit After Taxation	230,316,122	(2,821,695)	27,063,797	466,441	3,620,995	390,667,928	12,974,576	(5,164,379)
10. Proposed Dividend	1,444,047	—	—	—	—	239,134,350	—	—

Subsidiary Companies	Cyberlog Technologies UAE(FZE)	Cyberlog Technologies Hongkong Ltd	Cyberlog Technologies India	Cyberlog Technologies Inc	Arshiya Distripark Ltd.	Arshiya Central Distripark Ltd.	Arshiya Eastern Distripark Ltd.	Arshiya Northern Distripark Ltd.
Reporting Currency	AED	HKD	₹	USD	INR	INR	INR	INR
Country	UAE	Hongkong	India	USA	India	India	India	India
Exchange Rate	12.26	5.80	₹	45.03	₹	₹	₹	₹
1. Capital	1,839,495	57,998	1,011,580	45,030	500,000	500,000	500,000	500,000
2. Reserves	586,193,050	19,048,468	593,944	(765,737)	(965,236)	(224,045)	(221,691)	(289,982)
3. Total Assets	664,568,658	33,853,244	2,677,474	928,926	130,391,306	284,228	286,582	418,291
4. Total Liabilities	76,536,109	14,746,779	1,071,950	1,649,633	130,856,542	8,273	8,273	208,273
5. Investments other than Investments in Subsidiaries	—	—	—	—	—	—	—	—
6. Turnover	474,697,688	65,676	8,375,928	(395,094)	6,516	9,754	9,754	9,754
7. Profit Before Taxation	432,243,490	(2,052,987)	707,514	372,669	(965,236)	(224,045)	(221,691)	(289,282)
8. Provision for Taxation	—	—	1,164,145	372,669	(965,236)	—	—	—
9. Profit After Taxation	432,243,490	(2,052,987)	(456,631)	(767,763)	(965,236)	(224,045)	(221,691)	(289,282)
10. Proposed Dividend	—	—	—	—	—	—	—	—

Subsidiary Companies	Arshiya Southern Distripark Ltd.	Arshiya Western Distripark Ltd.	Arshiya Logistic Infra-structure Ltd.	Arshiya Central Logistics Infra-structure Ltd.	Arshiya Eastern Logistics Infra-structure Ltd.	Arshiya Northern Logistics Infra-structure Ltd.	Arshiya Southern Logistics Infra-structure Ltd.	Arshiya Western Logistics Infra-structure Ltd.
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR
Country	India	India	India	India	India	India	India	India
Exchange Rate	₹	₹	₹	₹	₹	₹	₹	₹
1. Capital	500,000	500,000	500,000	131,250,000	500,000	19,250,000	500,000	500,000
2. Reserves	(221,525)	(236,411)	(5,715,570)	122,365,520	(220,154)	730,825,206	(1,888,548)	(227,066)
3. Total Assets	286,748	271,862	863,293,639	296,148,236	288,119	1,108,964,795	96,977	8,429,713
4. Total Liabilities	8,273	8,273	868,509,209	42,532,716	8,273	358,889,589	1,485,525	8,156,779
5. Investments other than Investments in Subsidiaries	—	—	—	—	—	—	—	1,500,000
6. Turnover	9,754	9,754	5,413	(99,615)	9,754	(140,204)	—	(227,066)
7. Profit Before Taxation	(221,525)	(236,411)	(5,715,570)	(99,615)	(220,154)	(140,204)	(1,888,548)	(227,066)
8. Provision for Taxation	—	—	—	(99,615)	—	(140,204)	—	(227,066)
9. Profit After Taxation	(221,525)	(236,411)	(5,715,570)	(99,615)	(220,154)	(140,204)	(1,888,548)	(227,066)
10. Proposed Dividend	—	—	—	—	—	—	—	—

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**To****The Board of Directors of
Arshiya International Limited**

1. We have audited the attached Consolidated Balance Sheet of **Arshiya International Limited** ('the Company') and its subsidiaries (collectively referred to as 'the Group') as at March 31, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of subsidiaries, with total assets of ₹ 7,181,542,817 as at 31 March 2010 and total revenues of ₹ 2,529,713,513 for the year ended on that date, have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, are based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (AS 21), Consolidated Financial Statements as notified in the Companies (Accounting Standards) Rules 2006 and on the basis of separate financial statements of the company and its subsidiaries.
5. Based on our audit as aforesaid and on the consideration of the reports of other auditors on separate audited financial statements of the subsidiaries and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - b. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For MGB & Co
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No 48215
Mumbai, 11 August 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

(Amount in ₹)

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	117,505,644	117,505,644
Employee stock options outstanding		11,828,978	29,904,549
Reserves and surplus	2	6,569,906,515	5,829,106,567
		6,699,241,137	5,976,516,760
Minority interest		28,279,936	25,609,914
Loan funds			
Secured loans	3	5,185,125,963	1,295,738,946
Unsecured loans	4	529,994,803	—
Total		12,442,641,839	7,297,865,620
APPLICATION OF FUNDS			
Goodwill on consolidation		59,898,246	53,497,332
Fixed Assets	5		
Gross block		2,597,095,588	1,312,581,522
Less: Depreciation/Amortisation		125,120,073	214,395,774
Net block		2,471,975,515	1,098,185,748
Capital work in progress		7,291,960,215	4,377,850,229
		9,763,935,730	5,476,035,977
Investments	6	5,443,161	9,600
Deferred Tax Assets (Net)		11,825,245	7,332,780
Current Assets, Loans and Advances			
Sundry debtors	7	2,714,000,878	1,407,285,242
Cash and bank balances	8	717,987,792	657,274,655
Loans and advances	9	547,031,780	273,151,499
		3,979,020,450	2,337,711,396
Less: Current liabilities and provisions			
Current liabilities	10	1,285,746,129	481,947,710
Provisions	11	91,734,863	96,962,121
		1,377,480,992	578,909,831
Net Current Assets		2,601,539,457	1,758,801,565
Miscellaneous expenditure (to the extent not written off or adjusted)	12	—	2,188,366
Total		12,442,641,839	7,297,865,620
Significant Accounting Policies and Notes on Accounts	19		

As per our report of even date

For **MGB & Co.**

Chartered Accountants

Firm Registration No. 101169W

Sanjay Kothari

Partner

Membership No. 48215

Mumbai: August 11, 2010

For and on behalf of the Board of Directors

Ajay S Mittal

Chairman & Managing Director

Nitin Kolhatkar

Chief Financial Officer

Mumbai: August 11, 2010

Archana A Mittal

Joint Managing Director

Rahul Neogi

Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Income from operations	13	5,258,939,600	5,033,828,792
Other income	14	419,252,985	115,567,440
Total		5,678,192,585	5,149,396,232
EXPENDITURE			
Operating expenses	15	3,829,067,041	3,762,397,282
Personnel Cost	16	298,616,745	303,043,725
Administrative and other expenses	17	270,310,325	228,557,603
Finance expenses	18	130,766,616	11,652,372
Depreciation/amortisation	5	96,309,615	70,121,287
Total		4,625,070,342	4,375,772,269
Profit Before Tax		1,053,122,243	773,623,963
Less: Provision for taxation			
– Current tax – Current Year		78,062,750	114,756,576
– Earlier Years		7,849	226,288
– Deferred tax charge/(credit)		(4,492,465)	(4,094,609)
– Fringe benefits tax		–	2,782,573
		73,578,134	113,670,828
Net profit for the year before minority interest		979,544,109	659,953,135
Less: Share of Profit transferred to minority interest		(3,589,627)	3,724,064
Net profit for the year after minority interest		983,133,737	656,229,071
Balance brought forward		1,156,822,942	574,135,184
Amount available for appropriation		2,139,956,679	1,230,364,255
Appropriations			
Proposed dividend		58,752,822	47,002,258
Dividend tax		9,758,109	7,988,034
Transfer to Statutory reserve		–	65,707
Transfer to General reserve		15,400,000	18,485,314
Balance carried to balance sheet		2,056,045,748	1,156,822,942
		2,139,956,679	1,230,364,255
Significant Accounting Policies and Notes on Accounts	19		
Earnings per share – Basic		16.73	11.30
– Diluted		16.73	11.30
(Refer Note 16 of Schedule 19)			

As per our report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215

Mumbai: August 11, 2010

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Nitin Kolhatkar
Chief Financial Officer

Mumbai: August 11, 2010

Archana A Mittal
Joint Managing Director

Rahul Neogi
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		(Amount in ₹)	
Particulars	Year ended March 31, 2010	Year ended March 31, 2009	
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXATION AND MINORITY INTEREST AS PER PROFIT AND LOSS ACCOUNT	1,053,122,243	773,623,963	
Adjustments for:			
Depreciation/Amortisation	108,316,337	70,121,287	
Interest expenses	130,766,616	11,652,372	
Interest income	(9,523,456)	(40,507,606)	
Loss on sale of fixed assets (net)	2,414,829	108,620	
Dividend income	(443,161)	(30,454,208)	
Miscellaneous expenditure written off during the year	2,188,366	–	
Bad debts	5,321,611	14,318,467	
Provision for doubtful debts	(286,469)	8,698,947	
Employee compensation expenses	(17,308,743)	20,508,904	
Exchange Adjustments	(167,298,017)	161,015,097	
Investments written off	2,600	–	
Provision no longer required written back	(9,728,182)	(6,150,698)	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,097,544,574	982,935,145	
Adjustments for:			
(Increase)/decrease in Trade and other receivables	(1,602,350,280)	(621,811,092)	
Increase/(decrease) in Trade creditors and other payable	828,656,455	62,473,146	
CASH GENERATED FROM/(USED IN) OPERATIONS	323,850,749	423,597,199	
Direct taxes paid (including fringe benefits tax)	(110,558,894)	(97,034,905)	
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)	213,291,855	326,562,294	
CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES			
Purchase of fixed assets/Capital Work in Progress	(4,498,899,775)	(3,427,911,205)	
Proceeds from sale of fixed assets	100,268,751	1,110,088	
Miscellaneous expenditure incurred during the year	–	(2,188,366)	
Acquisition of subsidiaries	–	1,969,000	
Disposal of investments	7,000	–	
Purchase of investments in mutual funds	(245,443,161)	(983,234,951)	
Sale of Investments in mutual funds	240,000,000	2,318,220,472	
Dividend received	443,161	30,454,208	
Interest received	18,660,773	41,039,058	
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B)	(4,384,963,251)	(2,020,541,696)	
CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares and share warrants	–	157,365,000	
Proceeds from Long term borrowings	4,400,105,887	553,970,099	
Proceeds from Short term borrowings	729,994,803	725,000,000	
Repayment of short term borrowings	(725,000,000)	–	
Dividend paid	(55,083,428)	(52,713,388)	
Interest paid	(117,632,833)	(10,505,025)	
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES (C)	4,232,384,428	1,373,116,686	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	60,713,032	(320,862,716)	
OPENING CASH AND CASH EQUIVALENTS	657,274,656	978,137,372	
CLOSING CASH AND CASH EQUIVALENTS (Refer Note 1 to Cash flow Statement)	717,987,792	657,274,656	

Notes to the Cash Flow Statement

1. Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of the following Balance Sheet items.

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
Cash in hand	3,426,905	2,678,587
Cheques in hand	—	30,001
Balance with scheduled banks:		
In current accounts	596,114,898	572,293,984
In fixed and margin deposits (against term loans, cash credit facilities, letter of credit and bank guarantees)	118,445,988	82,272,084
	717,987,792	657,274,656

2. The above Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standard) Rules, 2006.
3. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current years' classification.

As per our report of even date

For **MGB & Co.**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215

Mumbai: August 11, 2010

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Nitin Kolhatkar
Chief Financial Officer

Mumbai: August 11, 2010

Archana A Mittal
Joint Managing Director

Rahul Neogi
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1 : Share Capital		
Authorised		
75,000,000 (Previous year 75,000,000) Equity shares of ₹ 2 each	150,000,000	150,000,000
Issued, subscribed and paid up		
58,752,822 (58,752,822) Equity shares of ₹ 2 each fully paid up	117,505,644	117,505,644
The above includes:		
a) 22,627,500 (22,627,500) equity shares issued as fully paid bonus shares by capitalisation of securities premium account.		
b) 1,560,000 (1,560,000) equity shares allotted to shareholders of BDP (India) Private Limited pursuant to the Scheme of Amalgamation.		
Total	117,505,644	117,505,644
SCHEDULE 2 : Reserves and Surplus		
Securities premium account		
As per last balance sheet	4,480,309,197	4,308,956,197
Add: Received during the year	—	171,353,000
	4,480,309,197	4,480,309,197
Statutory Reserve		
As per last balance sheet	877,648	811,941
Add: Transferred from profit and loss account	—	65,707
	877,648	877,648
Amalgamation Reserve *		
As per last balance sheet	12,480,000	12,480,000
	12,480,000	12,480,000
General Reserve		
As per last balance sheet	39,943,158	21,457,844
Add: Transferred from profit and loss account	15,400,000	18,485,314
	55,343,158	39,943,158
Foreign currency translation Reserve	(35,149,236)	138,673,622
Surplus in profit and loss account	2,056,045,748	1,156,822,942
Total	6,569,906,515	5,829,106,567
* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Honorable High Court of Judicature at Bombay, Amalgamation reserve is free for all purposes.		
SCHEDULE 3 : Secured Loans (Refer Note 2 to Schedule 19)		
From Banks		
Long Term loan from banks	5,069,197,983	494,616,180
Short Term loan from banks	—	475,000,000
Working Capital loan from banks	93,227,672	62,876,569
Interest accrued and due	14,281,130	—
From Finance Company		
Short Term loan	—	250,000,000
Finance lease	8,419,178	13,246,197
Total	5,185,125,963	1,295,738,946
SCHEDULE 4 : Unsecured Loans		
From Banks	299,994,803	—
From Company	230,000,000	—
Total	529,994,803	—

SCHEDULE ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 5 : Consolidated Fixed Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION AMORTISATION				NET BLOCK		(Amount in ₹)
	As at April 1, 2009	Additions	Deletions/ Adjustments	As at March 31, 2010	Up to March 31, 2009	For the year	Deletions/ Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	
Land	178,423,669	405,919,194	–	584,342,863	–	–	–	–	584,342,863	178,423,669	
Building	17,015,200	28,343,381	–	45,358,581	3,661,827	820,824	–	4,482,651	40,875,930	13,353,373	
Leasehold Improvements	58,774,554	87,547,829	3,183,953	143,138,430	9,729,700	17,660,858	78,485	27,312,073	115,826,357	49,044,854	
Rake	130,792,996	795,159,848	–	925,952,844	1,039,177	25,715,353	–	26,754,530	899,198,314	129,753,819	
Containers	42,824,752	227,049,378	–	269,874,130	340,251	6,492,096	–	6,832,347	263,041,783	42,484,501	
Furniture and fixtures	29,725,785	2,167,484	8,387,560	23,505,709	9,349,695	4,114,704	4,346,770	9,117,628	14,388,081	20,376,091	
Computers	21,005,673	16,510,378	2,039,507	35,476,544	10,550,469	7,558,039	1,819,767	16,288,741	19,187,803	10,455,203	
Vehicles	35,658,150	7,583,592	11,086,197	32,155,545	13,108,142	5,796,146	5,034,989	13,869,298	18,286,247	22,550,009	
Office equipments	24,871,789	7,621,913	2,089,460	30,404,241	13,153,715	3,900,605	2,398,402	14,655,917	15,748,324	11,718,074	
Intangible Assets											
Software	273,488,968	6,886,683	273,488,951	6,886,701	153,323,919	32,293,613	183,913,634	1,703,898	5,182,802	120,165,049	
Rail Licence Fees	500,000,000	–	–	500,000,000	138,889	3,964,100	–	4,102,989	495,897,011	499,861,111	
Total	1,312,581,537	1,584,789,679	300,275,628	2,597,095,588	214,395,784	108,316,337	197,592,048	125,120,073	2,471,975,515	1,098,185,753	
Previous Year	301,292,086	971,782,485	(39,506,951)	1,312,581,522	125,680,738	70,121,287	(18,593,749)	214,395,774	1,098,185,748		
Capital work-in-progress (at cost) including advances on capital account and Pre-operative Expenses											
									7,291,960,215	4,377,850,229	
									9,763,935,729	5,476,035,982	

- Note:**
- Gross Block includes cost of vehicles taken on lease of ₹ 23,677,328 (₹ 26,913,030).
 - Depreciation for the year includes ₹ 12,006,722/- transferred to Pre-operative Expenses.
 - Deletions/Adjustments during the year to Gross block and depreciation includes ₹ 36,883,852 (₹ 42,814,594) and ₹ 9,886,602 (₹ 20,682,684) on account of translation reserve.

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 6 : Investments (unquoted, unless otherwise stated)		
I. LONG TERM (at cost)		
Trade (Unquoted)		
Other Investments		
NIL (Previous year – 700) Equity shares of Flat World Processes Limited of ₹ 10 each, fully paid up	–	7,000
NIL (Previous year – 100) Equity shares of The Shamrao Vithal Co-op. Bank Limited of ₹ 25 each, fully paid up	–	2,600
	–	9,600
II. Current Investments (unquoted)		
Liquid mutual fund units		
SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend	2,723,322	–
SBI Debt Fund Series - Growth Fund	1,000,000	–
SBI Magna Insta Cash Fund	219,839	–
SBI Debt Fund Series	1,500,000	–
	5,443,161	–
Total	5,443,161	9,600
Aggregate cost of mutual fund units	5,443,161	–
Market Value (Net Asset Value) of the mutual fund units	5,443,161	–
	No. of units purchased	No. of units sold
SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend	8,520,643	8,358,059
SBI Debt Fund Series - Growth Fund	250,000	–
SBI Magnum Insta Cash Fund	5,970,042	5,970,042
SCHEDULE 7 : Sundry Debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	204,479,775	327,389,096
Considered doubtful	8,890,495	9,826,192
	213,370,269	337,215,288
Other debts - considered good	2,509,521,105	1,079,896,146
	2,722,891,374	1,417,111,434
Less : Provision for doubtful debts	8,890,496	9,826,192
Total	2,714,000,878	1,407,285,242

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 8 : Cash and Bank Balances		
Cash in hand	3,426,905	2,678,587
Cheques in hand	–	30,000
Balances with scheduled banks:		
– in current accounts *	596,114,898	572,293,984
– in fixed deposits	11,855,693	25,822,708
– in margin money deposits	106,590,295	56,449,376
* Includes balance in unclaimed dividend account ₹ 1,181,190 (₹ 1,274,326)		
Total	717,987,792	657,274,655
SCHEDULE 9 : Loans and Advances (Unsecured, considered good)		
Loans and advances to other companies	52,179,642	103,746,960
Advances recoverable in cash or in kind or for value to be received	381,800,723	120,370,453
Tax Advances (Net of provision for tax)	11,191,573	–
Deposits	101,859,841	49,034,086
Total	547,031,780	273,151,499
SCHEDULE 10 : Current Liabilities		
Sundry creditors	1,268,840,477	467,438,295
Advance from customers	4,894,084	5,315,157
Book overdraft	10,830,379	6,772,585
Interest accrued but not due	–	1,147,347
Unclaimed dividend	1,181,190	1,274,326
Total	1,285,746,129	481,947,710
SCHEDULE 11 : Provisions		
Provision for employee benefits	22,953,884	9,213,485
Provision for tax (net of advance tax and tax deducted at source)	–	32,293,638
Provision for fringe benefits tax (net of advance fringe benefits tax)	270,048	464,706
Proposed dividend	58,752,822	47,002,258
Dividend tax	9,758,109	7,988,034
Total	91,734,863	96,962,121
SCHEDULE 12 : Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary expenses		
As per last balance sheet	–	2,188,366
Total	–	2,188,366

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 13 : Income From Operations		
Income from logistics operations and related services	4,590,717,233	4,607,609,979
Sale of software and related services	185,931,681	405,489,377
Rail freight and related services	482,290,686	20,729,436
Total	5,258,939,600	5,033,828,792
SCHEDULE 14 : Other Income		
Interest income	9,523,456	40,507,606
Income from current investments	443,161	30,454,208
Gains on foreign exchange fluctuations (net)	—	37,671,463
Provision no longer required written back	9,728,182	4,359,427
Sale of software Marketing Right (Refer Note 11 of Schedule 19)	399,069,241	—
Miscellaneous income	488,944	2,574,736
Total	419,252,985	115,567,440
SCHEDULE 15 : Operating Expenses		
Cost of logistic operations	3,478,944,505	3,684,535,029
Purchase of software and related services	30,351,062	63,371,478
Rail freight and other operating charges	319,771,474	14,490,775
Total	3,829,067,041	3,762,397,282
SCHEDULE 16 : Personnel Cost		
Salary, bonus and other allowances	283,640,154	265,000,316
Contribution to provident and other funds	14,927,649	12,718,599
Staff welfare	17,357,686	4,815,906
Employee compensation expenses (Refer Note 10 of Schedule 19)	(17,308,743)	20,508,904
Total	298,616,745	303,043,725

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(Amount in ₹)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 17 : Administrative and Other Expenses		
Electricity charges	5,417,996	4,203,559
Repairs and maintenance – Building	1,692,795	6,219,038
– Others	8,895,264	5,621,443
Rent	35,716,426	38,780,357
Rates and taxes	3,448,510	8,056,677
Insurance	6,787,667	3,027,835
Advertisement and business promotion	15,443,964	12,380,743
Communication expenses	22,010,907	22,041,326
Traveling and conveyance	38,680,201	38,670,473
Vehicle expenses	15,308,133	13,544,805
Legal and professional	32,798,517	17,986,362
Printing and stationery	5,343,520	4,578,251
Commission and brokerage	988,777	2,518,925
Auditors remuneration – Statutory audit	6,987,450	7,911,546
– Other matters	1,564,434	632,896
– Out of pocket expenses	989,566	124,575
Loss on sale of assets (net)	2,414,829	108,620
Loss on foreign exchange fluctuations (net)	31,250,236	–
Bad debts	3,491,599	11,989,964
Less : Provision for doubtful debts utilised	–	1,791,271
	3,491,599	10,198,693
Provision for doubtful debts	(286,469)	8,698,947
Royalty	3,472,584	5,321,702
Sundry balances written off	1,830,012	2,328,503
Miscellaneous expenses	26,063,408	15,602,327
Total	270,310,325	228,557,603
SCHEDULE 18 : Finance Expenses		
Interest on		
– Fixed loans	112,222,287	1,302,405
– Others	11,053,654	6,690,248
Bank and other financial charges	7,490,675	3,659,719
Total	130,766,616	11,652,372

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 19: NOTES TO CONSOLIDATED ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Arshiya International Limited (hereinafter referred to as “the Parent Company”, “the Company” or “AIL”) together with its subsidiaries (collectively referred to as “Group”) is flagship company of the Arshiya group and is an India headquartered, integrated supply chain and logistics solution provider. The company has multinational operations in the logistics and supply chain management space.

b. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

c. Basis of Consolidation

The Consolidated Financial Statements relate to the Company and its subsidiaries. The consolidated financial statements have been prepared on the following basis:

- (i) In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per Accounting Standard 21 (AS 21) “Consolidated Financial Statements”. The results of subsidiaries are included from the date of acquisition of a controlling interest.
- (ii) The excess of cost to the Company of its investment in the Subsidiary Company over the Company’s share of equity and reserves of the subsidiary Company is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company’s share of equity and reserves of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve.
- (iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- (iv) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements except that:
 - (a) In case of certain subsidiaries depreciation on all tangible fixed assets is provided on straight line method instead of written down method. The total amount of net block of these items of fixed assets represents 88.96% of the total consolidated tangible fixed assets of the Group as at the year end.
 - (b) In case of Cyberlog Technologies International Pte Limited, Arshiya Logistics WLL, Qatar and Arshiya Logistics LLC, liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis. In case of Arshiya Logistics LLC, Dubai, Arshiya Logistics WLL, Qatar and Arshiya Logistics LLC Oman liability on account of gratuity is provided on arithmetical basis instead of actuarial basis. These liabilities represent 22.07 % of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

d. Subsidiaries considered in Consolidated Financial Statements

Name of the Company	Country of Incorporation	Proportion of interest (including beneficial interest)/voting power (either directly/indirectly or through subsidiaries)
Arshiya Hong Kong Limited	Hong Kong	100% (100%)
Cyberlog Technologies International Pte Limited	Singapore	100% (100%)
Arshiya Supply Chain Management Pvt Limited (Formerly Known as Genco (India) Private Limited)\$	India	100% (51%)
Arshiya Rail Infrastructure Limited	India	100% (100%)

Name of the Company	Country of Incorporation	Proportion of interest (including beneficial interest)/voting power (either directly/indirectly or through subsidiaries)
Arshiya Domestic Distripark Limited (formerly known as Arshiya Distripark Limited)	India	100% (100%)
Arshiya Logistics Infrastructure Limited	India	100% (100%)
Arshiya International Singapore Pte Limited	Singapore	100% (100%)
Arshiya Logistics LLC, Dubai *	United Arab Emirates	100% (100%)
Arshiya Logistics WLL, Qatar *	Qatar	60% (60%)
Arshiya Logistics LLC Oman *	Oman	51% (51%)
Cyberlog Technologies Inc. #	United States of America	100% (100%)
Cyberlog Technologies (UAE) FZE #	United Arab Emirates	100% (100%)
Cyberlog Technologies Hong Kong Limited #	Hong Kong	100% (100%)
Cyberlog Technologies (India) Private Limited #	India	90% (90%)
Arshiya Northern Distripark Limited ##	India	100% (100%)
Arshiya Southern Distripark Limited ##	India	100% (100%)
Arshiya Eastern Distripark Limited ##	India	100% (100%)
Arshiya Western Distripark Limited ##	India	100% (100%)
Arshiya Central Distripark Limited ##	India	100% (100%)
Arshiya Northern Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Southern Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Eastern Logistics Infrastructure Limited @	India	100% (100%)
Arshiya Western Logistics Infrastructure Limited@	India	100% (100%)
Arshiya Central Logistics Infrastructure Limited @	India	100% (100%)

\$ Wholly owned subsidiary w.e.f. November 11, 2009.

* Subsidiary Companies of Arshiya Hong Kong Limited

Subsidiary Companies of Cyberlog Technologies International Pte Limited

Subsidiary Companies of Arshiya Domestic Distripark Limited

@ Subsidiary Companies of Arshiya Logistics Infrastructure Limited

e. Use of estimates

The preparation of CFS in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of financial statement and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

f. Fixed assets

Fixed assets and intangible assets are stated at cost of acquisition, less accumulated depreciation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation and borrowing cost incurred during pre-operative period.

Capital work-in-progress comprises pre-operative expenses pending capitalization/allocation, outstanding advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use as at the year end.

g. Depreciation and amortisation**In case of the Company and Indian subsidiaries:****Logistics operations and related services:**

Depreciation on tangible fixed assets is provided on written down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 or Permissible under local laws.

Rail freight and related services:

Depreciation on the historical cost of following tangible and intangible fixed assets is provided on straight line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956, based on useful life of the assets as estimated by the management

Assets	Estimated useful life
Wagons and Containers	20 years
Rail license fees	20 years *

* Rail License fees paid for transfer of Concession Agreement is amortised, after considering the matching concept of revenue, on a weighted average of agreement period, projected numbers of rakes to be utilised over the said period and annual usage period of the operational rakes since put to use. Rail License agreement period is twenty years from the date of commencement of commercial operations.

Deprecation on other tangible fixed assets is provided on the straight line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

In case of certain overseas subsidiary companies:

Certain overseas subsidiary companies provide depreciation on tangible fixed assets on straight line method based on the estimated useful life of the assets as determined by the management.

Depreciation on intangible fixed assets, namely, software development cost, is provided on straight line basis method based on useful life of four years as estimated by the management

The Group

Leasehold improvements are amortised over the primary period of lease.

h. Investments

Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognise a decline, other than temporary.

Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

i. Revenue recognition

Revenue from logistic operations is accounted on the basis of date of departure of the vessel/aircraft for jobs related to export shipments and date of arrival of the vessel/ aircraft for jobs related to import shipments, considering substantial completion of contracted services.

Revenue from sale of user licences for software application is recognised on transfer of the title of the user licences.

Revenue from rail and ancillary operations are accounted on the basis of delivery of cargo, considering substantial completion of contracted services.

Warehouse management charges towards providing end to end supply chain solutions in retail distribution management is recognised based on the terms of contracts.

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

j. (i) Foreign Currency Transactions:

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss account, except those relating to fixed assets acquired from outside India till March 31, 2007 which were adjusted in the carrying cost of such Fixed Assets.

Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss account.

Non-monetary foreign currency items are carried at cost/fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

(ii) Accounting of Translation:

In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' under Reserves and Surplus.

k. Employee benefits

The Group has various schemes of employee benefits as per applicable Local Laws of the respective countries, namely, provident fund, gratuity and leave encashment. Provident and gratuity funds are administered through trustees/ Regional Provident Fund and Group's contribution thereto is charged to revenue every year. Leave encashment and gratuity are provided for on the basis of actuarial valuation as at the year end by an independent actuary, except that in case of Cyberlog Technologies International Pte Limited, Arshiya Logistic LLC Dubai, Arshiya Logistics WLL, Qatar and Arshiya Logistics LLC Oman, liability on account of gratuity and in case of Arshiya Logistics LLC, Dubai, Arshiya Logistics WLL, Qatar and Arshiya Logistics LLC Oman, liability in respect of leave encashment is provided on arithmetical / estimated basis instead of actuarial basis.

l. Lease**Finance lease**

Assets taken on finance lease are accounted for as fixed assets at the lower of the fair value or the present value of minimum lease payments at the inception of the lease. Lease payments are apportioned between finance charge and reduction of outstanding liability.

Operating lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

m. Accounting for taxes on income

- i. Provision for current tax comprises of taxes on income from operations in India and in foreign jurisdictions. Provision for current tax payable in India made based on the tax payable under the Income-tax Act, 1961.
- ii. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

n. Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

o. Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent Assets are not recognized or disclosed in the financial statements.

p. Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

q. Employee stock options

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognised as deferred stock compensation expense and is amortised over the vesting period.

2. Secured Loans:**In case of Parent company****a. Long Term loans from Banks:**

- i. ₹ 1,923,660,728/- (₹ Nil) Secured by First Charge on all the present & future movable & immovable assets including Plant & machinery, spares etc. except assets for Khurja Project, Cuttack Project and Nagpur Project. Further secured by first mortgage & charge on existing & future receivables arising out of the operations relating to the project at Sai Village near JNPT, Navi Mumbai, to be shared on paripassu basis with short term working capital loan to the extent of ₹ 10 Crore.
- ii. ₹ 40,471,814/- (₹ Nil) Secured by exclusive charges over the assets financed viz interiors, furnitures & fixtures, office equipments at MIDC Office.
- iii. ₹ 499,987,621/- (₹ Nil) Secured by equitable mortgage of land in the name of company at Khurja, near Noida, U.P.
- iv. All the above loans are secured by personal guarantee of the Promoter Director i.e. Mr. Ajay Mittal & Mrs. Archana Mittal.
- v. ₹ 500,000,000/- (₹ Nil) Secured by equitable mortgage of landed property admeasuring 108.87 acres situated at village Buti Bori, District Nagpur. This loan is secured by personal guarantee of the Promoter Director i.e. Mr Ajay Mittal.

In case of Subsidiaries

- vi. ₹ 1,855,089,941/- (₹ 494,616,180/-) is secured by way of first charge and hypothecation of all movable and immovable assets including intangible assets, both present and future, receivables, book debts and further secured by Corporate Guarantee issued by the Holding Company and Personal Guarantees by Promoter Director i.e. Mr. Ajay Mittal and Mrs. Archana Mittal.
- vii. ₹ 249,987,879/- (₹ Nil) is secured by first pari passu charge on all the movable and immovable fixed assets of the Company both present and future and first pari passu hypothecation charge on current assets including receivables of the Company both present and future. Further secured by pledge of 51% of total equity capital of other subsidiary company. Loan is collaterally secured by personal guarantee of Promoter Director i.e. Mr. Ajay S. Mittal & Mrs. Archana A. Mittal and corporate guarantee of Holding company.

b. Short Term loans from Banks:

NIL (₹ 300,000,000/-) by hypothecation of land situated at village Bori near Buti railway station Taluk Nagpur Grameen, Nagpur District and personal guarantee of two directors of the Company.

NIL (₹ 175,000,000/-) by first charge on equitable mortgage of land situated at Khurja district Bulandshar, U.P., term deposit of ₹ 17,500,000/- and personal guarantee of two directors of the Company.

c. Working Capital loan from banks:

₹ 93,227,672/- (₹ 62,876,569/-) Hypothecation of current assets, receivable arising out of the operations of the JNPT Andheri (East), Mumbai, immovable properties pertaining to FTWZ project in JNPT, term deposit of ₹ 5,000,000/- and personal guarantee of two directors of the Company.

d. Loan from Finance Company:

- i. ₹ Nil (₹ 250,000,000/-) Hypothecation of rights under project agreements documents, Rights under Insurance contracts/policies, specific assets including rail rakes. This loan is being utilised by wholly owned subsidiary, namely, Arshiya Rail Infrastructure Limited and these rakes are also in name of the aforesaid subsidiary.
- ii. ₹ 8,419,178/- (₹ 13,246,197/-) Hypothecation of leased vehicles.

3. Unsecured Loans

- i. ₹ 299,994,803/- (₹ Nil) is against the personal guarantee of the Promoter Director i.e. Mr. Ajay Mittal & Mrs. Archana Mittal.
- ii. ₹ 200,000,000/- (₹ Nil) is against the security of shares of quoted company held by a promoter director.

4. Contingent liability not provided for in respect of:

- i. Disputed income tax demands - ₹ 6,609,841/- (₹ 21,967,977/-).
- ii. Claims against the Company not acknowledged as debts ₹ 29,702,022/- (₹ 15,542,002/-).
- iii. Guarantees issued by bank on behalf of the Group ₹ 58,361,895/- (₹ 17,552,945/-).
- iv. Guarantees and counter guarantees given by the Company ₹ 4,358,800,000/- (₹ 608,800,000/-), loans outstanding against these guarantees are ₹ 2,115,382,679/- (₹ 494,616,180/-).
- v. Amount outstanding towards Letters of Credit given to bank ₹ 643,777,023/- (₹ 544,341,168/-)
- vi. Custom duty on pending export obligation against import of capital goods ₹ 138,482,185/- (₹ 59,668,034)

- 5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) ₹ 7,096,479,288/- (₹ 4,892,867,970/-).
- 6. In the opinion of the management, the current assets, loans and advances and current liabilities are approximately of the value stated, if realised/paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
- 7. a) Income from logistics operations and related services mainly comprises of freight and forwarding income, clearing and handling charges and other related income and also includes related commission income of ₹ 285,593,810/- (₹ 159,991,786/-).
- b) Cost of logistics operations and related services mainly comprises of freight and forwarding expenses, clearing and handling charges and other related expenses.

8. Prior period items included in Consolidated Profit and Loss Account:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Income from logistics operations and related services	(1,436,784)	(4,209,226)
Cost of logistic operations	(1,832,536)	3,129,029
Rent	202,500	—
Personnel Cost	110,364	—
Interest received reversed during the period	1,343,865	—
Preliminary and other Expenses (Refer note 9)	4,520,854	34,000
Net prior period expenses/(income)	2,908,263	(1,046,197)

9. Accounting for preliminary expenses

As per recent opinion of Expert Advisory Committee of Institute of Chartered Accountants of India, "Treatment of expenses during pre-operative period", Preliminary and other administrative expenses incurred in the Financial Year 2008-09 which were included in miscellaneous Expenditure and capital work in progress, are written off during the year to the profit & loss account as prior period Adjustment (Refer note no 8).

10. Employee Stock Option Plan (ESOP)

The Company has established "Arshiya Stock Option Plan 2007" for a grant of Options to the employees of the Company and its subsidiaries convertible into One Equity Shares of ₹ 2 each. These Options vest over a period of 36 months from the date of grant and are to be exercised within a maximum period of 12 months from the date of vesting.

The Compensation Committee formed by Board of Directors has approved the grant of Options. Each Option confers on the employee a right to one equity shares of ₹ 2 each at an exercise price of ₹ 210 per share. Detail of Grants made under "Arshiya Stock Option Plan 2007" is as under:

Tranche	Date of grant	No. of Options granted
Tranche I	February 15, 2008	1,411,700
Tranche II	April 24, 2008	133,900

Particulars	Total
Option outstanding at the beginning of the year	924,200
	(1,390,800)
Options granted during the year	—
	(133,900)
Options forfeited during the year	495,600
	(600,500)
Options exercised during the year	—
	(—)
Options expired during the year	127,960
	(—)
Options outstanding at the end of the year	300,640
	(924,200)
Options exercisable at the end of the year	105,224
	(290,990)

Out of the total employee stock compensation credit of ₹ 17,585,209 (debited ₹ 22,764,034) recognized during the year, on account of the option outstanding at the end of the year, the group has credited ₹ 17,308,743/- (debited ₹ 20,508,904/-) to the Profit and Loss account in relation to the options granted to the non project employees and reduced from project cost ₹ 276,466/- (debited ₹ 2,255,130/-) on account of options granted to employees employed exclusively for its new projects.

11. During the year, one of the company's subsidiary sold marketing rights of Cyberlog software product a software for supply chain and logistics management consequently an amount of ₹ 388,906,985 is included in other Income towards profit on sale of marketing right.

12. Segment information:

Primary segment information

The Group operates in four primary reportable business segments, i.e. “Logistics operations and related services”, “Free trade warehousing (‘FTWZ’) operations and related services”, “Rail transport operations” and “software for supply chain and logistics management” as per the definition under Accounting Standard 17 – “Segment Reporting” as specified in the Companies (Accounting Standards) Rules, 2006

Particulars	Logistics and related services	FTWZ/ Distripark Operations and relates services	Rail Transport Operations	Software	Unallocated	Total
REVENUE						
External sales	4,590,717,233 (4,603,400,753)	— (—)	482,290,686 (20,729,436)	185,931,681 (405,489,377)	— (—)	5,258,939,600 (5,029,619,566)
Other income	7,047,746 (4,720,870)	1,103 (—)	219,839 (—)	400,279,219 (2,213,293)	2,181,622 (—)	409,729,529 (6,934,163)
Total revenue	4,597,764,979 (4,608,121,623)	1,103 (—)	482,510,525 (20,729,436)	586,210,900 (407,702,670)	2,181,622 (—)	5,668,669,129 (5,036,553,729)
RESULT						
Segment result	824,765,366 (642,466,095)	(4,673,484) (—)	81,940,992 (94,375)	482,062,290 (167,793,512)	(217,220,435) (71,337,366)	1,166,874,729 (739,016,616)
Operating profit						1,166,874,729 (739,016,616)
Interest expenses						123,275,941 (7,992,653)
Interest income						9,523,456 (40,507,606)
Exceptional items:						
Income taxes (Including deferred tax and fringe benefits tax) *						73,578,134 (113,670,828)
Net profit after taxation						979,544,110 (659,953,135)
Less: Minority interest						(3,589,627) (3,724,064)
Net profit for the year						983,133,737 (656,229,071)
OTHER INFORMATION						
Segment assets	2,366,620,575 (1,645,222,129)	6,476,709,494 (3,508,899,734)	3,444,869,529 (1,736,376,701)	730,195,940 (517,447,284)	801,727,291 (468,829,603)	13,820,122,829 (7,876,775,451)
Total assets						13,820,122,829 (7,876,775,451)
Segment liabilities	1,172,404,454 (418,903,730)	2,189,651,989 (476,147,347)	1,968,582,692 (513,471,853)	13,776,485 (75,167,948)	1,776,466,074 (390,957,899)	7,120,881,694 (1,874,648,777)
Total Liabilities						7,120,881,694 (1,874,648,777)
Capital expenditure	2,463,786,603 (139,628,068)	369,606,499 (1,506,715,910)	1,533,500,297 (1,581,433,416)	56,816 (31,737,482)	131,949,450 (73,507,414)	4,498,899,665 (3,333,022,290)
Depreciation	12,001,715 (10,229,599)	— (—)	36,946,630 (1,917,571)	33,496,814 (46,214,820)	13,864,456 (11,759,297)	96,309,615 70,121,287
Non-cash expenses/(Income) other than depreciation	(9,330,777) (17,698,659)	(1,103) (—)	— (—)	(11,031,456) (17,548,607)	(1,097,017) (—)	(21,460,353) (35,247,266)

Secondary segment information:

Particulars	India	Outside India	Total
Revenue	2,897,155,545 (2,293,083,223)	2,361,784,055 (2,743,470,506)	5,258,939,600 (5,036,553,729)
Carrying amount of assets	11,414,409,913 (6,456,540,312)	2,405,712,916 (1,420,235,139)	13,820,122,829 (7,876,775,451)
Capital expenditure	4,498,899,665 (3,160,469,882)	— (172,552,408)	4,498,899,665 (3,333,022,290)

Notes:

i. Geographical segment and its composition are as follows:

Geographical segments	Composition
India	All over India
Outside India	Primarily in Middle East, Asia Pacific, USA and Europe.

ii. The Group has identified India and Rest of the World as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognised.

iii. Capital expenditure includes expenditure incurred on capital work in progress.

13. Capital Projects:

Capital work-in-progress includes capital advances of ₹ 1,837,258,683/- (₹ 1,108,570,629/-) and Preoperative Expenses ₹ 879,588,474 (₹ 281,870,364/-).

The details of pre-operative expenses are as under:

Nature of expenses	As at March 31, 2009	Incurred during the year	Transferred during the year	As at March 31, 2010
Personnel Cost	65,795,952	144,531,574	11,896,169	198,431,357
Electricity charges	342,224	1,152,746	—	1,494,970
Rent	14,940,774	43,986,259	630,395	58,296,638
Rates and taxes	6,019,458	6,542,626	—	12,562,084
Recruitment expenses	507,268	2,166,618	—	2,673,886
Travelling and conveyance	45,114,806	12,777,935	38,802,528	19,090,213
Depreciation/ Amortization	—	12,006,722	—	12,006,722
Vehicle expenses	2,006,602	11,65,581	39,760	3,132,423
Legal and professional	29,190,010	93,486,113	9,352,346	113,323,777
Miscellaneous expenses	11,083,161	23,375,656	6,799,815	27,659,002
Security Expenses	—	7,060,726	—	7,060,726
Bank and other financial charges)	82,713,207	48,812,148	—	131,525,355
Interest on Fixed loans	25,497,346	273,566,348	—	299,063,694
Less: Interest earned on capital advances	(1,340,444)	—	—	(1,340,444)
Less: Interest on Fixed Deposits	—	(5,391,929)	—	(5,391,929)
Total	281,870,364	665,239,123	67,521,013	879,588,474

14. Related party disclosures, as required by Accounting Standard 18 "Related Parties Disclosures" as given below:

- List of entities where control exists**

The list of subsidiary companies is disclosed in note 1(d) above.

- Key management personnel**

Mr. Ajay S. Mittal – Chairman & Managing Director

Mrs. Archana Mittal – Whole Time Director

Mr. V. Shivkumar – Executive Director

Mr. Sandesh Chonkar – Executive Director

- Enterprises owned or significantly influenced by key management personnel or their relatives**

Bhushan Steels Limited

Note:

The related party relationships have been determined by the management on the basis of the requirements of the AS-18 and the same have been relied upon by the auditors.

The nature and volume of transactions during the year with the above related parties were as follows:

(Amount in ₹)

Particulars	Related parties		Total
	Key Management Personnel	Enterprise owned or significantly influenced by Key Management Personnel or their relatives	
Income from operations	– (–)	371,105,257 (538,957,249)	371,105,257 (538,957,249)
Managerial Remuneration (Refer Note 19)	25,087,528 (9,408,000)	– (–)	25,087,528 (9,408,000)
Issue of equity shares	– (75,000,000)	– (–)	– (75,000,000)
Outstanding balances			
Receivables	– (–)	38,695,208 (13,909,836)	38,695,208 (13,909,836)

Note:

The following transactions constitute more than 10% of the total related party transactions of the same type:

(Amount in ₹)

Type of the transaction	Name of the Party	Year ended March 31, 2010	Year ended March 31, 2009
Income from operations	Bhushan Steels Limited	371,105,257	538,957,249
Managerial Remuneration	Mr. Ajay S. Mittal	8,915,026	4,704,000
	Mrs. Archana Mittal	7,403,026	4,704,000
	Mr. Sandesh R. Chonkar	4,382,211	–
	Mr. V. Shivkumar	4,387,266	–
Issue of equity shares	Mrs. Archana Mittal	–	75,000,000

15. Pursuant to Accounting Standard - 19 Leases is as follows:

Finance Leases

The Group has acquired assets under finance leases, and the details of lease rentals payable in future are as follows:

(Amount in ₹)

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payment	4,549,512 (6,083,477)	5,493,683 (9,500,024)	– (–)
Less: Finance charges payable in future	788,691 (806,616)	835,326 (1,530,688)	– (–)
Present value of the lease rentals	3,760,821 (5,276,861)	4,658,357 (7,969,336)	– (–)

Notes:

The following is the general description of significant clauses of above finance leasing arrangement by the Group.

- Rights, ownership, title or interest in assets would not pass to the lessee and the lessee cannot assign, sublet, hypothecate or otherwise encumber the assets.
- The lessor has a right to delegate to any person any of its rights under the agreements. Whereas, the lessee cannot assign its rights or obligations to any other person without the prior written consent of the lessor.
- The lessee has no entitlement to terminate the lease during the lease period. Premature termination of lease can be done by the lessee only with the consent of the lessor and after making payment of discounted value of future lease rentals.

Operating Leases

The Group has entered into operating lease arrangements for 2 to 5 years renewable at the option of the lessor and lessee. The lease arrangement provides escalations clause for increase in rent during the tenure of the lease. Under certain arrangements, refundable interest free deposits have been given.

In respect of assets taken on non cancelable operating lease:

(Amount in ₹)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Lease obligations		
Future minimum lease rental payments		
- not later than one year	76,958,882	37,446,324
- later than one year but not later than five years	216,281,613	110,452,045
- later than five years	NIL	4,284,912
Total	292,880,495	152,183,281

Lease rental payment in respect of operating leases for the year are ₹ 19,139,915/- (₹ 35,289,113) and during the year ₹ 55,755,942/- (₹ Nil) was capitalized.

16. Earnings per share has been computed as under:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax and minority interest for the year	983,133,737	656,229,071
Weighted average number of shares for basic	58,752,822	58,072,584
Weighted average number of shares for diluted	58,752,822	58,072,584
Nominal value per share (₹)	2	2
Earnings per share (₹)		
Basic	16.73	11.30
Diluted	16.73	11.30

Employee Stock Options outstanding as on March 31, 2010 are considered anti-dilutive as fair value of equity shares is less than the grant price

17. Following are the major components of deferred tax (asset)/ liability :

(Amount in ₹)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred tax liabilities		
Related to Fixed Assets	91,284	5,044,905
Total deferred tax liabilities (A)	91,284	5,044,905
Deferred tax assets		
Disallowances under Income-tax Act, 1961	352,295	3,795,630
Unabsorbed business loss/depreciation	6,988,379	7,207,710
Others	4,575,855	1,374,345
Total deferred tax assets (B)	11,916,529	12,377,685
Net deferred tax (assets) (A)-(B)	(11,825,245)	(7,332,780)

18. Foreign currency transactions/ balances of the Company are not hedged by derivative instruments or otherwise. The details of foreign currency transactions/ balances of the Group are :

Balances	Currency	Foreign currency amount	Equivalent amount (₹)
Bank balances	EUR	5,442	329,749
	SGD	1,410	45,399
	USD	768,670	34,550,803
Accounts receivable	USD	31,974,751	1,438,060,459
	EUR	2,747,839	168,040,230
	SGD	1,592,315	51,269,199
	GBP	77	5,226
Accounts payable	USD	1,568,023	70,612,521
	AUD	1,999	83,216
	DKK	6,563	53,783
	SEK	7,170	44,415
	GBP	3,607	245,120
	EUR	304,676	18,494,162
	JPY	6,204,610	3,010,942
	NOK	40,624	307,057
	SAR	3,890	46,770
	NZD	1,452	46,694

19. Remuneration to Managerial Personnel included in Consolidated Profit and Loss Account:

(Amount in ₹)

Particulars	Managing Director		Whole Time Director		Executive Director	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Salaries & Allowance	78,00,000	42,00,000	64,50,000	42,00,000	8,118,204	–
Commission	1,64,187	–	1,64,187	–	–	–
Perquisites/Contribution to Provident Fund	9,50,839	5,04,000	7,88,839	5,04,000	651,273	–
Total	89,15,026	47,04,000	74,03,026	47,04,000	87,69,477	–

Notes:

- Salaries and allowances include basic salary, house rent allowance and leave travel allowance.
- Provision for post retirement benefits which is based on actuarial valuation done on an overall company basis is excluded from the above calculation.

During the year, Wholetime director of the Company was fully involved in the new projects of the Company and the Company has capitalised the managerial remuneration paid during the year amounting to ₹ 7,403,026/- (₹ 4,704,000/-)

20. The figures for the previous year have been regrouped where necessary to conform to current year classification. Previous year figures are given in bracket.

Signatures to Schedules “1” to “19”

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole time Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

Mumbai: August 11, 2010





Corporate HQ: 301 Ceejay House, Level 3, Shiv Sagar Estate, F-Block, Dr. Annie Besant Road, Worli, Mumbai - 400 018. Maharashtra, India.
Ph: +91 22 4230 5500 /1 /2 Fax: +91 22 4230 5555 email: info@arshiyainternational.com website: www.arshiyainternational.com