Defining the next frontier

Arshiya International Limited

Annual Report 2007-08

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind.

We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. AJAY S MITTAL, Chairman & Managing Director
MRS. ARCHANA A MITTAL, Whole Time Director
MR. ASHISH BAIRAGRA, Director
MR. RISHABH SHAH, Director
MR. RICHARD BOLTE JR., Director
MR. FRANCIS X BOLTE, Director
MR. JAMES BELTRAN, Director
PROF. G. RAGHURAM, Director

CORPORATE MANAGEMENT

MR. V. SHIVKUMAR, Director - Corporate Affairs & Legal
MR. SANDESH CHONKAR, Director - Finance & CFO
MR. BISHWAJIT CHAKRAVARTY, CEO - FTWZ
MR. SOUMENDRA NATH CHAKRABORTY, Director - HRD

GLOBAL ADVISORY BOARD

DR. JERRY (YORAM) WIND
DR. FRANK JURGEN RICHTER
MR. WILLIAM P. ADAMOPOULOS
DR. JOHN L GATTORNA
MR. RICHARD TAFFET
MR. MICHAEL PROFFITT
PROF. G. RAGHURAM

REGISTERED OFFICE

7th Floor, Twin Arcade, C-Wing, Military Road,
Marol Maroshi, Andheri (E), Mumbai - 400 059
Tel: +91-22-40495700/701
Fax: +91-22-40495777

CORPORATE OFFICE

301, Ceejay House, Level 3,
Shiv Sagar Estate, F-Block
Dr. Annie Besant Road,
Worli, Mumbai 400018
Tel: +91-22-42305500/501/502
Fax: +91-22-42305555

BANKERS

AXIS Bank Limited
HDFC Bank Limited

AUDITORS

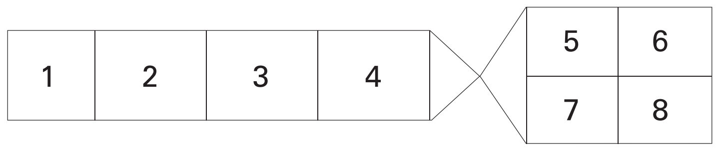
Price Waterhouse
252, Veer Savarkar Marg, Shivaji park,
Dadar, Mumbai – 400028.

REGISTRAR & SHARE TRANSFER AGENT

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

PROFILE OF BOARD OF DIRECTORS



1. AJAY S MITTAL, Chairman & Managing Director

Mr. Ajay S Mittal (43) is a Commerce Graduate and an M.B.A. from U.S.A. He has over 17 years of varied experience in business and industry spanning international marketing, commodities trading, manufacturing, financial services, information technology, logistics and supply chain management. He is the driving force behind Arshiya group and provides vision and strategic direction.

2. ARCHANA A MITTAL, Whole Time Director

Mrs. Archana A Mittal (41) is an Arts Graduate. She has over 10 years of experience in Marketing and Administration. She is the promoter of Arshiya International Ltd and an active member of the core strategy team. She is also one of the promoters of Bhushan Steel & Strips Ltd.

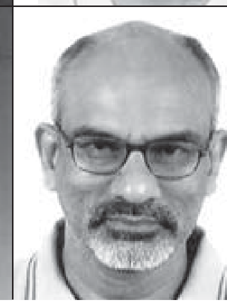
3. ASHISH BAIRAGRA, Director

Mr. Ashish Bairagra (29) is a Commerce Graduate and a Chartered Accountant. He has extensive experience in internal audit, statutory audit, management audit, and business advisory assignments. His valuable advice in these areas is of immense benefit to the Company.

4. RISHABH SHAH, Director

Mr. Rishabh Shah (37) is an Arts and Law Graduate. He is a practising legal counsel in the High Court at Mumbai with specialisation in corporate laws. He has over 12 years of experience representing major corporations. His legal acumen and advice is always valuable and sought by the Company.



5. RICHARD BOLTE JR., Director

Mr. Richard Bolte Jr. (50) is a Science Graduate from U.S.A. He currently serves as Chief Executive Officer and President of BDP International-one of U.S.A.'s largest global logistics companies, with offices and affiliates spanning 140 countries.

6. FRANCIS X BOLTE, Director

Mr. Francis X Bolte (43) is an Arts Graduate in Accounting and Economics from U.S.A. He currently serves as Chief Financial Officer of BDP International, U.S.A. He has held senior management positions in Accounting, Logistics and Supply Chain Management.

7. JAMES BELTRAN, Director

Mr. James Beltran (42) is a Law Graduate from U.K. He holds Certificate of Legal Practice and is a Certified Financial Planner from Malaysia. He currently serves as Chairman, MAA International (Malaysia's largest insurance corporation with offices throughout the region).

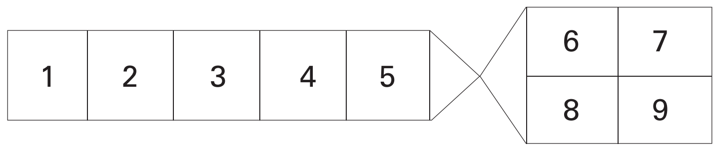
8. PROF. G. RAGHURAM, Director

Prof. G. Raghuram (53) is a PhD (Northwestern University) and PGDM (IIM-A). He is a professor in Indian Institute of Management (IIM), Ahmedabad. He is a member of various Boards and Government Committees related to infrastructure and logistics. He has taught at Northwestern University and Tulane University, USA. He was the President of Operational Research Society of India (1999-2000).

PROFILE OF CORPORATE MANAGEMENT







1. V. SHIVKUMAR, Director, Corporate Affairs & Legal

Mr. V. Shivkumar (55) is a Science and Law Graduate and an Associate Member of The Institute of Company Secretaries of India. He has over 30 years experience in business administration, corporate secretarial functions, corporate governance, legal, finance and human resource development. He looks after corporate, legal and secretarial matters.

2. SANDESH CHONKAR, Director Finance & CFO

Mr. Sandesh Chonkar (45) is a Commerce Graduate and a Chartered Accountant. He has over 17 years of senior management experience in financial, commercial, logistics, trading and operational areas. He is currently involved in financial control, strategic planning and business process development.

3. CAPT. BISHWAJIT CHAKRAVARTY, CEO-FTWZ

Capt. Bishwajit Chakravarty (52) is qualified Master Mariner. He has over 33 years experience in end to end logistics chain management of the shipping industry. He has held senior management positions in the shipping agency houses, international logistics companies. He is in charge of FTWZ activities of the Company.

4. SOUMENDRA NATH CHAKRABORTY, Director-HRD

Mr. Soumendra Nath Chakraborty (44) is an Arts Graduate with Economics and MBA from Xavier Institute, Ranchi in Personnel Management. He has over 19 years experience in the field of Human Resources and Administration. He possesses multi-cultural, multi-regional and multi-industrial experience acquired during his tenure with various organisations. He is in charge of human resources and administration functions.

5. PAUL W. BRADLEY, President

Mr. Paul W.Bradley (47) is an MBA in International Management from School of Global Management and a Certified Professional Logistician (CPL). He was elected as a Fellow of the Chartered Institute of Logistics and Transport. He was recently selected by the World Economic Forum as one of the forty “New Asian Leaders”. He 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. He has written many articles and is a frequent speaker at global conferences.




6. PARESH ZAVERI, Director- Corporate Planning, Cyberlog Technologies International

Mr. Paresh Zaveri (40) is an Engineer (Production) and M.M.S in Finance from KJ Somaiya Institute of Management Studies, Mumbai. He has played a key role in the development of new business entities spanning international trading, logistics and supply chain management over the years. He steered the efforts in building Cyberlog Technologies International products since its inception. He has been actively involved in setting up the financial controls and planning, strategic acquisitions and coordinating investor relations.

7. FLEMMING JENSEN, CEO, Middle East Region

Mr. Flemming Jensen (40) is graduate of the A.P. Moeller / Maersk Line Shipping Academy and an MBA from the University of Leicester. He has 14 years experience in shipping, supply-chain-management as well as trade and business development in Middle East. He was the Consul and Trade Commissioner of Denmark in the United Arab Emirates for 6 years. He had worked with a global provider of supply-chain-management services that delivered 'farm-to-fork' solutions to the world's biggest chain of convenience food restaurants for 3 years.

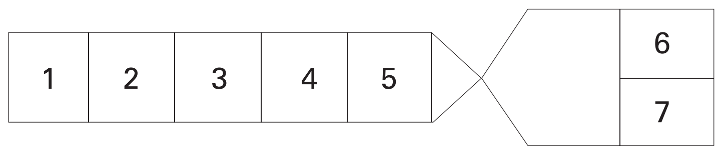
8. JASHAY MEHTA, CEO, Cyberlog Technologies International & CIO-Arshiya Group

Mr. Jashay Mehta (36) is a Commerce graduate and an M.M.S. from Mumbai University. He has played a key role in building Cyberlog since inception and established offices in India, Dubai, Melbourne and the U.S.A. He is a team leader whose efforts led to execution of various projects by offering innovative technology solutions in logistics, supply chain management and business process outsourcing services.

9. SAJAL MITTRA, CEO, Arshiya Rail Infrastructure Ltd

Mr. Sajal Mittra (50) is a Commerce Graduate and Master in Arts in International Relations. Mr. Mittra comes from the Indian Railway Traffic Service, 1985 batch. He has served in different positions in the Railways, handling all the train operations on Mumbai Division of Central Railway. He was Director (Petroleum, Oil and Lubricants) in the Railway Board, responsible for movement of petroleum products. He was on deputation to the Container Corporation of India and was one of the first few to set up CONCOR operations in the Western Region. He was Director in the Ministry for Development of the North Eastern Region, responsible for implementing infrastructure projects in North Eastern India.

PROFILE OF GLOBAL ADVISORY BOARD



1. DR. JERRY (YORAM) WIND

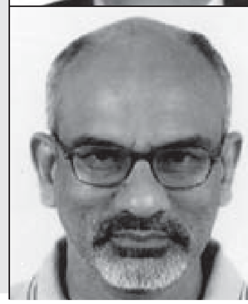
Prof. Jerry Wind (70), based in U.S.A., is internationally known for pioneering research on organizational buying behaviour, market segmentation, conjoint analysis and marketing strategy. He consults with major firms around the world and has lectured in over 50 universities world wide. He is the founding editor of Wharton School Publishing. He teaches MBA courses in Marketing Strategy, Marketing Methods and Applications for Business Consulting. He received his PhD from Stanford University and his MA and BS degrees from The Hebrew University in Jerusalem.

2. DR. FRANK-JURGEN RICHTER

Dr. Frank-Jurgen Richter (41), based in France, is the president of Horasis-The Global Visions Community- an Investment and advisory firm. Through Horasis, he is a Senior Advisor to corporate leaders from Asia, Europe and North America. He was Director of the World Economic Forum, in charge of Asian Affairs. He has developed an extensive experience and knowledge on the world's economic, business and political scene and of its key players. He is an active scholar and has authored and edited a series of best-selling books on global strategy and Asian business. He has completed his education from Germany, France, Mexico and Japan.

3. WILLIAM P ADAMOPOULOS

Mr. William P Adamopoulos (46), based in U.S.A., serves as President and Publisher, Forbes Asia. He has built up the Forbes business and brand across the region. He was Publisher and Managing Director of The Asian Wall Street Journal. He has also held the post 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. He graduated in Economics from Harvard University.



4. DR. JOHN L GATTORNA

Mr. John L Gattorna (65), based in Australia, is regarded as one of the worlds thought leaders on supply chain management. He is one of the co-developers of “Strategic Alignment” concept, now renamed as “Dynamic Alignment” applied to design management of supply chains. He has taught and researched at several universities around the world, consulted by many multinational corporations. He has written many books and articles.

5. MICHAEL PROFFITT

Mr. Michael Proffitt (61), based in U.K., is a Director of the Supply Chain and Logistics Group – Dubai and a member of the Asia Pacific Supply Chain Advisory Board. He has been involved with Logistics and Supply Chains on a global basis for over 25 years. He has held senior management positions including Logistics Director for Danzas based in Switzerland and Director of Logistics for Hays in the UK. He obtained his MBA from Cranfield School of Management.

6. RICHARD TAFFET

Mr. Richard Taffet (53), based at New York, is Partner, Bingham McCutchen LLP and 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.

7. PROF. G RAGHURAM

Prof. G. Raghuram (53) is a PhD (Northwestern University) and PGDM (IIM-A). He is a professor in Indian Institute of Management (IIM), Ahmedabad. He is a member of various Boards and Government Committees related to infrastructure and logistics. He has taught at Northwestern University and Tulane University, USA. He was the President of Operational Research Society of India (1999-2000).

DIRECTORS' REPORT

To,
The Members of
Arshiya International Ltd

Your Directors are pleased to present the 27th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2008.

The name of the Company was changed from Arshhiya Technologies International Ltd. to Arshiya International Ltd with effect from 28th September, 2007.

A) SUMMARIZED FINANCIAL RESULTS – ARSHIYA INTERNATIONAL LTD

	YEAR ENDED 31.03.2008 (Rs. in Lacs)	YEAR ENDED 31.03.2007 (Rs. in Lacs)
Income from operations and other Income	**20806.97**	9172.87
Expenditure	**18926.54**	8642.32
Profit Before Depreciation & Tax	**1880.42**	530.55
Depreciation	**64.25**	34.18
Profit Before Tax, Exceptional Items and Prior period Items	**1816.17**	496.38
Exceptional Items	**–**	318.11
Prior period Items(Net)	**(33.88)**	(137.99)
Provision for Taxation	**546.05**	278.96
Profit After Tax	**1236.24**	397.55
Balance B/f	**515.48**	123.24
Surplus in P&L A/c of erstwhile BDP India Pvt Ltd	**–**	290.15
Amount available for Appropriation	**1751.71**	810.94
Proposed Dividend	**456.03**	218.56
Dividend Tax	**77.50**	37.14
Transfer to General Reserve	**123.62**	39.75
Balance Carried to Balance Sheet	**1094.55**	515.48

The Income from Operations, along with other income has increased by more than 125 per cent as compared to the previous year. The Profit before Tax has recorded an increase of 163 per cent over that of the previous year and the Profit After Tax has increased by 210 per cent as against the previous year.

B) SUMMARIZED FINANCIAL RESULTS – ARSHIYA INTERNATIONAL LTD AND ITS SUBSIDIARIES

	YEAR ENDED 31.03.2008 (Rs. in Lacs)	YEAR ENDED 31.03.2007 (Rs. in Lacs)
Income from Operations and other Income	**40744.97**	18741.50
Expenditure	**35037.34**	16458.29
Profit Before Interest, Depreciation & Tax	**5801.57**	2350.09
Depreciation	**416.64**	291.40
Profit Before Tax, Exceptional Items and Prior period Items	**5290.99**	1991.80
Exceptional Items	**–**	318.11
Prior period Items (Net)	**33.88**	137.99
Provision for Taxation	**737.26**	377.35
Profit After Tax and Minority Interest	**4537.52**	1751.19

On a Consolidated basis your Company has recorded a 117 per cent increase in income and 159 per cent increase in profit after tax over the previous year.

DIVIDEND

Your Directors recommend a dividend of 40 per cent for the year 2007-08. The proposed dividend would absorb a sum of Rs. 456.03 lacs and Rs. 77.50 lacs towards dividend tax.

BUSINESS AND OUTLOOK

As an integrated supply chain services company, your Company is providing end to end logistics and supply chain solutions to customers across the world with IT support developed inhouse by your Company’s subsidiary viz. Cyberlog Technologies International Pte Ltd.

While your Company is committed to providing efficient and innovative solutions in the core areas of the operations, your Company’s strategy during the year under review included following infrastructural development project

"Your Company has also placed orders for 75 rakes with the suppliers and the deliveries of the rakes are expected to commence from November this year. To augment these services, your Company has also initiated process for identification of land required for private siding operations across the pan India rail operation network."

proposals to provide a complete range of supply chain management services to customers across the globe in offering a comprehensive and integrated supply chain services.

(i) Free Trade Warehousing Zone (FTWZ):

Your Company is setting up a Free Trade Warehousing Zone, a special category SEZ at Sai Village, District Raigad, Maharashtra with a project outlay of approx. Rs. 1200 Crores for which acquisition of land is nearing completion. Your Company has placed orders for capital equipments and construction activities are expected to go in full stream by the third quarter of the current financial year. The Ministry of Commerce at New Delhi has approved at the Board of Approvals meeting to grant in principle approval to your Company's FTWZ at Raigad Dist. Maharashtra.

Your Company has made substantial acquisition of land for the FTWZ proposed at Uttar Pradesh and near Nagpur. Your Company has plans to develop two more FTWZ in Eastern and Southern India. The project outlay for the FTWZ at Uttar Pradesh and near Nagpur are estimated approx Rs. 1100 Crores and Rs. 900 Crores respectively.

(ii) Containerised Rail Operations:

Your Company has secured Category I license from the Ministry of Railways for permission to operate contrainerised rail services as a part of your Company's objective of providing comprehensive range of services to the customers for both domestic and exim cargo movement across the country. Your Company has also placed orders for 75 rakes with the suppliers and the deliveries of the rakes are expected to commence from November this year. To augment these services, your Company has also initiated process for identification of land required for private siding operations across the pan India rail operation network. The project outlay for the containerised rail operations is estimated at Rs. 1600 Crores.

Your Company has also incorporated a subsidiary namely Arshiya Rail Infrastructure Limited for the containerised rail operations.

(iii) Both the FTWZ projects and containerised rail operations are strategized with a view to result in significant reduction in consumption of fossil fuel and result in reduced carbon emission and for this purpose your Company will be using environment friendly energy sources for generation of electricity and reduction in carbon emission.

The Board of your Company is confident that the aforesaid infrastructural investments initiated by your Company being capital intensive will be successfully implemented with the support of banks, financial institutions and investors. The aforesaid initiatives are expected to bring down logistics costs significantly at the same time strengthening the operational advantages for your Company to a considerable extent.

FIXED DEPOSITS

Your Company has not accepted Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 during the year.

SUBSIDIARIES

The Company has following nine subsidiaries as on 31st March, 2008:

1) Arshiya Hong Kong Limited, HongKong and its subsidiaries viz. BDP (Dubai) LLC, BDP (Qatar) WLL and Arshiya Logistics LLC, Oman
2) Cyberlog Technologies International Pte. Ltd., Singapore and its subsidiaries viz. Cyberlog Technologies (U. A. E.) FZE, Cyberlog Technologies Inc. USA and Cyberlog Technologies Hong Kong Limited
3) Genco (India) Private Limited

Subsequent to the year ended 31st March 2008, the following Companies became subsidiaries of your Company: Arshiya Western Logistics Infrastructure Ltd; Flat World Processes Ltd; Arshiya Northern Logistics Infrastructure Ltd; Arshiya Logistics Infrastructure Ltd & its Subsidiaries viz. Arshiya Central Logistics Infrastructure Ltd, Arshiya Southern Logistics Infrastructure Ltd and Arshiya Eastern Logistics Infrastructure Ltd; Arshiya Northern Distripark Ltd; Arshiya Distripark Ltd & its Subsidiaries viz. Arshiya Central Distripark Ltd, Arshiya Southern Distripark Ltd, Arshiya Western Distripark Ltd and Arshiya Eastern Distripark Ltd; Cyberlog Technologies (India) Pvt Ltd and Arshiya Rail Infrastructure Ltd.

Out of the aforesaid subsidiaries, Arshiya Logistics Infrastructure Ltd, Arshiya Distripark Ltd, Arshiya Western Logistics Infrastructure Ltd and Flat World Processes Ltd were incorporated during the later part of the financial year 2007-08 and the Company was subscriber to their Memorandum of Association. However, the shares so agreed to be subscribed by your Company were actually issued in the subsequent financial year. As the first financial year of the said subsidiaries will end only on 31st March, 2009, in view of provisions of Section 212(2)(d) of the Companies Act, 1956 the accounts of the said subsidiaries are not required to be prepared and attached to the financial statements of your Company for the year ended 31st March, 2008.

Your Company has applied to the Ministry of Corporate Affairs u/s 212 of the Companies Act, 1956 for granting exemption from attaching the Balance Sheets etc. of the aforesaid nine subsidiaries, for the financial year ended 31st March, 2008. In view of the same the Balance sheets etc. of aforesaid nine subsidiaries have not been attached to the Balance sheet of the Company.

The Annual Accounts of the above-referred nine subsidiaries as on 31st March, 2008 and the related detailed information will be made available to the investors of the Company and its subsidiaries seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at the Registered/Head Office of the Company and that of the subsidiary companies concerned. A gist of financial performance of the subsidiaries is given in this annual report.

SHARE CAPITAL

During the year each equity share of Rs. 10/- each was sub divided into five equity shares of Rs. 2/- each.

Your Company issued and allotted 11,290,322 equity shares of Rs. 2/- each at a price of Rs. 310/- per share to Qualified Institutional Buyers on 20th December, 2007 on a preferential allotment basis in terms of SEBI guidelines for issue of shares to QIBs.

Further 20,01,500 equity shares of Rs. 2/- each against conversion of 4,00,300 warrants (out of total 750,000 warrants issued in February 2007) were allotted on 18th March, 2008 in favour of warrant holders who exercised their option for conversion into equity shares.

Your Company has received listing and trading approval from Bombay Stock Exchange Limited (BSE) for the aforesaid shares.

Out of net proceeds of Rs. 34149 lacs received by the Company on placement to QIBs, Rs. 21583.78 lacs have been utilised towards payment of capital advance and capital expenditure for ongoing FTWZ Projects, Rs. 6044.52 lacs have been paid for ongoing Rail Transport Project including payment to Indian Railway for obtaining Category I Licence to run Container Trains and balance Rs. 6520.70 lacs is kept in deposits with Banks, Corporates and in units of mutual funds.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements are prepared in accordance with Accounting Standard - 21 “Consolidated Financial Statement” issued by ICAI. Your Directors have attached the Consolidated Financial Statements for the financial year ended 31st March, 2008 which form part of the Annual Report and Accounts.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance including a Certificate from a Practising Company Secretary confirming compliance with Corporate Governance as stipulated under clause 49 of the Listing Agreement entered into with BSE is annexed hereto and forms part of the Report.

"The Company has received In-Principle Approval for listing of 20,00,000 equity shares of Rs. 2/- each; as may arise once all the options are exercised; from The Bombay Stock Exchange Limited."

DIRECTORS

Mr.Francis X Bolte & Mr. Richard Bolte Jr. retire by rotation and being eligible, offer themselves for re-appointment.

GLOBAL ADVISORY BOARD

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

1. Dr. Jerry (Yoram) Wind
2. Dr. Frank-Jurgan Richter
3. Mr. William Adamopoulos
4. Dr. John Gattorna
5. Mr. Richard Taffet
6. Mr.Michael Proffitt
7. Prof.G. Raghuram

ARSHIYA EMPLOYEE STOCK OPTION PLAN 2007

Arshiya Employee Stock Option Plan, 2007, (ESOP 2007) was approved at the Extra-ordinary General Meeting of the members held on 20th November, 2007 and adopted by the Board at its meeting held on 28th January, 2008. The aggregate number of Options/underlying shares that may be granted under the ESOP Plan are 10,00,000 for the employees of the Company and 10,00,000 for the employees of Subsidiaries including step down subsidiaries, in India and out of India, existing or which may be formed in future. ESOP 2007 is administered by the Compensation Committee of the Board.

The Company has received In-Principle Approval for listing of 20,00,000 equity shares of Rs. 2/- each; as may arise once all the options are exercised; from The Bombay Stock Exchange Limited.

Under Tranche I, the Compensation Committee at its meeting held on 15th February, 2008, granted 5,41,800 Options, at a grant price of Rs. 210/- per Option to the employees of the Company and 8,69,900 Options to the employees of subsidiaries/step down subsidiaries.

Under Tranche II, the Compensation Committee at its meeting held on 24th April, 2008, granted 1,06,300 Options, at a grant price of Rs. 210/- per Option to the employees of the Company and 27,600 Options to the employees of subsidiaries/step down subsidiaries.

Details of Options granted and other disclosures; as on 31st March, 2008; under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999; are set out in Annexure to this Report.

"As a responsible corporate citizen your Company lays due emphasis on health and safety aspects of its human capital, operations and overall working."

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:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;

b) the selected accounting policies were applied consistently and the Directors made judgements 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, 2008 and of the profit of the Company for the year ended on that date.

c) 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.

d) the annual accounts have been prepared on a going concern basis.

HUMAN RESOURCES

Your Company recognizes the importance of human resources which is a key and vital asset for enabling your Company to provide an integrated supply chain platform to customers across the globe under an unique umbrella of services offered by your Company. While on the one hand your Company is committed in strengthening its human resources by induction of experienced and competent professionals, on the other hand, your Company is formulating appropriate policies, systems and schemes which will create adequate opportunity for growth in career and create a working environment which enhances productivity and create a strong satisfied profile of customers from India and abroad who take pride in services offered by your Company. Your Company also has undertaken aggressive recruitment for its FTWZ and rail activities targeting a mix of young talent from reputed Management Institutions and persons with rich experience from relevant industry. Further in order to suitably appreciate and reward the efforts of the employees, your Company granted Stock Options during the year. A focused approach has been adopted to motivate and encourage the employees to meet challenges of competition and work towards growth strategy of your Company.

HEALTH, SAFETY AND ENVIRONMENT

As a responsible corporate citizen your Company lays due 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 the possible steps are being taken to meet the toughest environmental standards on pollution, effluents etc. in various spheres of its activities.

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

The Company did not undertake any activity during the year that would require disclosure under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy and Technology Absorption.

Foreign Exchange Earnings: Rs. 14,19,22,174/-
Foreign Exchange Outgo: Rs. 29,25,53,817/-

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 this 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. Price Waterhouse, Chartered Accountants, Mumbai, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th July, 2008

Ajay S Mittal
Chairman & Managing Director

ANNEXURE 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, 2008:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Tranche I 15th February, 2008</th></tr>
<tr><td>1.</td><td>Total options Granted under the ESOP Plan-2007.</td><td>14,11,700</td></tr>
<tr><td>2.</td><td>The Pricing Formula</td><td>The Stock Options were granted at Rs.210/- per Option as determined by Compensation Committee.</td></tr>
<tr><td>3.</td><td>Options vested</td><td>NIL</td></tr>
<tr><td>4.</td><td>Options exercised</td><td>N.A.</td></tr>
<tr><td>5.</td><td>Total number of shares arising as a result of exercise of options</td><td>1 option = 1 equity share of Rs.2/- each.</td></tr>
<tr><td>6.</td><td>Options lapsed</td><td>20,900</td></tr>
<tr><td>7.</td><td>Variation of terms of options</td><td>NIL</td></tr>
<tr><td>8.</td><td>Money realised by exercise of options</td><td>NIL</td></tr>
<tr><td>9.</td><td>Total number of options in force</td><td>13,90,800</td></tr>
<tr><td>10.</td><td>Employee-wise details of options granted to:
I Senior Managerial Personnel</td><td>As per the statement given below</td></tr>
<tr><td></td><td>II Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.</td><td>NIL</td></tr>
<tr><td></td><td>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.</td><td>NIL</td></tr>
<tr><td>11.</td><td>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.”</td><td>Rs.2.57</td></tr>
<tr><td>12.</td><td>Method used for accounting of the options.</td><td>The employee compensation cost has been calculated using intrinsic value method of accounting for options under the Company’s Employees Stock Options Plan.</td></tr>
<tr><td>13</td><td>Difference, if any, between the employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost recognized if the fair value of option had been used and the impact of this difference on profits and EPS of the Company.</td><td>The Employee compensation cost as per the intrinsic value method for the financial year 2007-08 is Rs. 1,763,072.00
The effect on the Net Income and Earnings per share, had the Fair Value method been adopted is presented below:
<table>
<tr><th colspan="2">Net Income</th><th>Rs.</th></tr>
<tr><td colspan="2">As Reported</td><td>123,623,582</td></tr>
<tr><td colspan="2">Add : Intrinsic value Compensation cost</td><td>1,763,072</td></tr>
<tr><td colspan="2">Less : Fair Value Compensation Cost</td><td>3,356,141</td></tr>
<tr><td colspan="2">Adjusted Net Income</td><td>122,030,513</td></tr>
<tr><th>EPS</th><th>Basic</th><th>Diluted</th></tr>
<tr><td>As Reported</td><td>2.63</td><td>2.57</td></tr>
<tr><td>As Adjusted</td><td>2.60</td><td>2.54</td></tr>
</table>
</td></tr>
</table>

14.	Weighted-average Exercise Price of Option at the Grant Date:	Rs 210.00
15.	Weighted-average Fair Value of Option at the Grant Date:	Rs 103.84
16.	Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	The fair value of each option is estimated using the Black Scholes Option Pricing Formula after applying the following key assumptions on a weighted average basis:
	(1) Risk-free interest rate	7.77%
	(2) Expected Life	1.5-3.5 Years
	(3) Expected Volatility	29.64% - 30.61%
	(4) Expected Dividends, if any	0.69%
	(5) The price of the underlying share in market at the time of option grant.	Rs. 273.35

Notes

1. Vesting Schedule and Exercise Period is as below:

35% :- 12 months from the grant date i.e. 15th February, 2008.

35% :- 24 months from the grant date i.e. 15th February, 2008.

30%:- 36 months from the grant date i.e. 15th February, 2008.

Employee-wise details of options granted as on 31st March,2008:

a. Person-wise details of options granted to Senior Managerial Personnel of the Company:

Sr. No.	Names of Senior Managerial Personnel	No. of Options granted on 15th February, 2008.
1.	Mr.V.Shivkumar	75,000
2.	Mr.Sandesh Chonkar	75,000
3.	Cap.Bishwajit Chakravarty	50,000
4.	Mr.Anil Rajkotia	40,000

b. Person-wise details of Options granted to senior managerial personnel of the Subsidiaries including step down Subsidiary (ies) in India and/or out of India:

Sr. No.	Names of Senior Managerial Personnel	No. of Options granted on 15th February, 2008.
1.	Mr.Paul Bradley	2,00,000
2.	Mr.Paresh Zaveri	2,00,000
3.	Mr.Flemming Jensen	1,00,000
4.	Mr.Nitin Adarkar	50,000
5.	Mr.Jashay Mehta	50,000
6.	Mr.Dhananjay Jadhav	20,000
7.	Mr.Rajeev Pradhan	10,000

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY OVERVIEW

Over the past several years, the Indian economy grew faster than average global growth rate. The strong economic growth in India was largely due to factors such as increasing level of domestic demand, solid economic growth in all spheres of economic activity, the emergence of India as a low cost manufacturing destination, increased investments in the country's infrastructure, etc.

India's real GDP growth rate for the last five years averaged 8.7 per cent. However, the Indian economy has witnessed some moderation in growth in 2007 and 2008. During the financial year, India's real GDP grew by 9 per cent compared to 9.6 per cent in 2007 and is expected to grow at around 8 per cent during 2009. In recent times, India has faced the same challenges as the world, rising energy prices, resultant inflation and a slight slowing down of the economic momentum.

Logistics segment	Growth drivers	Projected growth rate	Barriers to entry	Dominance of players	Capex requirement	Nature of competition	Business requirement
Courier	Domestic growth	20-25%	Medium	Unorganised	Low	Local	Branch network
XPS	FMCG, Retail, Auto & others to drive growth in addition to increased outsourcing of logistics functions	20-25%	High	Organised	High	National	Distribution network, reliability, tracking systems
Warehousing	VAT, outsourcing, reduction in inventory costs	40%	Medium	Organised	High	Regional to National	National presence, execution capabilities
Trucking (Retail & Transport)	GDP, Domestic cargo growth	12%	Low	Unorganised	Low	Local	Strong ICD network is the key to reducing the number of empties for optimum utilisation of network
Container	EXIM & Domestic trade may provide growth trigger	15-20%	Medium	Organised	High	National	
MTO	EXIM trade	7-8%	High	Organised	Low	Local	Excellent contacts with freight forwarders, shipping lines
CFS	EXIM growth	15-20%	Low	Unorganised	High	Local	Contacts with shipping lines, level of service, distance from the port

GLOBAL OVERVIEW

The logistics value chain consists of three key links or segments - Transportation, Warehousing and Value Added Services.

RANGE OF SERVICES

MODES	Transportation	Warehousing	Value added services
Road	Trucking and related services like fleet management, network optimization, route planning etc.	Warehousing related to inland distribution whether inbound or outboound LTL transshlpment centers	Services bundled around road transportation and warehousing like express, cold chain, track and trace, packaging, counsulting etc.
Rail	Railway cargo transportation	ICD / CFS Multimodel warehouses	Services bundled around rail transportation and warehousing like dedicated rail container services stuffing / de-stuffing, consolldation etc.
Water	Shipping operations, Port development, Breakwater projects, Dredging, pilotage and towage, stevedoring, ship repair etc.	ICD / CFS Port based warehousing Tank farms	Freight forwarding Freight consulldation NVOCC Customs clearance
Air	Air cargo operations Ownership and operation of cargo aircraft	Air cargo trans shipment warehouse	Express and courier services Freight forwarding Customs clearance

Note:

1. Non-vessel operating common carriers (NVOCC) are one type of sea freight forwarders. Instead of using their own ships, they operate as transportation or logistics intermediaries.
2. Less-Than-Truckload (LTL) shipping is the transportation of relatively small freight.

"The Indian logistics sector remains largely unorganised and at lower end of the evolution stage as compared to the world as well as the Asian markets."

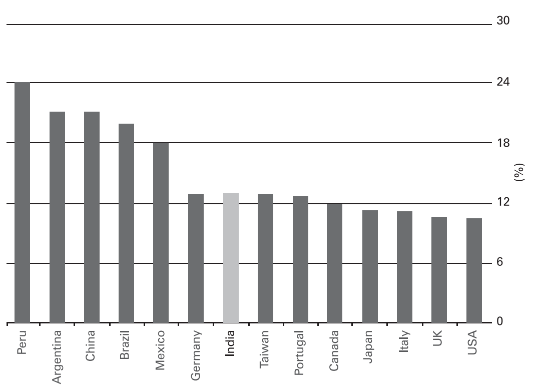
USA is the largest market at over USD 1 trillion and contributes over 25 per cent to global logistics industry and accounts for 10 per cent of its GDP. In terms of logistics cost as a percentage to GDP, UK ranks equal to USA followed by Italy, Japan and Canada.

Country	Logistics Cost/GDP	Logistics activities performed by 3rd party/ Logistics activities
China, India	13-15%	<10%
US	9.9%	57%
Europe	10.0%	30%-40%
Japan	11.4%	80%

Source: Accenture study, SSKI Research

India currently spends 13 per cent of its GDP on logistics, which is much higher than the global average. Even a 1 per cent saving would mean a saving of USD 7-8 bn per year.

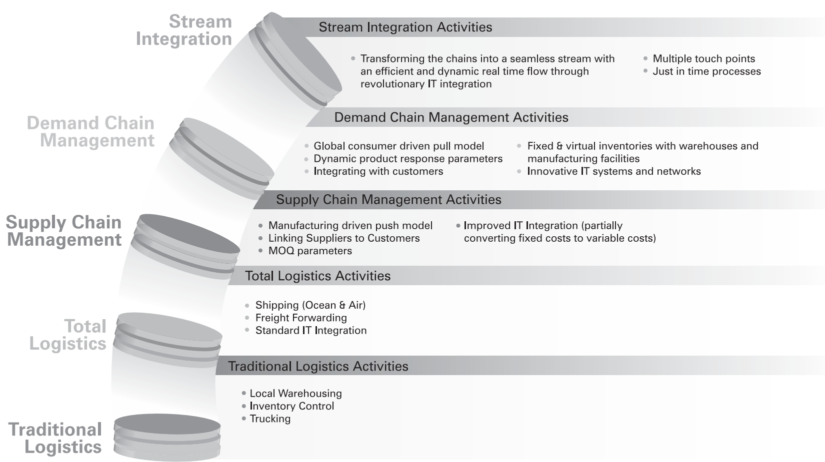
Logistics cost as a percentage to GDP



Source: Industry, Edelweiss research

The changing face of logistics

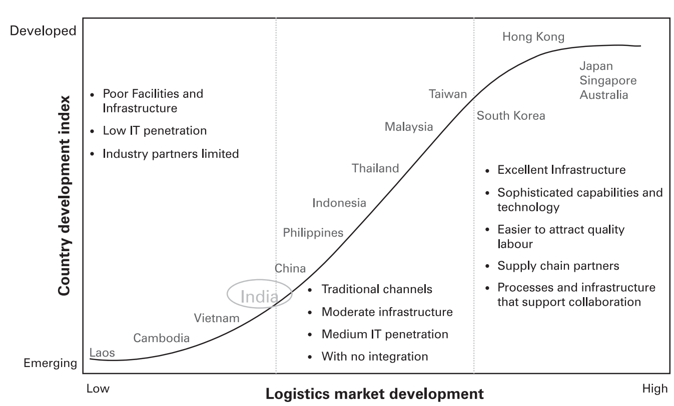
Globally, logistics sector has evolved greatly from traditional presence consisting of trucking, warehousing and inventory control to integrated management of supply and demand change through technology and multiple control points for ensuring seamless operations and lower costs. The logistics sector is fairly advanced and organised in countries like USA, UK and other European nations, with most of the shipping companies offering end to end logistics and supply chain management services through dedicated wings.



Logistics sector consist of five major levels, on the basis of the criticality of services provided. While the bottom two – traditional and total logistics are volume-driven and depend on the operational ability and presence of the player; the top-tier nodes are more intellectual capital and technology-driven. The higher margins exist in the total logistics solutions as the earnings are directly related to the ability to handle volumes. However, in the supply chain and the demand chain management, even though the margins are lower, but it enhances the credibility of the companies to a great extent, thereby ensuring additional business of traditional and total logistics from the same client.

INDIAN OVERVIEW

The Indian logistics sector remains largely unorganised and at lower end of the evolution stage as compared to the world as well as the Asian markets.

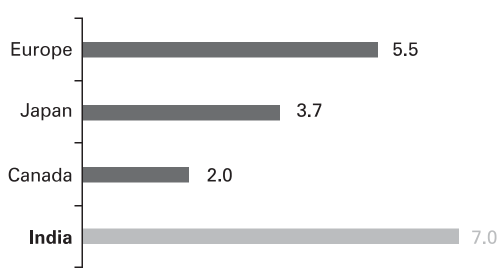


Source: SSKI Research

The Indian logistics industry is at an inflection point with India's gross domestic profit (GDP) growing at over 9 per cent per year and the manufacturing sector enjoying double digit growth rates.(check) The logistics industry in India is expected to reach a market size of over USD125 bn in year 2010. The sector directly and indirectly employs about 40 mn people. Strong growth enablers exist in India today in the form of over USD 490 bn worth of infrastructure investments, phased introduction of value-added-tax (VAT), and development of organised retail and agri-processing industries. In addition, strong foreign direct investment inflows (FDI) in automotive, capital goods, electronics, retail, and telecom will lead to increased market opportunities for providers of 3PL in India.

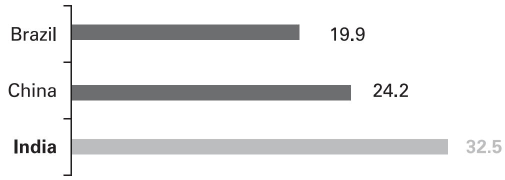
However, as a result of the under-developed trade and logistics infrastructure, the logistics cost of the Indian economy is over 13 per cent of GDP, compared to less than 10 per cent of GDP in almost the entire Western Europe and North America. As leading manufacturers realign their global portfolios of manufacturing locations, India will have to work on such systemic inefficiencies, in order to attract and retain long-term real investments.

Average surface freight in cents/ km



Turnarond time at ports (hours)

Average inventory days

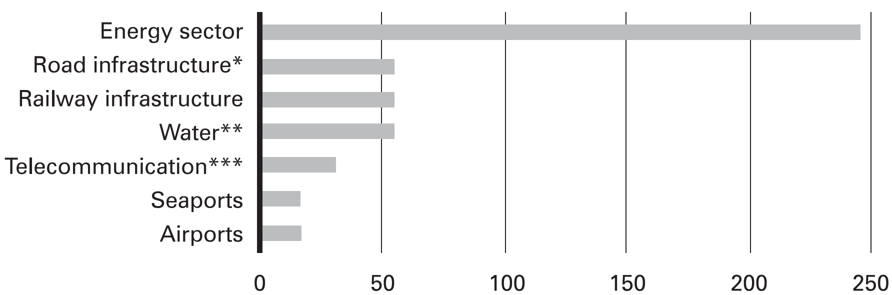


However, with strong commitment of the government in terms of creating enabling regulations and investing in infrastructure, the Indian logistics sector remains optimistic. Currently more than USD 490 bn worth of investment is to flow into India's infrastructure by 2012 under the 11th five year plan.

> "The logistics cost of the Indian economy is over 13 per cent of GDP, compared to less than 10 per cent of GDP in almost the entire Western Europe and North America."

Planned investment in infrastructure in India till 2012

USD (bn) according to 11th FYP



* Costs of National Highway Development Programme till 2015 ** Water supply and sewage disposall

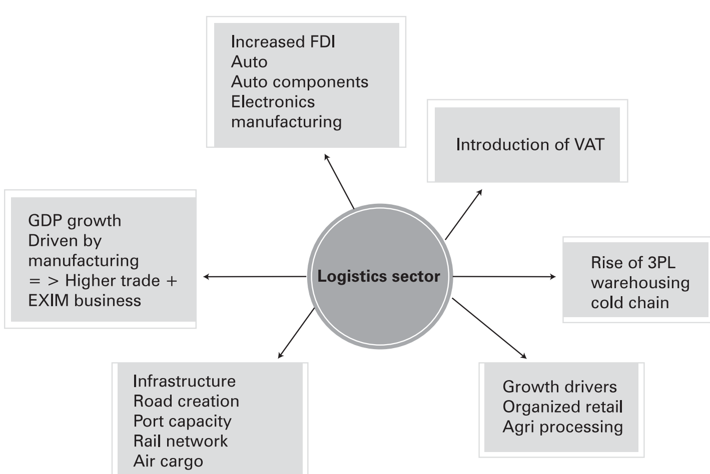
*** Nttwork, transmission masts, optical fiber cables; without customer premises equipment

Sources: Government of India, appropriate ministries

The availability of funds for developing infrastructure was a major constraint for the government. In 2005, India passed a groundbreaking law permitting tapping of PPPs for infrastructure initiatives, enabling the bridging of Significant gap between investment needs and potential government funding.

The logistics space in the country is divided across three categories—surface transport, express distribution, multi-modal logistics and warehousing players.

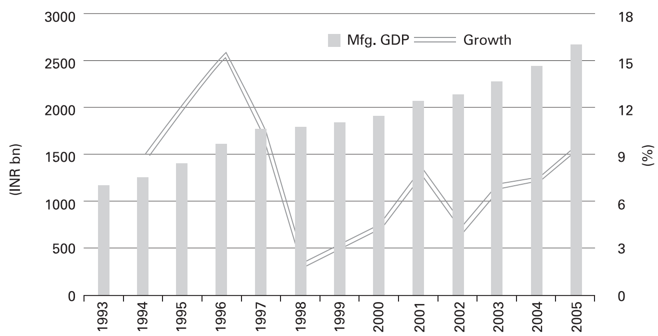
Major demand drivers of the Indian logistics sector



Source: Edelweiss research

"Container cargo traffic at India's 12 major government-owned ports grew 19.03 per cent in fiscal 2008, bolstered by strong demand for shipping raw material and exporting finished goods."

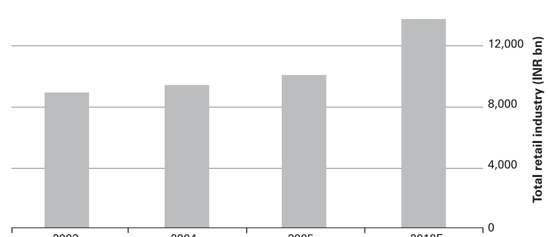
1. *Manufacturing activity:*
   India is surging in terms of manufacturing activities and thereby triggering large demand for logistics services.



Source: CMIE

2. *Buoyant EXIM growth:*
   Indian exports (Rs. 123 bn. USD in April 2007–Jan 2008 period), has grown at 25.3 per cent CAGR in last 4 years, while Indian imports (Rs. 190 bn. USD in April 2007–Jan 2008 period), and has grown at 31.8 per cent CAGR for last 5 years. This has resulted in ensuring a growth in the port traffic. According to ICRA, the Indian port traffic is expected to grow at the rate of 10-12 per cent per annum over the next five years with the overall traffic of the major as well as the minor ports being projected at 1,008.95 mn ton (mnt) by 2012 up from 588.63 mnt in 2006-07. The rise in port traffic would be fuelled by high growth in merchandise exports driven by a buoyant world economy and higher oil and coal imports.

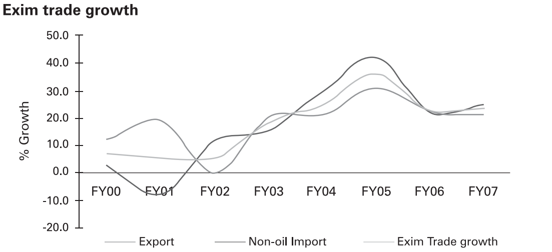
3. *Retail boom:*
   India is among the top 10 retail markets (over USD 200+ bn) with organised retailing at 2 per cent and expected to grow to 20 per cent in the next 5-7 years. The logistics market for organised retail, which is pegged at USD 50 mn, is expected to grow at 16 per cent and would reach USD 120-130 mn by 2010. And with organised retail growing at 400 per cent and expected to reach around USD 30 bn by 2010, demand for logistics will continue to outstrip supply.



Source: CRIS Infac

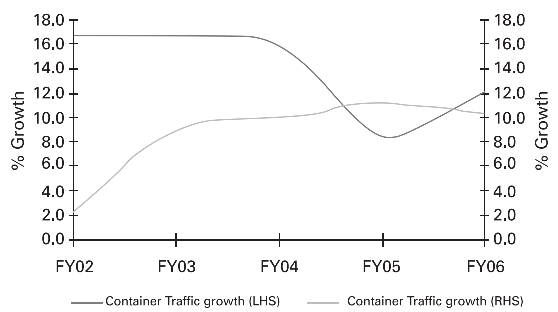
4. *Level of containerisation picking up:*
   On account of higher trade, the share of containerised traffic is expected to go up to 23 per cent in 2012E
5. *Increased container traffic:*
   India's international trade is USD 275 bn and is growing at 25 per cent per annum. The buoyant exim trade is expected to trigger increased port logistics and thereby increased container traffic.

Exim trade growth



Source: Ministry of Commerce

Container Traffic vis-a-vis cargo traffic

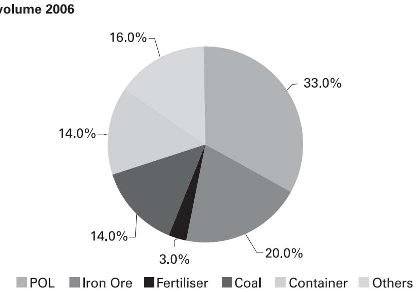


(Source: Indian Port Association)

Container volume contributed 14 per cent of the total port handling in 2006 but is likely to increase to 26.1 per cent by 2014. Container cargo traffic at India's 12 major government-owned ports grew 19.03 per cent in fiscal 2008, bolstered by strong demand for shipping raw material and exporting finished goods in the second fastest growing major economy. The 12 ports handled 6.60 mn twenty-foot equivalent units (TEUs) in the 12 months to March 2008, up from 5.44 mn TEUs in 2006-07.

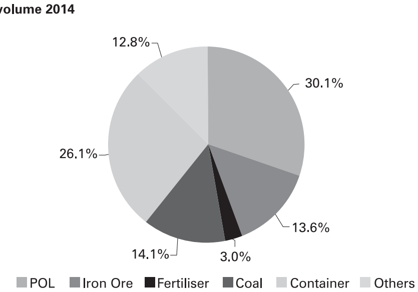
Of the total cargo shipped in steel containers, Jawaharlal Nehru (JN) Port—India's biggest container port located in Navi Mumbai—handled 4.06 mn TEUs, accounting for more than 61 per cent of the total container cargo traffic. Container cargo traffic at JN Port, which has three terminals, grew 23 per cent to 4.06 mn TEUs.

Cargo volume 2006



(Source: Indian Port Association)

Cargo volume 2014



(Source: Indian Port Association)

Container cargo represents only about 30 per cent by value of India's external trade—pale when compared with the global containerised cargo average of 70-75 per cent. At a growth rate of 19 per cent, India's container cargo traffic is estimated to reach 21 mn TEUs by 2016 from about 7 mn TEUs in 2007-08.

KEY IMPROVEMENT AREAS OF INDIAN LOGISTICS INDUSTRY

High logistics costs for India

- Poor infrastructure as compared to other countries
- A complex tax system - sales tax at both central and state level
- Low acceptance of outsourcing of logistics requirement (3PL and 4PL)
- Market is highly fragmented with a large number of small players
- Lack of integrated players across different modes and geographies
- Complexity of international trade documentation process and lack of IT infrastructure

Source: SSKI Research

Key elements of logistics cost in India

Cost head	% of total cost
Transportation	35
Inventories	25
Losses	14
Packaging	11
Handling and Warehousing	9
Labeling	6

Almost 78 per cent of total freight is transported by road in India. But, according to the FICCI-E&Y retail report, roads connect less than 250,000 Indian villages. The normal distance covered by trucks and trailers in India are 250-300 km a day, whereas the international norm is 600-800 km a day. Most roads in India are designed to carry a maximum gross weight of 16.2 tonnes, which allows for a maximum loading of about 9 tonne. This severely restricts the ability

> "Most roads in India are designed to carry a maximum gross weight of 16.2 tonnes, which allows for a maximum loading of about 9 tonne."

to transport goods on larger vehicles.

The storage infrastructure, too, is severely restricted. In 2006, India had a total warehousing capacity of 81 mn tonne. Like the rest of the infrastructure sector, warehousing is highly fragmented and unorganised. An additional warehousing capacity of 35 MT is the estimated requirement by 2012 at a cost of USD 1.88 bn.

However, small players with limited means cannot follow a model wherein retailers do not depend on 3PL and 4PL providers but on their own in-house Companies. These small retailers would need to depend on the infrastructure developed by the government.

3PL

Third Party Logistics (3PL) provider handles all or most of freight of the organisations including the management of information by the third party, liberating the company from day to day interaction with carriers, and having to oversee hundreds or thousands of shipment. New and cheaper information flow resulting from internet enabled solutions, will lead not only achieving immediate cost reductions in operations but also to enormous productivity gains over the next few years.

3PL refers to the outsourcing of a logistics function. It could be the use of a transportation carrier, a warehouse, or a third party freight manager to perform all or part of a company's production distribution functions. The tracking and control of movement of goods drive freight optimisation and asset utilisation.

4PL

Fourth Party Logistics (4PL) provider is a supply chain integrator that assembles and manages the resources, capabilities and technology of its own organisation with those of complementary service provider to deliver a comprehensive supply chain solution. 4PL is emerging as a path to achieve more than the one time operating cost reductions and asset transfers of a traditional outsourcing arrangement, through alliances between best-of-breed third party service providers, technology providers and management consultants.

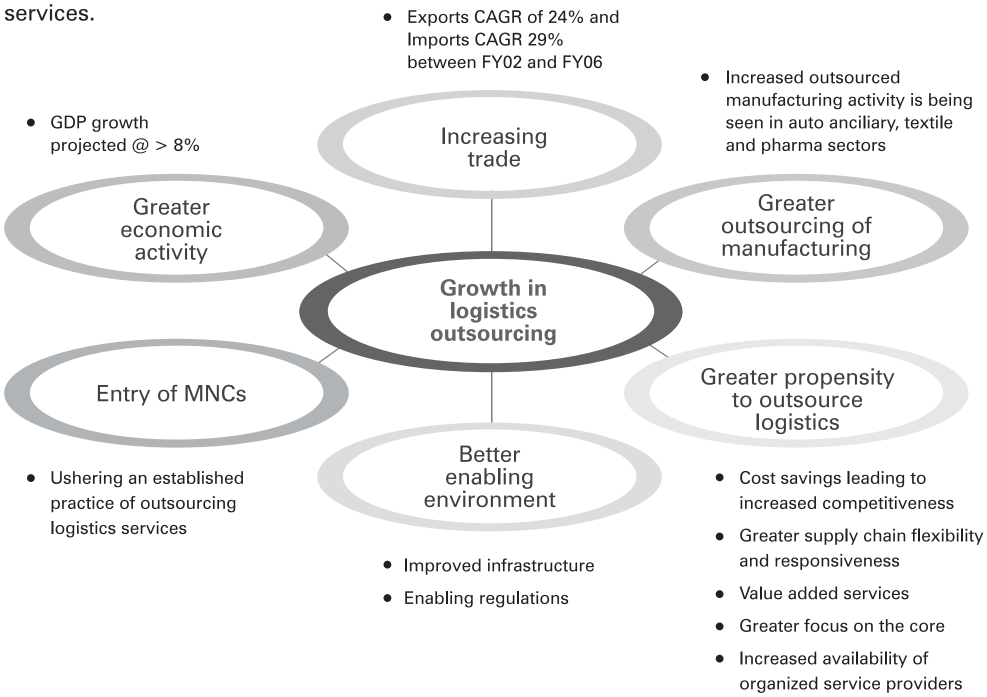
4PL can be described as the complete outsourcing of the logistics function including procurement of service providers. 4 PL companies are suppliers which have the expertise to manage resources, value delivery processes and technology for their clients in order to allow their clients to totally outsource their logistics management activity. The 4PLs do not compete with 3PLs as they have superior expertise in their respective fields by virtue of their investment and specialisation. 4PL providers do not own assets for transportation or warehousing, but rather leverage the solutions created by 3PL providers.

KEY DEMAND DRIVERS OF LOGISTICS OUTSOURCING

Companies are increasingly outsourcing their logistics requirements from third party logistics (3PL) service providers to extract better service, timely delivery and cost reduction. 3PL logistics solutions span order compilation, dispatch planning, physical transportation, in-transit monitoring, confirmation of deliveries, payment to transporters and

"According to Datamonitor, outsourced logistics, at just above one-quarter of the entire USD 90 bn Indian logistics market, is slated to grow at a compound annual growth rate (CAGR) of over 16 per cent from 2007-10."

providing MIS to the client. Multi-national companies (MNCs) setting up operations in India are using third-party logistics management companies (3PLs) that provide complete transportation, warehousing, and distribution services.



INDIAN LOGISTICS OUTSOURCING MARKET

With the rising per-capita income, the consumer markets are extending beyond the five metros of Mumbai, Delhi, Bangalore, Chennai and Hyderabad. As a strategy to tap the potential opportunities in these markets, the companies expanding the distribution network rapidly. While companies have greater challenges relating to product and customer focus along with higher competition, the need to outsource the logistics function is on the rise.

According to Datamonitor, outsourced logistics, at just above one-quarter of the entire USD 90 bn Indian logistics market, is slated to grow at a compound annual growth rate (CAGR) of over 16 per cent from 2007-10.

The Indian logistics industry is highly unorganised with transporters (with fleets smaller than five trucks) account for over two-thirds of the total trucks owned and operated in India and make up 80 per cent of revenues. The freight forwarding segment is also represented by thousands of small customs brokers and clearing and forwarding agents, who cater to local cargo requirements. In order to reduce logistics costs and focus on core competencies, Indian companies across verticals are now increasingly seeking and using the services of third-party logistics service providers. In addition, with the advent of large MNCs, the need of outsourced supply chain management along with end to end logistics solutions is on the rise too.

The basic logistics services require lower capital. As a result, smaller players have swarmed the industry. Integrated logistics solutions business requires higher capital and therefore it serves as an effective entry barrier.

Type of players:

1. Single location focused players – fragmented, low value add services
   Local/ inter-city operators like local and inter-city courier companies, port handling agents for a single location, single port owners, single CFS owners, etc.

2. Niche players – high value addition but limited to one activity
   Cater to a particular segment in the entire value chain across the country (e.g., CFSs across a region, courier companies, bulk truck transporters, etc)

3. Regional players limited by their geographical reach
   Caters to logistics solutions in a particular region or segment (port based, road based, etc).

4. Integrated players offering total logistics solutions
   A one-stop shop for logistics, and use multimodal forms of transportation to deliver anything anywhere with the help of their tie-ups all over the world.

In India, the space for integrated player still remains vacant. Integrated players are at the high end of the service spectrum and earn superior margins due to the integrated services.

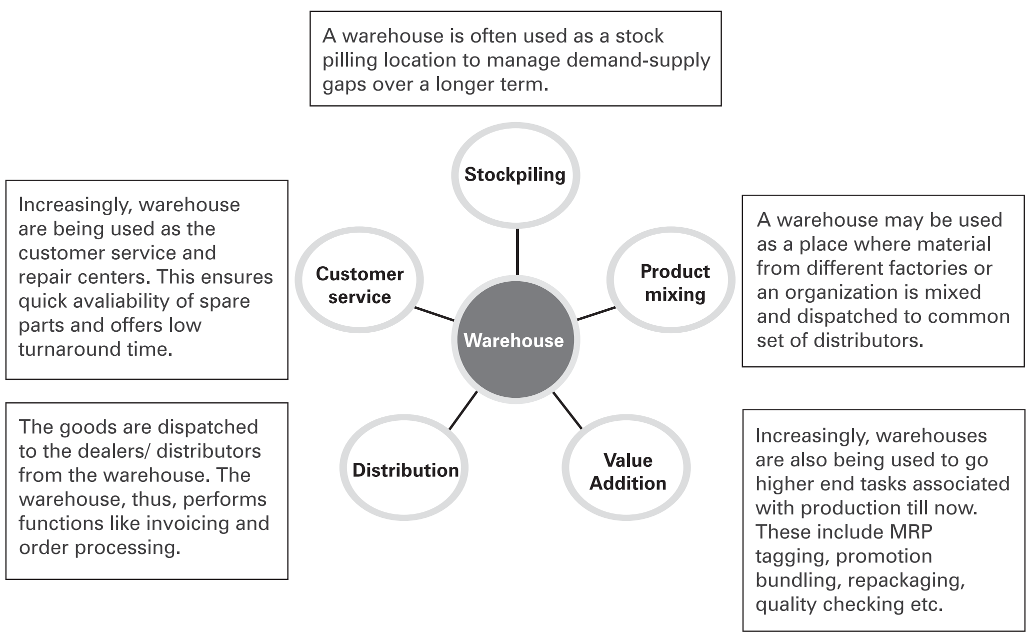
WAREHOUSING IN INDIA

Warehouses in India can be primarily categorised into Public and Private warehouses. Public warehouses provide common user facility wherein goods imported by anybody can be stored. The private warehouses are for specific captive utilisation.

The warehousing segment consists of storage warehousing related to distribution whether inbound or outbound transhipment warehouses or ‘terminals’ used for bulking / de-bulking, stuffing / de-stuffing cross docking and temporary storage (including CFS and ICD).

The warehousing segment has the greatest growth potential. Like road transportation, this segment has traditionally been extremely fragmented, small scale and scattered geographically. A key reason for this has been India's indirect tax structure, with tax paid on cross border (state border) sales not being fully set off against local tax liabilities. As a result, most players resorted to setting up small warehouses across different states, rather than large, centralised set-ups. This has led to the prevalence of small scale, fragmented warehouses, with corresponding inefficiencies.

The warehouses are also being used in the following ways:



FREE TRADE WAREHOUSING ZONES

FTWZ were introduced as a part of Government of India's FTWZ policy within Foreign Trade Policy 2004-09, in order to promote India as a major international trading hub and logistics centre. These Zones would be established in areas proximate to seaports, airports or dry ports so as to offer easy access by rail and road.

FTWZ is a 'Sanitised Zone' designated as Foreign Territory for carrying on business. They are envisaged to be Integrated Zones & to be used as 'International Trading Hubs'. Each Zone would provide 'world class' infrastructure for:

- o Warehousing for various kinds of products
- o Handling and Transportation Equipment
- o Commercial office space
- o All related utilities - telecom, power, water, etc
- o One stop clearance of Import and Export of goods

> "FTWZ is a 'Sanitised Zone' designated as Foreign Territory for carrying on business. They are envisaged to be Integrated Zones & to be used as 'International Trading Hubs'."

FTWZ would be a key link in Logistic and Global Supply chains - servicing both India and the Globe.

Key provisions for FTWZ

1. Minimum area of 40 ha stipulated for FTWZ with a minimum built-up of 1 lac sq. M. The minimum processing area must be 50 per cent.
2. The goods shall be allowed to be stored duty-free for a maximum period of two years.
3. All transactions by a FTWZ unit will only be in convertible foreign exchange
4. Inter-unit SEZ-FTWZ would be considered to be deemed exports
5. As per SEZ Rules, limited specific activities will only be allowed inside the FTWZ.
6. These zones would considerably speed up the customs clearance and shortening the payment cycles.
7. Income tax incentives
8. Duty deferment on storage of heavy equipment

Key activities permissible in SEZ

1. Warehousing/withholding on behalf of Indian/foreign suppliers
2. Packaging/labelling without processing
3. Re-export or re-invoice of goods
4. Refrigeration for the purpose of storage
5. Assembly of CKD and SKD units
6. Transhipment

COMPANY OVERVIEW

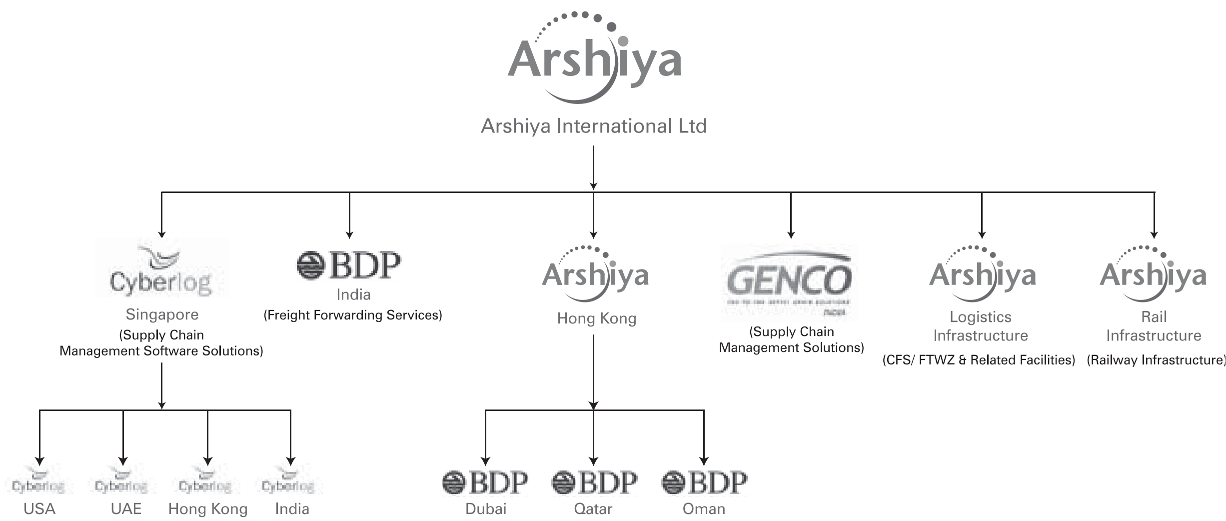
Arshiya International Limited (referred hereinafter as the 'Company') is a fast emerging end-to-end service and solution provider in logistics and supply chain management. Headquartered in Mumbai, the Company has operations in India and the Middle East, Singapore, Hong Kong, etc. The Company is an amalgamation of several strategic verticals (Free Trade Warehousing Zones [FTWZ's], Rail, 3PL, 4PL, Trucking, Warehousing & IT) enabling unparalleled operational expertise & solution capability across the entire supply chain spectrum. Arshiya has additionally developed strong ground operational capability (including Trucking & Warehousing) in the Middle-East, linked by sea from Mumbai, India to Sohar, Oman & Dubai, UAE.

Integrated services provider

The Company offers a gamut of products through its divisions relating to 3PL services, 4PL services, Integrated supply chain Technology, warehousing infrastructure and solutions, consultancy services, etc. apart from these, the Company has invested into free trade warehousing zones and railway infrastructure network, to ensure total integration by 2010. The Company would be only one of its kind in India to offer complete range of end to end logistics services and solutions.

> "The Company is currently investing in a free trade warehousing zone in Maharashtra. The Company's FTWZ is conveniently located near JNPT, the largest port in India in terms of port traffic."

The corporate structure



BUSINESS DIVISIONS

1. International freight and forwarding division – BDP

This division provides freight forwarding services to clients in India and Middle East countries like UAE, Oman and Qatar (through strategic investments). The gamut of services includes air and ocean transportation, customhouse brokerage, global logistics management and logistics consulting services.

The division offers end to end solutions from the origin of the goods to the destination countries, providing full visibility and tracking of shipments, order status and inventory levels. The division caters to some of the very renowned clients like Mahindra, Glenmark, L&T, Lupin, Alan Dick, Bechtel, AMD, Reebok, Quaker, etc. among others.

BDP is a renowned player in providing project logistics and chemical logistics services and solutions worldwide. The division offers a wide range of products and services including tailor-made logistics solutions for power generation, mining, oil and gas, plant construction/relocation and government projects. The project logistics entails the ability to handle and move heavy and large units from one location to other, thereby making it a niche service. The Company has successfully demonstrated its ability in this segment by winning trust of renowned clients like Vedanta, Jindal, ThyssenKrupp, Hindalco, Tata, etc. BDP also offers the following services:

- Door-to-door transport including aircraft and vessel charters
- Heavy-lift and over-dimensional cargo handling expertise
- Customs Clearance
- Supervision of port operations, including truck and barge loading

- Port and Off-site warehousing
- Solution consultation

With the division's renowned expertise in handling chemicals and project logistics, it is strategically located in the Middle East market, which is a growing economic power on account of the advantage that it commands due to oil. With increasing oil prices, the chemicals units have been moving out from Europe to Asian countries, thereby creating an attractive opportunity for the region.

2. 3PL services

The Company offers a comprehensive range of third party logistics services in the air, ocean and projects segments. With the outsourcing of logistics services catching up with Indian companies, the Company has emerged as one of the most preferred partners for 3PL services. Its comprehensive range includes managing, tracking, documenting and transporting the imported as well as exported goods efficiently and professionally. The division follows world-class systems and technology to track and provide on-site logistics support. The Company's dedicated software wing – Cyberlog enables it to ensure the use of a single software platform to access the required data in a most friendly and efficient way.

3. 4PL services

The Company has also developed and successfully highlighted its fourth party logistics solutions and services. It caters to the niche segment by offering customised consultancy and expertise in analysing, identifying and creating a robust supply chain management solution for its clients. This is one notch above the third party logistics services, as in it derived the freedom to design and re-define processes and systems to ensure better efficiencies and lower logistics costs. The service includes ascertaining inventory levels, setting up the distribution strategy, root cause analysis, forward logistics, reverse logistics, distribution centre and network management, etc. The Company has provided supply chain management solutions to two of the major retail players in the country successfully during the year under review.

4. Logistics infrastructure

In order to extend its presence in the logistics segments, the Company is currently investing in a free trade warehousing zone in Maharashtra. The Company's FTWZ is conveniently located near JNPT, the largest port in India in terms of port traffic. The Company is currently in the process of developing CFSs and ICDs across various states in India. Warehousing plays an important role in the logistics value chain as it can considerably add tremendous value to the supply chain function and also reduce inventory costs. With the completion of free trade warehousing zone, the Company would be able to add considerable value to its customers, by managing their inventories and transhipments in a cost-efficient manner. At the same time, the FTWZ would allow deferment of duty, faster processing of documents and even activities like packaging and labelling, thereby enabling the companies to benefit immensely from the low cost and highly efficient set-ups. It would also enable the global players to benefit from lower cost of labour in India and use the FTWZs as a storage base for their inventory transhipments.

5. Rail infrastructure

The Company's foray into the rail infrastructure segment completes the total integrated business model. With the rail wagons and own railway sidings, the Company would be attractively placed to ensure efficient and cost-effective movement of goods from its client's place to its FTWZ for exports or vice-versa for imports. The Company is also investing in the construction of Railway sidings that would allow efficient and faster movement of cargo and ensure better value for the existing customers.

FINANCIAL OVERVIEW

The company registered 127 per cent increase in the total revenues, from Rs. 91.73 Crores in 2006-07 to Rs. 208.07 Crores in 2007-08. Earnings before interest, depreciation, taxes, amortisation (EBIDTA) increased by 151 per cent from Rs. 7.63 Crores in 2006-07 to Rs. 19.18 Crores in 2007-08. The company registered a Profit after tax of Rs. 12.36 Crores in 2007-08, up by 211 per cent against Rs. 3.98 Crores in 2006-07. The company's EBIDTA margins increased by 90 bps from 8.32 per cent in 2006-07 to 9.22 per cent in 2007-08. The PAT margins also improved by 160 bps from 4.34 per cent in 2006-07 to 5.94 per cent in 2007-08.

SWOT ANALYSIS

Strengths

- One of the very few one-stop logistics solutions providers in India
- Strong presence in Indian and Asian markets
- Minimal dependence on third parties for applications and support
- Renowned client base
- Integrated operations resulting in higher earnings on account of higher by-products
- Skilled workforce
- Financial strength visible through investment quality
- Reputed investors
- Timely investments in large scale logistics infrastructure

Weaknesses

- Operates in a largely unorganised industry, leading to huge undercutting and competition
- Operates in a capital intensive industry

Opportunities

- Logistics, being a sunrise sector in India has a huge potential in the given economic scenario
- From presence across the product service value chain – 3PL, 4PL, rail, FTWZ, supply chain management and software development, the Company is attractively poised to benefit from boom across sectors
- Presence in the emerging (India) as well as traditional markets (Dubai and UAE) to enable creation of attractive value for the Company

"The Company presently employs more than 125 employees across various locations. The growth and sustained leadership of the Company is largely a function of the competence and quality of its human resources."

- FTWZ and rail containerisation would result in a potent mix to profitability
- With large investments being made in Special Economic Zones, the Company stands to emerge as one of the biggest beneficiaries of the advent of global manufacturing bases into India

Threats

- The Company is very prone to slowdown in the Indian economy
- Higher cost of funds may result in lower margins
- The Company is largely subjected to regulatory risks

HUMAN RESOURCES

The Company presently employs more than 125 employees across various locations. The growth and sustained leadership of the Company is largely a function of the competence and quality of its human resources. The Company has always aimed to create a workplace where every person can achieve his optimum potential. The Company has a performance-rewarding culture throughout, enabling it to create leaders out of its own employees. The Company has also undertaken various training and development initiatives to hone the skills and expertise of its people.

Being in diversified businesses, the Company empowers the inter-departmental and inter-unit movement within deserving individuals, ensuring better retention of talent and at the same time providing newer avenues to its employees.

During the year, the Company recruited 30 per cent more employees than 2006-07, reflecting the higher levels of activity within the Company in the coming years. During the year, the Company also introduced Employee Stock Option Plan for its employees as a step to retain talent and create value for its employees.

INTERNAL CONTROL SYSTEMS

The Company has a proper and adequate system of internal control, which is commensurate with its size and nature of operations. This provides a reasonable assurance with regard to assets protection from unauthorised use or losses, maintaining proper accounting control, monitoring operational efficiency, proper compliance with applicable laws and ensuring the reliability of financial and operational information. The Company has an audit committee, which reviews audit reports, audit plans, significant audit finding, adequacy of internal control, compliance with accounting standards and suggests improvements for strengthening them. The Company is committed to operational efficiency.

OUTLOOK

The year 2008-09 will be a crucial year for the Company. The focus would be on the construction of the FTWZ and the initiation of the railway operations. With a large number of domestic players identifying and acknowledging the importance of efficient and professionally-driven logistics management solutions, the focus of the Company would also be on expanding the clientele.

"The Company's ability to commission projects at record speed would enable it to efficiently recover the costs associated by putting the assets to use in a phased manner."

RISK REVIEW

Technology risk

The Company's operations rely heavily on technology. Any technological obsolescence can negatively impact the Company's operations.

Mitigation factors

The Company has a dedicated software technology arm – Cyberlog Technologies, enabling it to offer in-house developed solutions. The Company spends considerably in the research and development function and the same is evident in it introducing value-added versions of new products every year.

Funding risk

The Company is into a highly capital intensive industry segment. Non-availability of funds or increased cost of funding will result in pressurised margins

Mitigation factors

The Company is nearly a zero-debt company at the moment, indicating its ability to avail loans without impairing the profitability. Moreover, the expansion programmes undertaken are largely funded through internal accruals of the Company coupled with term loans from consortium bankers. Moreover, the Company's ability to commission projects at record speed would enable it to efficiently recover the costs associated by putting the assets to use in a phased manner.

Regulatory risk

The Company has proposed investing Rs. 2800 cr. as its phase 1 investments into FTWZ and rail infrastructure. These decisions are based on government regulations and policies. Any adverse change or regulation can adversely impact the Company's plans.

Mitigation factors

While this risk applies to all the industry players, the mitigation lies in the economic progress of India. Effective logistics is an extension to the infrastructural development in a country. The ongoing investments in infrastructure would attract greater confidence from global players and as a result, the regulations are bound to be more liberal and in the interest of the Indian economy.

Competition risk

The Company operates in various industry segments having substantial competition, both from the organised and the unorganised players. Higher competition can impact the margins.

Mitigation factors

The Company has been consistently investing in value-added expertise and infrastructure. It is the only company in India to offer a comprehensive range of end-to-end logistics solutions. With the completion of the Company's expansion plans, it will emerge as the only integrated logistics player in the country. The Company mitigates the competition risk with better infrastructure, superior services and strong client relationships, among others.

Human resource risk

Quality of manpower decides the quality of the services. Higher attrition would dent the Company's prospects.

Mitigation factors

The Company's HR department ensures identification, development and retention of talented professionals. The Company's presence across various businesses enables it to ensure holistic development of its employees by adding new skill sets. The Company also introduced ESOP scheme for the performing candidates, thereby ensuring lower attrition and overall development of the employees.

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes in maintaining high standards of quality, transparency and ethical conduct in all its activities aimed at strengthening the confidence among shareholders, customers, employees and other stakeholders. In relentless pursuit of this philosophy the Company benchmarks itself with the best in industry in every sphere of its operations on continuous basis.

The Company's affairs are conducted in accordance with sound corporate governance principles and strives constantly to improve upon them. The Company firmly believes that following these principles would enhance efficiency across the organisation and help it maximize shareholder value.

The following report on Corporate Governance has been provided pursuant to clause 49 of the listing agreement:

2) BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD

The Board consists of executive and non-executive Directors, who have in depth knowledge of the business and industry in addition to expertise in their areas of specialization. The Board has strength of eight Directors comprising of two executive Directors and six non-executive Directors including four Independent Directors.

(B) NON EXECUTIVE DIRECTORS COMPENSATION AND DISCLOSURES

Non-Executive Independent 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

No Director is a member in more than ten Committees or Chairman in more than five Committees, across all the Companies in which they are Directors.

Attendance at Board Meetings:

During the year, the Board of Directors met eight times on the following dates: 27th April, 2007, 30th June, 2007, 27th July, 2007, 6th September, 2007, 25th October, 2007, 30th October, 2007, 19th January, 2008 and 28th January, 2008.

The details of attendance of the Directors at Board meetings and the last Annual General Meeting as well as their directorships, membership/ chairmanship of the committees in other companies are as follows:

Sr. No.	**Name**	**Category**	**Attendance at Board Meetings**		**Director-ships in other public Companies**	**Membership / Chair-manship of Commit-tees in other Public Companies**		**Attendance at A.G.M. held on 10th September, 2007**
			Held	Attended		Chairman	Member	
1.	Ajay S Mittal	Managing Director	8	7	9	–	2	YES
2.	Archana A Mittal	Promoter & Whole Time Director	8	6	1	–	–	YES
3.	Ashish Bairagra	Independent Director	8	8	1	–	–	NO
4.	Rishabh P Shah	Independent Director	8	6	–	–	–	YES
5.	James Beltran	Independent Director	8	–	–	–	–	NO
6.	Richard Bolte Jr.	Non Executive Director	8	–	–	–	–	NO
7.	Francis X Bolte	Non Executive Director	8	2	–	–	–	NO
8.	Prof. G Raghuram	Independent Director	8	4	4	–	1	NO

(D) CODE OF CONDUCT

The Company has laid down a code of conduct for the Directors and Senior Management personnel of the Company. 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 Managing Director, is provided as Annexure I to this Report.

3) COMMITTEES OF THE BOARD

The Company has seven Committees of the Board of Directors viz.

1. Audit Committee.
2. Allotment Committee
3. Compensation Committee
4. Investment Committee
5. Investor Relations/Grievances Committee
6. Remuneration Committee.
7. Share Transfer Committee

All decisions pertaining to the constitution of Committees, appointment of members and fixing the terms of reference for 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.

1. AUDIT COMMITTEE

The Committee comprises of Mr. Ashish Bairagra, Mr. Ajay S Mittal, and Mr. Rishabh Shah. Mr. Ashish Bairagra is the Chairman of the Committee. He is a Chartered Accountant having accounting and related financial management expertise. Mr. V. Shivkumar, Director- Corporate Affairs & Secretary is Secretary to the Committee.

The Audit Committee met seven times during the year on 27th April, 2007, 30th June, 2007, 27th July, 2007, 30th October, 2007, 30th November, 2007, 28th January, 2008 and 29th February, 2008.The details of attendance are as below:

Sr. No.	Name of Member	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Bairagra	7	7
2.	Mr. Ajay S Mittal	7	7
3.	Mr. Rishabh Shah	7	5

The role of the Committee includes the following:

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 auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
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.
   a. Reviewing, with the management, the statement of uses / application of funds 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.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. 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.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

2. ALLOTMENT COMMITTEE

The Allotment Committee comprises of Mr. Rishabh Shah, Mr. Ajay S Mittal, Mrs. Archana A Mittal and Mr. Ashish Bairagra.

The Committee met four times during the year on October 20, 2007, December 17, 2007, December 20,2007 and

March 18, 2008. The details of attendance are as follows:

Sr. No.	Name of Member	No. of meetings held	No. of meetings attended
1.	Mr. Rishabh Shah	4	2
2.	Mr. Ajay S Mittal	4	4
3.	Mrs. Archana A Mittal	4	4
4.	Mr. Ashish Bairagra	4	3

3. COMPENSATION COMMITTEE

The Compensation Committee comprises of Mr. Ashish Bairagra, Mr. Ajay S Mittal and Mr. Rishabh Shah. Mr. Ashish Bairagra is the Chairman of the Committee.

The Committee met once on 15th February, 2008 to grant the stock options to the permanent employees of the Company and of Subsidiary Companies including step down subsidiaries, in India and out of India, under The Arshiya Employee Stock Option Plan,2007. The meeting was attended by all the members.

4. INVESTMENT COMMITTEE

The Investment Committee comprises of Mr. Ajay S Mittal, Mr. Ashish Bairagra and Mr. Rishabh Shah. The Committee evaluates the investment proposals and makes suitable recommendations to the Board. The Committee met twice during the year on 27th April, 2007 and 6th September, 2007. The details of attendance are as below:

Sr. No.	Name of Member	No. of meetings held	No. of meetings attended
1.	Mr. Ajay S Mittal	2	2
2.	Mr. Rishabh Shah	2	2
3.	Mr. Ashish Bairagra	2	2

5. INVESTOR RELATIONS/GRIEVANCES COMMITTEE

Investor Relations/Grievances committee comprises of Mr. Ashish Bairagra, Mr. Ajay S Mittal and Mr. Rishabh Shah. Mr. Ashish Bairagra is the Chairman of the Committee.

The Committee meets as and when required, to deal with the matters relating to monitoring and redressal of complaints from shareholders relating to share transfers, non receipt of Annual Report, dividend etc.

The Committee met four times during the year on 27th April, 2007, 27th July, 2007, 30th October, 2007 and 28th

January, 2008. The details of attendance are as below:

Sr. No.	Name of Member	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Bairagra	4	4
2.	Mr. Ajay S Mittal	4	4
3.	Mr. Rishabh Shah	4	2

Name and designation of compliance officer

Mr. V. Shivkumar, Director- Corporate Affairs & Secretary is the Compliance Officer of the Company.

Status of Investor complaints

The Company received seventy two letters/complaints relating to share transfers, non receipt of Annual Report, dividend etc. from the investors during the year ended 31.03.2008 and all were attended/ resolved satisfactorily.

6. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. Rishabh Shah, Mr. Ashish Bairagra and Mr. Francis X Bolte. Mr. Rishabh Shah is the Chairman of the Committee. The broad terms of reference of the Remuneration Committee are to review and recommend the remuneration package payable to the executive Directors in accordance with the provisions contained in the Companies Act, 1956.

The Remuneration Committee met once during the year on 27th April, 2007 which was attended by Mr. Rishabh Shah and Mr. Ashish Bairagra. It approved the increase in the basic salary of Managing Director and Whole Time Director from Rs. 2,00,000 to Rs. 3,50,000 per month.

Executive Directors viz. Managing Director and Whole Time Director receive salary, allowances and perquisites while Independent Directors receive sitting fees.

Details of Remuneration paid to Executive and Non Executive Directors for the year ended 31st March, 2008 are given below:

a) Non-executive Directors

Sr. No.	Name of Director	Sitting Fees paid (Rs.)	No. of shares held (Face Value Rs. 2/- each)
1.	*Mr. Ashish Bairagra	60,000/-	Nil
2.	*Mr. Rishabh Shah	45,000/-	4,000
3.	*Mr. G. Raghuram	30,000/-	Nil
4.	*Mr. James Beltran	Nil	Nil
5.	#Mr. Francis X Bolte	Nil	1,66,660
6.	#Mr. Richard Bolte Jr.	Nil	1,66,675

*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 and Allowances paid (Rs.)	No. of Stock Options
1.	@Mr. Ajay S Mittal-Managing Director	47,04,000	Nil
2.	@Mrs. Archana A Mittal-Whole Time Director	47,04,000	Nil

@Mr. Ajay S Mittal and Mrs. Archana A Mittal are inter-se related.

The Company has entered into Service Contracts with Mr. Ajay S Mittal – Managing Director and Mrs. Archana A Mittal – Whole Time Director of the Company vide service contracts, both dated 31st August,2006. As per Service Contracts the notice period for terminating their respective contract is three months on either side.

7. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of Mr. Rishabh Shah, Mr. Ashish Bairagra and Mr. Ajay S Mittal. The Share Transfer Committee is authorized to consider and approve the physical share transfers, transmission, transposition, issue of duplicate certificates, consolidation, split, renewal of share certificates etc. The Share Transfer Committee Meetings were held twenty times during the year ended 31st March, 2008. The details of attendance are as below:

Sr. No.	Name of Members	No. of meetings held	No of Meetings attended
1.	Mr. Rishabh Shah	20	20
2.	Mr. Ashish Bairagra	20	20
3.	Mr. Ajay S Mittal	20	20

4) BOARD PROCEDURE

The Board meetings of the Company are convened keeping in view statutory provisions and business requirements. The agenda is prepared in consultation with the Chairman of the Board. All items are backed by background materials and relevant supportings which are circulated in advance.

INFORMATION SUPPLIED TO THE BOARD

The Board of Directors have 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 judgement 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.

5) SUBSIDIARY COMPANIES

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

None of the subsidiaries of the Company as on 31st March, 2008 meets the criteria of "Material non-listed Indian Subsidiary".

6) 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
2006-2007	10th September, 2007 at 10.00 a.m.	AIPMA House, MIDC, Marol, Andheri (East), Mumbai – 400059.
2005-2006	7th August, 2006 at 11.30 a.m.	7th Floor, Twin Arcade, C-Wing, Military Road, Marol-Maroshi, Andheri (East), Mumbai 400059.
2004-2005	18th August, 2005 at 4.00 p.m.	Vikas, 11, Bank Street, Mumbai-400 001.

Details of special resolutions passed at AGMs / EGMs during last three years:

AGM held on	Special Resolution passed
10th September, 2007	• Increase in remuneration of Managing Director • Increase in remuneration of Whole-time Director • Change in 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 upon sub-division of Equity Shares of Rs. 10/- each into five Equity Shares of Rs. 2/- each. • Alteration of capital clause of Articles of Association upon sub-division of Equity Shares of Rs. 10/- each into five Equity Shares of Rs. 2/- each.
7th August, 2006	• Appointment of Mr. Ajay S Mittal as 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.
18th August, 2005	No Special resolution was passed.

EGM held on	Special Resolution passed
20th November, 2007	• Alteration of the Articles of Association consequent upon increase in Authorised Share Capital to Rs. 15,00,00,000/- divided into 7,50,00,000 Equity Shares of Rs. 2/- each. • Raising of funds up to Rs. 350 Crores by issuing additional Equity Shares including Qualified Institutional Placement as prescribed under Chapter XIIIA of SEBI (Disclosure & Investor Protection) Guidelines, 2000. • Arshiya Employee Stock Option Plan 2007 and issue of equity shares / securities thereunder to the eligible employees of the Company including the Directors of the Company. • Issue of equity shares / securities to the eligible employees of the Company's subsidiaries including subsidiary Companies of such subsidiaries and Directors of such companies under "Arshiya Employee Stock Option Plan 2007".
12th February, 2007	• Alteration of Articles of Association to enable the company to issue convertible warrants. • Issue of 12,00,000 Equity Shares of Rs. 10/- each and 7,50,000 Warrants convertible into equal number of shares within 18 months at the option of the Warrant holder of Rs. 10/- each on preferential basis at a premium of Rs. 490/- per share.
28th November, 2006	• To invest in and to acquire by way of subscription, purchase or otherwise upto 10 lacs Equity Shares in BDP Genco (India) Private Ltd. • To shift the Registers and Indexes of Members, Register and Indexes of Debenture holders and other related records at the office of the Registrar and Share Transfer Agent of the Company under Section 163 of the Companies Act,1956.
13th October, 2006	• Issue of three new equity shares of face value of Rs. 10/- each as Bonus Shares for every two existing shares.
5th April, 2006	• Issue of 7,25,000 shares of Rs. 10/- each on Preferential basis at a premium of Rs. 240/- per share • To invest in and to acquire by way of subscription, purchase or otherwise the entire equity of Cyberlog Technologies International Pte Ltd, Singapore under section 372A of the Companies Act,1956. • To invest in and to acquire by way of subscription, purchase or otherwise the entire equity of Park Investments Limited under section 372A of the Companies Act,1956. • Change of name of the Company to "ARSHHIYA TECHNOLOGIES INTERNATIONAL LTD" from IID Forgings Ltd
20th March, 2006	• Increase in Authorised Capital from Rs. 2 Crores to Rs. 10 Crores. • Alteration in the Articles of Association for increase of Authorised Capital to Rs. 10 Crores. • Issue of 2,13,000 shares of Rs. 10/- each on Preferential basis at a premium of Rs. 240/- per share. • To invest in and to acquire by way of subscription, purchase or otherwise the entire equity of Park Investments Limited under section 372A of the Companies Act, 1956.

b) Resolution passed through Postal Ballot:

During the year consent of members of the Company was sought by ordinary resolution, through postal ballot, for mortgaging, hypothecating and / or creating charge by the Board of Directors of the Company on all / or part of the immovable and movable properties of the Company in favour of lenders to secure the repayment of monies borrowed or to be borrowed by the Company from time to time, under section 293(1)(a) of the Companies Act,1956.

The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Mr. P.K.B. Nambiar, Practising Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot process. The results of the Postal Ballot were announced on 11th August, 2007 details of which are given below:

Total Postal Ballot Forms received	:	52
Number of Invalid Postal Ballots received	:	2
Number of valid Postal Ballots received	:	50
Number of Votes in favour of the Resolution	:	41,55,201
Number of Votes against the Resolution	:	Nil

The said Ordinary resolution was approved by requisite majority.
At present the Company does not have any proposal to be passed by way of postal ballot.

7) DISCLOSURES

a) Related Party Transactions:
Transactions with related parties have been disclosed in Note No. 19(d) 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:
The Company has initiated the risk assessment and minimization procedure.

d) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.:
The Company raised Rs. 3,70,01,49,820 during the financial year ended 31st March, 2008, the details of which

are as follows:

Sr. No.	Particulars	Date of Allotment	No. of shares (face value Rs. 2/- each)	Premium Amount Rs.	Total Rs.
1.	Allotment of equity shares on Preferential basis	20.12.2007	1,12,90,322	Rs. 308/- per share	3,49,99,99,820/-
2.	*Conversion of warrants in to Equity Shares	18.03.2008	20,01,500	Rs. 98/- per share	20,01,50,000/-
	Total		**1,32,91,822**		**3,70,01,49,820/-**

*3,49,700 Warrants of the face value of Rs. 10/- each are pending for conversion as on 31st March, 2008.

e) Management Discussion & Analysis:
Management Discussion & Analysis Report forms part of this Annual Report.

f) Disclosure regarding appointment or re-appointment of Directors:
The detailed profiles of Directors retiring by rotation are provided in the Annexure to the Notice of the Annual General Meeting.

8) 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.

9) COMPLIANCE BY THE COMPANY

The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other Statutory Authorities.

10) 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 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. 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. 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.

11) GENERAL SHAREHOLDER INFORMATION

a)	Date, Time and Venue of Annual General Meeting	Date : Wednesday, 24th September, 2008. Time : 4.00 p.m. Venue : 6th Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K.Dubhash Marg, Fort Mumbai-400001
b)	Financial Calendar - 2008-09 (Tentative)	i) First Quarter Results - 30th July, 2008 ii) Second Quarter Results - End of October, 2008 iii) Third Quarter Results - End of January, 2009 iv) Fourth Quarter Results - End of April, 2009
c)	Date of Book Closure	Wednesday,17th September, 2008 to Wednesday, 24th September, 2008 (both days inclusive)
d)	Dividend payment date	On or after 25th September, 2008
e)	Listing on Stock Exchanges	Bombay Stock Exchange Limited. The Company has paid the Listing fees for the year 2008–2009.
f)	Stock Code Symbol	BSE : 506074
g)	ISIN	*INE968D01022

*NSDL and CDSL have activated new ISIN number after sub-division of each equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each.

h) Market Price Data:

The monthly high and low quotations of shares traded on Bombay Stock Exchange Limited during each month in last financial year are as follows:

Month	**Bombay Stock Exchange Limited Price (Rs.)****	
	High	**Low**
April'07	774.00	708.55
May'07	772.95	695.35
June'07	788.35	714.25
July'07	959.00	769.20
August'07	911.60	817.45
September'07	1,197.35	900.00
*October'07	*1,126.60 #274.95	*1022.85 #221.45
November'07	296.65	233.85
December'07	368.50	302.55

Month	Bombay Stock Exchange Limited Price (Rs.)**	
	High	Low
January’08	424.00	289.00
February’08	324.95	249.95
March’08	259.90	150.05

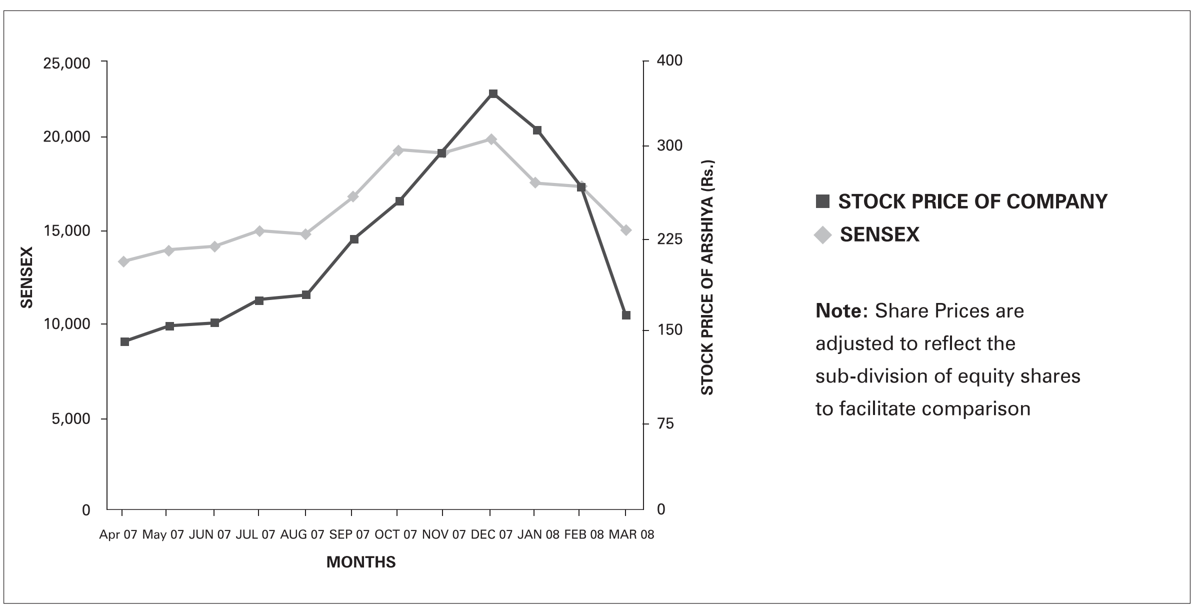
*Face Value Rs. 10/- per share.

#Face Value Rs. 2/- per share.

**Source: www.bseindia.com

i) Performance in comparison to SENSEX:
The performance of the Company‘s stock prices relative to the BSE Sensitive Index (BSE SENSEX) is given in the chart below.

PERFORMANCE OF THE COMPANY VIS-A-VIS SENSEX



j) Registrar and Share Transfer Agent:

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai-400 072
Tel.: 91-22-2847 0652/ 4043 0200
Fax.: 91-22-2847 5207
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 relevant 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, 2008:

Category	**Number of shares held (Rs.2/- each)**	**Percentage of Shareholding (%)**
Promoter and Promoter Group	2,47,52,740	43.42
Mutual Funds/ UTI	40,27,400	7.07
Financial Institutions/ Banks	55,727	0.10
Foreign Institutional Investors	1,31,62,500	23.09
Bodies Corporate	29,73,022	5.22
Individuals	69,26,383	12.15
Clearing Member	19,939	0.03
NRI	2,35,111	0.41
Foreign National	16,00,000	2.81
Foreign Company	32,51,500	5.70
TOTAL	**5,70,04,322**	**100**

l) (b) Distribution of shareholding as on 31st March, 2008:

Range (shares)	No. of share holders	% of Total Holders	Total Holding	% of Capital
1 - 5000	1,692	90.87	9,83,950	1.73
5001 - 10000	64	3.44	4,60,145	0.81
10001 - 20000	18	0.97	2,56,527	0.45
20001 - 30000	6	0.32	1,56,000	0.27
30001 - 40000	4	0.21	1,31,379	0.23
40001 - 50000	8	0.43	3,81,912	0.67
50001 - 100000	10	0.54	6,87,372	1.20
1000001 - 99999999	60	3.22	5,39,47,037	94.64
Total	**1,862**	**100.00**	**5,70,04,322**	**100.00**

m) Dematerialization of shares and Liquidity:

About 83.84 per cent of the total number of shares are in dematerialized form as on 31st March, 2008. The Equity Shares of the Company are traded on the Bombay Stock Exchange Limited.

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

As on 31st March, 2008, there were no outstanding ADRs or GDRs.

Further, 7,50,000 warrants were issued to three warrant-holders on preferential basis, out of which 4,00,300 warrants were converted into 20,01,500 Equity Shares of Rs. 2/- each on 18th March, 2008 and 3,49,700 warrants are pending for conversion.

Assuming 3,49,700 warrants are converted into Equity Shares of Rs. 2/- each, 17,48,500 Equity Shares of Rs. 2/- each will be allotted which will result into total paid-up capital of Rs. 11,75,05,644/- comprising of 5,87,52,822 Equity Shares of Rs. 2/- each.

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 Agent at:-

M/s. Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai-400 072
Tel.: 91-22-2847 0652 / 4043 0200
Fax.: 91-22-2847 5207
E-mail: info@bigshareonline.com

For the complaints/grievances, if any, members may also write to:-

Company Secretary
Arshiya International Ltd
7th Floor, Twin Arcade,
C-Wing, Military Road, Marol-Maroshi,
Andheri (East), Mumbai 400059
Email : grv.redressal@arshiyainternational.com

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 constituted a Remuneration Committee of the Board of Directors of the Company. A detailed note is provided separately on Committees in this 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) Audit Qualifications

There are no qualifications in the Auditors' Report on the financial statements for the financial year ended 31st March, 2008.

(e) 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.

(f) Mechanism for evaluating Non-Executive Board Members

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

(g) Whistle Blower Policy

Though there is no formal Whistle-blower policy, the Company takes 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 Agreement with the Bombay Stock Exchange Ltd., I hereby declare that to the best of my knowledge & belief, and on the basis of declarations given to me, all the Directors and the Senior management personnel have affirmed compliance with the Code of Conduct as laid down by the Company as applicable to them for the financial year ended on 31st March, 2008.

Place: Mumbai	**Ajay S Mittal**
Date: 30th July, 2008	**Chairman & Managing Director**

Annexure II

CEO/ CFO CERTIFICATION

a) We have reviewed the financial statements and the cash flow statement of Arshiya International Ltd, for the year ended 31st March, 2008 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 statements 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 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 internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:
   - (i) Significant changes in internal control over financial reporting during the year;
   - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai	**Sandesh Chonkar**	**Ajay S Mittal**
Dated: 30th July, 2008	**Director Finance & CFO**	**Chairman & Managing Director**

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of
ARSHIYA INTERNATIONAL LTD

I have examined the records concerning Compliance of the conditions of Corporate Governance by ARSHIYA INTERNATIONAL LTD for the year ended 31st March, 2008 as stipulated in clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited (BSE).

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 the opinion on the financial statements of the Company.

On the basis of relevant records and documents maintained and furnished to me and the information and explanations given to me by the Company's management, to the best of my knowledge and belief, I certify that the Company has complied with the conditions of corporate governance, as stipulated in Clause 49 of the said Listing Agreement.

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

P. K. B. NAMBIAR
Company Secretary
FCS: 1296
CP : 1090

Place : Mumbai
Date :30th July, 2008

FINANCIAL SECTION

Auditors' Report

To the Members of
Arshiya International Limited
[formerly known as Arshhiya Technologies International Limited]

1. We have audited the attached Balance Sheet of Arshiya International Limited ('the Company') as at March 31, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date (together referred to as 'financial statements'). 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 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 (Auditor's Report) Order, 2003, ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) on the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2008 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

   f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required 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, 2008;

      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      iii) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Vilas Y. Rane
Partner

Membership Number: F-33220
For and on behalf of

Place: Mumbai
Date: July 30, 2008

Price Waterhouse
Chartered Accountants

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report to the members of Arshiya International Limited on the accounts for the year ended March 31, 2008)

(i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets are physically verified by the management in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) The Company has not disposed off a substantial part of fixed assets during the year, and accordingly, going concern is not affected.

(ii) The Company does not hold any inventory and hence clauses (a), (b) and (c) of paragraph 4 (ii) of the Order are not applicable.

(iii) a) According to information and explanations given to us, the Company has granted unsecured loan to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of the loan was Rs. 9,999,259.

b) In our opinion, the rate of interest and other terms and conditions of the loan given by the Company are not, prima facie, prejudicial to the interest of the Company.

c) Since there is no stipulation as to the time period for recovery of the principal amount of loan and the interest thereon, we are unable to comment on the regularity of the same.

d) According to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal amount of loan and the interest thereon.

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 listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (f) and (g) of paragraph 4 (iii) of the Order relating to rate of interest and other terms and conditions of loans and regularity of payment of principal and interest are not applicable.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the capital items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there exists 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 sale of goods and services. In the course of our audit, we have not noticed any continuing failure to correct major weaknesses in the internal control system.

(v) a) According to the information and explanations given to us and based on the disclosure of interest made by the directors of the Company, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 which need to be entered in the register required to be maintained under that section, have been entered.

b) In our opinion and according to the information and explanations given to us, the transactions of 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 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, except for a transaction with one party, where no comparison of prices could be made available as these services are of a special nature.

(vi) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

(vii) In our opinion, the Company needs to strengthen its internal audit system to make it commensurate with the size of the Company and the nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under the provisions of Section 209(1) (d) of the Companies Act, 1956 for any of the activities of the Company.

(ix) a) According to the information and explanations given to us, except for certain minor delays, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year, and there were no such outstanding dues as at March 31, 2008 for a period exceeding 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, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess as at March 31, 2008 which have not been deposited on account of a dispute, except for an amount of Rs. 13,541,555, which has been demanded by the Income-tax authorities pertaining to the assessment year 2005-2006 and the dispute is pending with the Commissioner of Income-tax (Appeals).

(x) The Company has no accumulated losses as at March 31, 2008, and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

(xi) According to the information and explanations given to us and on the basis of the examination of the books of accounts, the Company has not defaulted in repayment of its dues to banks. The Company did not have any dues to a financial institution or debenture holders during the year.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4 (xii) of the Order is not applicable.

(xiii) Clauses (a), (b), (c) and (d) of paragraph 4 (xiii) of the Order relating to a chit fund or a nidhi/ mutual benefit fund/ society are not applicable to the Company.

(xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments.

(xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares on conversion of share warrants to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

(xix) The Company has not issued any debentures, and accordingly, paragraph 4 (xix) of the Order are not applicable.

(xx) The Company has made qualified institutional placement of equity shares and also allotted equity shares on conversion of share warrants during the year. The Company has disclosed the end use of money raised and the same has been verified by us.

(xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

Vilas Y. Rane
Partner

Membership Number: F-33220
For and on behalf of

Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: July 30, 2008

Balance Sheet as at March 31, 2008

(Amount in Rs.)

	SCHEDULE	**AS AT MARCH 31, 2008**	AS AT MARCH 31, 2007
SOURCES OF FUNDS			
Shareholders' Fund			
Share capital	1	114,008,644	87,425,000
Equity share warrants (Fully convertible) (Refer Note 9 (a) of Schedule 18)		17,485,000	37,500,000
Employee stock options outstanding (Refer Note 11 of Schedule 18)		5,927,197	–
Reserves and surplus	2	4,452,349,365	789,868,352
		4,589,770,206	914,793,352
Loan funds			
Secured loans	3	3,341,744	41,576,807
Deferred tax liability (Net) (Refer Note 22 of Schedule 18)		811,183	2,358,377
Total		**4,593,923,133**	**958,728,536**
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross block		48,939,573	36,859,594
Less: Depreciation		14,795,628	8,413,255
Net block		34,143,945	28,446,339
Capital work in progress (including capital advances)		1,940,171,203	143,916,816
		1,974,315,148	172,363,155
Investments	5	1,458,874,121	121,912,600
Current assets, loans and advances			
Sundry debtors	6	338,148,032	196,293,243
Cash and bank balances	7	811,625,792	479,886,823
Loans and advances	8	220,433,632	123,970,040
		1,370,207,456	800,150,106
Less: Current liabilities and provisions			
Current liabilities	9	152,636,830	107,013,525
Provisions	10	56,836,762	28,683,800
		209,473,592	135,697,325
Net current assets		1,160,733,864	664,452,781
Miscellaneous expenditure (to the extent not written off or adjusted)	11	–	–
Total		**4,593,923,133**	**958,728,536**
Notes to accounts	18		

As per our report of even date

Vilas Y. Rane
Partner
Membership No. : F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : July 30, 2008

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

Profit & Loss Account for the year ended March 31, 2008

(Amount in Rs.)

	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
INCOME			
Income from operations	12	2,019,138,064	908,417,974
Other income	13	61,558,486	8,869,483
Total		**2,080,696,550**	**917,287,457**
EXPENDITURE			
Purchases and operating expenses	14	1,731,761,783	766,240,157
Employees' remuneration	15	60,194,004	40,720,391
Other administrative expenses	16	93,456,117	52,074,901
Finance expenses	17	7,242,967	5,195,926
Depreciation / amortisation		6,424,778	3,417,786
Total		**1,899,079,649**	**867,649,161**
Profit before taxation, exceptional items and prior period items		181,616,901	49,638,296
Add : Exceptional items			
- Profit/ (loss) on sale of fixed assets retired from use and held for disposal		–	23,285,942
- Profit of erstwhile BDP (India) Private Limited for the three months ended March 31, 2006 (Refer Note 12(e) of Schedule 18)		–	8,525,457
Less : Prior period items (net) (Refer Note 7 of Schedule 18)		3,388,438	13,798,848
Profit before taxation		**178,228,463**	**67,650,847**
Less : Provision for taxation (Refer Note 12(e) of Schedule 18)			
- Current tax		53,500,000	25,475,826
- Deferred tax charge/ (credit)		(1,547,194)	826,152
- Fringe benefits tax		2,650,000	1,523,001
- For earlier years		2,075	71,009
Net profit for the year after taxation		**123,623,582**	**39,754,859**
Balance brought forward		51,547,866	12,324,357
Surplus in profit and loss account of erstwhile BDP (India) Private Limited pursuant to Scheme of Amalgamation (Refer Note 12(d) of Schedule 18)		–	29,014,856
Amount available for appropriation		**175,171,448**	**81,094,072**
Appropriations			
Proposed dividend		45,603,458	21,856,250
Dividend tax		7,750,308	3,714,470
Transfer to General reserve		12,362,358	3,975,486
Balance carried to balance sheet		**109,455,324**	**51,547,866**
		175,171,448	**81,094,072**
Notes to accounts	18		
Earnings per share - Basic		**2.63**	**1.05**
- Diluted		**2.57**	**1.05**
Face value per share - Rs. 2 (Refer Note 21 of Schedule 18)			

As per our report of even date

Vilas Y. Rane
Partner
Membership No. : F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : July 30, 2008

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

Cash Flow Statement for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXATION AS PER PROFIT AND LOSS ACCOUNT		**178,228,463**	**67,650,847**
Adjustments for : (Refer Note 2 below)			
Depreciation		6,424,778	3,976,639
Interest expense (including finance charges)		7,242,967	5,680,753
Interest income		(25,078,990)	(6,801,618)
Loss on sale of fixed assets (net)		52,695	367,346
Profit on sale of fixed assets held for disposal		–	(23,285,942)
Dividend income		(34,985,521)	(48,063)
Investments written off		–	30,000
Bad debts and sundry balances written off		5,251,499	7,767,596
Provision for doubtful debts written back		–	(1,670,446)
Provision for doubtful debts		1,500,000	196,857
Employee compensation expenses		1,763,072	–
Provision for expenses no longer required written back		(1,493,975)	(3,115,310)
Miscellaneous expenditure amortised during the year		–	902,000
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**138,904,988**	**51,650,659**
Adjustments for :			
(Increase)/decrease in debtors		(147,939,620)	(136,115,345)
(Increase)/decrease in advances		(72,435,998)	(119,874,337)
Increase/(decrease) in creditors		46,547,919	73,455,521
Increase/(decrease) in provisions		1,605,106	1,575,845
CASH GENERATED/ (USED IN) FROM OPERATIONS		**(33,317,605)**	**(129,307,657)**
Direct taxes paid (including fringe benefits tax)		(68,532,404)	(25,688,803)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	**(A)**	**(101,850,009)**	**(154,996,460)**
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of fixed assets		(1,808,468,666)	(156,297,377)
Proceeds from sale of fixed assets		39,200	922,438
Proceeds from sale of fixed assets held for disposal		–	25,899,650
Purchase of investments		(1,336,961,521)	(121,955,727)
Proceeds from sale of investments		–	47,887
Dividend received		34,985,521	45,903
Interest received		15,693,992	6,561,572
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	**(B)**	**(3,094,711,474)**	**(244,775,654)**
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares and share warrants		3,680,134,820	818,750,000
Share issue expenses		(81,354,979)	–
Proceeds from borrowings		–	24,814,544
Repayment of borrowings		(38,156,784)	–
Dividend paid		(24,936,772)	–
Interest paid (including finance charges)		(7,385,833)	(5,618,810)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	**(C)**	**3,528,300,452**	**837,945,734**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		**331,738,969**	**438,173,620**
OPENING CASH AND CASH EQUIVALENTS		**479,886,823**	**28,698,095**
Add: Cash and cash equivalents taken over as on January 1, 2006 on account of amalgamation (Refer Note 12 of Schedule 18)		–	13,015,108
CLOSING CASH AND CASH EQUIVALENTS (Refer Note 1 below)		**811,625,792**	**479,886,823**

Cash Flow Statement for the year ended March 31, 2008

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 Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
Cash on hand	1,692,881	685,213
Balance with scheduled banks:		
In current accounts	267,178,450	70,001,887
In fixed and margin deposits (against letter of credit and bank guarantees)	542,754,461	409,199,723
	811,625,792	**479,886,823**

2. Adjustments include following figures for the three months ended on March 31, 2006 of erstwhile BDP (India) Private Limited

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
Depreciation	–	558,853
Interest expense	–	484,827
Interest income	–	(129,619)
Loss on sale of fixed assets	–	343,095
Dividend income	–	(45,728)
Bad Debts and Advances written off	–	360,683
Provision for expenses no longer required written back	–	(920,161)

3. In the previous year, the effect of assets (except cash and cash equivalents) and liabilities on account of amalgamation has been ignored as it is a non-cash transaction.

4. Previous year's figures have been regrouped/ reclassified wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Vilas Y. Rane
Partner
Membership No. : F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : July 30, 2008

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
75,000,000 Equity shares of Rs. 2 each (Previous year 10,000,000 equity shares of Rs.10 each)	150,000,000	100,000,000
Issued, subscribed and paid up		
57,004,322 Equity shares of Rs.2 each (Previous year - 8,742,500 of Rs. 10 each) fully paid up	114,008,644	87,425,000
The above includes :		
a) 9,625,000* fully paid up equity shares of Rs. 2 each issued on preferential basis for cash in the previous year		
b) 22,627,500* fully paid up equity shares of Rs. 2 each issued as fully paid bonus shares by capitalisation of share premium account in the previous year		
c) 1,560,000* fully paid up equity shares of Rs. 2 each have been allotted as fully paid to the shareholders of erstwhile BDP (India) Private Limited pursuant to the Scheme of Amalgamation in the previous year (Refer Note 12 of Schedule 18)		
d) 11,290,322 fully paid up equity shares of Rs.2 each issued to Qualified Institutional Buyers in the current year (Refer Note 9 (b) of Schedule 18)		
e) 2,001,500 fully paid up equity shares of Rs. 2 each have been allotted on conversion of 400,300* share warrants in the current year. (Refer Note 9 (a) of Schedule 18)		
* Number of equity shares has been adjusted consequent to sub-division of share from Rs. 10 to Rs. 2 during the year. (Refer Note 8 of Schedule 18)		
Total	**114,008,644**	**87,425,000**
SCHEDULE 2 : RESERVES AND SURPLUS		
Share premium account		
As per last balance sheet	716,745,000	–
Add: On issue of 1,925,000 fully paid up equity shares of Rs.10 each issued on preferential basis for cash	–	762,000,000
On issue of 11,290,322 fully paid up equity shares of Rs.2 each pursuant to allotment to Qualified institutional buyer at Rs.310 per share (Refer Note 9 (b) of Schedule 18)	3,477,419,176	–
On issue of 2,001,500 fully paid up equity shares of Rs. 2 each on conversion of 400,300 share warrants (Refer Note 9 (a) of Schedule 18)	196,147,000	–
Less: On adjustment of share issue expenses incurred for the purpose of allotment of shares to Qualified Institutional Buyers	81,354,979	–
Utilised for issue of fully paid up bonus equity shares	–	45,255,000
	4,308,956,197	**716,745,000**
Amalgamation reserve *		
As per last balance sheet	12,480,000	–
Arising on amalgamation (Refer Note 12 (d) of Schedule 18)	–	12,480,000
	12,480,000	**12,480,000**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 2 : RESERVES AND SURPLUS (Contd.)		
General reserve		
As per last balance sheet	9,095,486	–
Add: Transfer of General reserve of erstwhile BDP (India) Private Limited on amalgamation (Refer Note 12 (d) of Schedule 18)	–	5,120,000
Transferred from profit and loss account	12,362,358	3,975,486
	21,457,844	**9,095,486**
Surplus in profit and loss account	**109,455,324**	**51,547,866**
Total	**4,452,349,365**	**789,868,352**

* 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		
From Banks		
Cash credit facility (Refer Note 1 below)	–	30,283,180
Term loan (Refer Note 2 below) [including interest accrued and due thereon aggregating Rs. Nil (Previous year - Rs. 78,279)] [Payable within one year Rs. Nil (Previous year - Rs. 2,604,000)]	–	6,134,279
Finance lease facility (Refer Note 3 below) [Repayable within one year Rs. 1,829,917 (Previous year - Rs. 1,829,024)]	3,341,744	5,159,348
Total	**3,341,744**	**41,576,807**

Secured by:

1) Hypothecation of current assets, equitable mortgage on office premises of the company located at Andheri (East), Mumbai, term deposit of Rs. 5,000,000 and personal guarantee of a director.

2) Equitable mortgage of office premises of the Company located at Andheri (East), Mumbai and personal guarantee of a director. The term loan was fully pre paid during the year

3) Hypothecation of leased vehicles.

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

SCHEDULES - 4 FIXED ASSETS

(Amount in Rs.)

	GROSS BLOCK							DEPRECIATION							NET BLOCK	
DESCRIPTION	AS AT APRIL 1, 2007	Transferred on amalgamation (Refer Note 12 of Schedule 18)	Additions during January 2006 to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 12 of Schedule 18)	Additions during the year	Deletions during January 2006 to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 12 of Schedule 18)	Deletions/ Adjustments during the year	As at March 31, 2008	As at April 1, 2007	Transferred on amalgamation (Refer Note 12 of Schedule 18)	For the period from January 2006 to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 12 of Schedule 18)	For the year	Deduction during January 2006 to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 12 of Schedule 18)	Deletions/ Adjustments during the year	**As at March 31, 2008**	**As at March 31, 2008**	As at March 31, 2007
Building	17,015,200	–	–	–	–	–	17,015,200	2,219,219	–	–	739,799	–	–	2,959,018	14,056,182	14,795,981
Leasehold Improvements	–	–	–	4,550,758	–	–	4,550,758	–	–	–	935,073	–	–	935,073	3,615,685	–
Furniture and fixtures	4,079,773	–	–	2,689,755	–	–	6,769,528	685,458	–	–	1,132,288	–	–	1,817,746	4,951,782	3,394,315
Computers	5,204,558	–	–	2,546,929	–	–	7,751,487	3,148,648	–	–	1,385,644	–	–	4,534,292	3,217,195	2,055,910
Vehicles (Refer Note below)	8,392,810	–	–	527,969	–	–	8,920,779	1,684,942	–	–	1,855,873	–	–	3,540,815	5,379,964	6,707,868
Office equipments	2,167,253	–	–	1,898,868	–	134,300	3,931,821	674,988	–	–	376,101	–	42,405	1,008,684	2,923,137	1,492,265
TOTAL	**36,859,594**	**–**	**–**	**12,214,279**	**–**	**134,300**	**48,939,573**	**8,413,255**	**–**	**–**	**6,424,778**	**–**	**42,405**	**14,795,628**	**34,143,945**	**28,446,339**
Previous Year	–	26,266,543	568,168	11,812,393	610,010	1,177,500	36,859,594	–	4,934,343	558,852	3,417,786	256,977	240,749	8,413,255	28,446,339	–
Capital work-in-progress (at cost) including advances on capital account (Refer Note 17 of Schedule 18)															1,940,171,203	143,916,816
															1,974,315,148	**172,363,155**

Note:
Gross Block includes cost of vehicles taken on finance lease of Rs. 7,051,044 (Previous year Rs. 8,182,827)

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 5 : INVESTMENTS (unquoted, unless otherwise stated)		
I. LONG TERM (at cost)		
Trade		
Fully paid-up equity shares		
In Subsidiary companies		
300,000 (Previous year - 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 (Previous year - 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
816,000 (Previous year - 816,000) Equity shares of Genco (India) Private Limited of Rs. 10 each, fully paid up	8,160,000	8,160,000
49,400 (Previous year - Nil) Equity shares of Arshiya Logistics Infrastructure Limited of Rs. 10 each, fully paid up (Refer Note 16 of Schedule 18)	494,000	–
49,400 (Previous year - Nil) Equity shares of Arshiya Western Logistic Infrastructure Limited of Rs. 10 each, fully paid up (Refer Note 16 of Schedule 18)	494,000	–
49,400 (Previous year - Nil) Equity shares of Arshiya Distripark Limited of Rs. 10 each, fully paid up (Refer Note 16 of Schedule 18)	494,000	–
49,400 (Previous year - Nil) Equity shares of Flat World Processes Limited of Rs. 10 each, fully paid up (Refer Note 16 of Schedule 18)	494,000	–
In Others		
100 (Previous year - 100) Equity shares of The Shamrao Vithal Co-op. Bank Limited of Rs. 25 each, fully paid up	2,600	2,600
Non-trade		
Fully paid-up equity shares (Quoted)		
3,000 (Previous year - 3,000) Equity shares of India Infotech & Software Limited of Rs.10 each, fully paid up	–	30,000
Less : Written-off during the year	–	30,000
	–	–
	123,888,600	**121,912,600**
II. Current Investments [unquoted]		
In mutual fund units		
10,018,109.938 SBI Premier Liquid Fund - Super Institutional Daily Dividend [9,967,605.283 units purchased, 50,504.655 units cumulated during the year]	100,506,688	–
48,256,205.191 SBI-SHF-Liquid Plus - Institutional Plan Daily Dividend [389,805,097.452 units purchased, 3,278,693.945 units cumulated, 344,827,586.206 units redeemed during the year]	482,803,333	–
25,066,331.947 SBI Debt Fund Series - 90 Days-20 Dividend [25,000,000.000 units purchased, 66,331.947 units cumulated during the year]	250,668,500	–
25,050,035.278 SBI Debt Fund Series - 90 Days-21 Dividend [25,000,000.000 units purchased, 50,035.278 units cumulated during the year]	250,503,500	–
25,050,202.905 SBI Debt Fund Series - 30 Days-1 Dividend [25,000,000.000 units purchased, 50,202.905 units cumulated during the year]	250,503,500	–
	1,334,985,521	–
	1,458,874,121	**121,912,600**
Aggregate cost of quoted investments	–	30,000
Aggregate cost of mutual fund units	1,334,985,521	–
Aggregate market value of quoted investments	–	14,000
Market value (Net asset value) of the mutual fund units	1,339,243,021	–

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

SCHEDULE 6 : SUNDRY DEBTORS

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	27,244,412	21,925,756
Considered doubtful	2,110,860	610,860
	29,355,272	22,536,616
Other debts - considered good	310,903,620	174,367,487
	340,258,892	196,904,103
Less : Provision for doubtful debts	2,110,860	610,860
Total	**338,148,032**	**196,293,243**

SCHEDULE 7 : CASH AND BANK BALANCES

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
Cash on hand	1,692,881	685,213
Balances with scheduled banks:		
- in current accounts	267,178,450	70,001,887
- in fixed deposits	500,000,000	400,000,000
- in margin money deposits	42,754,461	9,199,723
(against guarantees, letter of credit and cash credit facilities)		
Total	**811,625,792**	**479,886,823**

SCHEDULE 8 : LOANS AND ADVANCES

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
(Unsecured, considered good)		
Loans and advances to subsidiaries	76,311,247	110,643,661
Loans to other companies	40,000,000	–
Advances recoverable in cash or in kind or for value to be received (Refer Note 13 of Schedule 18)	87,084,885	10,749,631
Advance tax (net of provision for tax)	11,145,139	–
Sundry deposits	5,892,361	2,576,748
Total	**220,433,632**	**123,970,040**

SCHEDULE 9 : CURRENT LIABILITIES

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
Sundry creditors		
- Due to Micro, Small and Medium Enterprises (Refer Note 4 of Schedule 18)	–	–
- Others	124,394,577	97,652,471
Other liabilities	15,953,727	8,123,239
Advance from customers	554,737	1,173,228
Book overdraft	11,099,841	–
Interest accrued but not due on term loan	–	64,587
Unclaimed dividend (Refer Note 18 of Schedule 18)	633,948	–
Total	**152,636,830**	**107,013,525**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 10 : PROVISIONS		
Provision for employee benefits	3,180,951	1,575,845
Provision of tax (net of advance tax and tax deducted at source)	–	1,485,190
Provision of fringe benefits tax (net of advance fringe benefits tax)	302,045	52,045
Proposed dividend	45,603,458	21,856,250
Dividend tax	7,750,308	3,714,470
Total	**56,836,762**	**28,683,800**

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 11 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Expenses on increase in authorised capital		
As per last balance sheet	–	560,000
Add : Incurred during the year	–	–
Less : Amortised during the year	–	560,000
	–	–
Market survey expenses		
As per last balance sheet	–	–
Add : Transferred on amalgamation (Refer Note 12 of Schedule 18)	–	342,000
Less : Amortised during the year	–	342,000
	–	–
Total	**–**	**–**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 12 : INCOME FROM OPERATIONS		
Income from logistics operations and related services (Refer Note 6 (a) of Schedule 18)	1,985,254,187	896,567,365
Sale of software and related services	33,883,877	6,182,910
Sales of alloy steel	–	5,667,699
Total	**2,019,138,064**	**908,417,974**

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 13 : OTHER INCOME		
Interest income [Tax deducted at source - Rs. 5,516,607 (Previous year Rs. 1,406,427)]	25,078,990	6,671,999
Dividend received	34,985,521	2,335
Sundry balances written back	1,493,975	2,195,149
Total	**61,558,486**	**8,869,483**

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 14 : PURCHASES AND OPERATING EXPENSES		
Cost of logistic operations (Refer Note 6 (b) of Schedule 18)	1,721,823,240	757,866,587
Purchase of software and related services	9,938,543	2,897,810
Purchase of alloy steel	–	5,475,760
Total	**1,731,761,783**	**766,240,157**

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 15 : EMPLOYEES' REMUNERATION		
Salary, bonus and other allowances	51,733,976	36,091,024
Contribution to provident fund and other funds	3,703,322	3,029,166
Staff welfare	2,993,634	1,600,201
Employee compensation expenses	1,763,072	–
Total	**60,194,004**	**40,720,391**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 16 : OTHER ADMINISTRATIVE EXPENSES		
Electricity charges	1,889,408	1,170,726
Repairs and maintenance		
- Building	2,210,167	829,781
- Others	1,379,012	1,081,134
	3,589,179	1,910,915
Rent	7,549,459	3,018,765
Rates and taxes	696,482	1,134,292
Insurance	102,919	168,488
Advertisement and business promotion	9,642,583	2,940,838
Communication expenses	7,785,445	5,526,481
Traveling and conveyance	19,961,110	10,398,850
Vehicle expenses	6,755,344	3,353,555
Legal and professional	7,611,428	4,392,303
Printing and stationery	2,188,717	1,532,036
Commission and brokerage	310,635	39,375
Auditors' remuneration		
- Statutory audit	3,370,800	1,119,613
- Other matters	1,207,870	5,000
- Out of pocket expenses	51,102	4,479
	4,629,772	1,129,092
Loss on sale of assets (net)	52,695	24,251
Loss on foreign exchange fluctuation (net)	6,577,423	3,636,672
Bad debts	4,584,831	7,123,817
Less : Provision for doubtful debts utilised	–	1,670,446
	4,584,831	5,453,371
Provision for doubtful debts	1,500,000	196,857
Royalty paid	1,728,661	1,799,473
Miscellaneous expenses	6,300,026	3,316,561
Investments written off	–	30,000
Amortisation of expense for increase in authorised capital	–	560,000
Amortisation of market survey expenses	–	342,000
Total	**93,456,117**	**52,074,901**

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 17 : FINANCE EXPENSES		
Interest on		
- Fixed loans	1,073,403	971,138
- Others	4,424,399	2,604,084
Bank charges	1,745,165	1,620,704
Total	**7,242,967**	**5,195,926**

SCHEDULE 18 : NOTES TO ACCOUNTS

1. **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 preparation of financial statements 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 revenues and expenses during the reported period. Actual results could differ from these estimates.

   b) **Fixed assets**

      All fixed assets are stated at cost less accumulated depreciation/amortisation. Cost comprises of the purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use.

   c) **Depreciation/ Amortisation/ Impairment**

      Depreciation on the historical cost of 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.

      At the balance sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

      After recognition of impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

      Assets costing less than Rs. 5,000 are depreciated fully in the year of acquisition.

      Leasehold land/ improvements are amortised over the period of lease.

   d) **Investments**

      Long-term investments are valued at cost less provision for permanent diminution in value, if any.

      Current investments are valued at lower of cost and fair value (repurchase price / market value / net asset value) on individual item basis.

   e) **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.

      Sale of goods is accounted (net of value added tax/ sales tax) on transfer of all significant risk and ownership of the goods on to the customers, which is generally on dispatch of goods.

      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.

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

f) 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 rate, 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.

g) Employee benefits

Contributions to defined contribution scheme such as provident fund is 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.

The Company has defined benefit plan comprising of gratuity. The Company contributes to the gratuity 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. The Company has leave encashment entitlements which are provided on the basis of independent actuarial valuation. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

h) Lease accounting

Assets taken on lease on or after April 1, 2001 are accounted in accordance with Accounting Standard 19 on "Leases" as specified in the Companies (Accounting Standards) Rules, 2006.

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.

i) Accounting for taxes on income

Provision for current tax is made, based on the tax payable under the Income-tax Act, 1961. Deferred tax assets and liabilities from 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 other than unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is virtual certainty of their realisation supported by convincing evidence.

j) Earnings per share ('EPS')

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax as per Accounting Standard 20 - "Earning Per Share" as specified in the Companies (Accounting Standards) Rules, 2006. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

k) 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 on the basis of Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India and made mandated by Companies (Accounting Standard) Rules, 2006.

l) Share issue expenses

Share issue expenses incurred during the year are adjusted against balance in securities premium account.

2. Contingent liability not provided for

(Amount in Rs.)

PARTICULARS	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
i) Disputed income tax matters	13,541,555	–
ii) Guarantees issued by bank on behalf of the Company	1,700,000	14,113,200
iii) Outstanding Letters of Credit	317,788,009	–

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - Rs 3,130,823,325 (Previous year Rs. 42,991,299).

4. The Company is in process of identifying Micro, Small and Medium Enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006. Hence disclosure relating to amounts unpaid as at the year end together payable with interest thereon has not been given.

5. 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.

6. a) Income from logistics operations and related services mainly comprises of freight and forwarding income, clearing and handling charges, commission income and other related income.

b) Cost of logistics operations and related services mainly comprises of freight and forwarding expenses, clearing and handling charges and other related expenses

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

(Amount in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
Income from logistics operations and related services	2,781,228	6,846,315
Cost of logistic operations	5,739,966	20,645,163
Royalty paid	429,700	–
Total prior period items (net)	**3,388,438**	**13,798,848**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

8. Pursuant to the approval for sub-division of the equity shares of the Company in the Annual General Meeting held on September 10, 2007, the equity shares of face value of Rs.10 have been sub-divided into equity shares having a face value of Rs 2 each with effect from October 19, 2007 (the record date).

9. a) In the previous year, the Company has allotted 3,750,000 equity warrants of Rs. 100 each (Rs. 10 received upfront) convertible into equity shares of Rs. 2 each at a premium of Rs 90 per equity share on a preferential basis. During the current year, 400,300 equity warrants has been converted into 2,001,500 equity shares on receipt of balance consideration of Rs. 90 per equity share

b) During the current year, pursuant to the approval of members accorded at the Extra Ordinary General Meeting held on November 20, 2007, the Company has allotted 11,290,322 equity shares of Rs. 2 each for cash at a premium of Rs. 308 per equity shares to Qualified Institutional Buyers.

10. The money received on account of issue of equity shares/ shares warrants has been invested/ utilised as follows:

(Amount in Rs.)

PARTICULARS	**AS AT MARCH 31, 2008**	AS AT MARCH 31, 2007
1 Acquisition of subsidiaries / investment in subsidiary	1,976,000	121,910,000
2 Working Capital loans/advances to subsidiaries	9,999,259	112,315,062
3 Capital expenditure (including advances) in respect of Container Freight Station / Free Trade Warehousing Zone / Rail transport operations	1,796,254,387	140,908,096
4 Share issue expenses	81,354,979	–
5 Repayment of borrowings	38,156,784	–
6 Loan given to companies and share application money	89,999,998	–
7 Unutilised till year end	2,106,010,255	443,616,842
Total	**4,123,751,662**	**818,750,000**

The aforesaid unutilised money is lying in the current and fixed deposit accounts with scheduled banks and short term liquid scheme of mutual fund.

11. Employee Stock Option Plan (ESOP)

The Company has established “Arshiya Stock Option Plan 2007” for a grant of 1,411,700 Options to the employees of the Company and its subsidiaries convertible into Equity Shares of Rs. 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 share of Rs.2 each. Exercise price is Rs. 210 as specified in “Arshiya Stock Option Plan 2007” by compensation committee. Detail of Grants made under “Arshiya Stock Option Plan 2007” is as under:

Date of grant	February 15, 2008
Exercise price of Option	Rs. 210

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

PARTICULARS	Employees of Arshiya International Limited	Employees of subsidiaries of Arshiya International Limited	Total
Option outstanding at the beginning of the year	–	–	–
Options granted during the year	541,800	869,900	1,411,700
Options forfeited during the year	11,600	9,300	20,900
Options exercised during the year	–	–	–
Options expired during the year	–	–	–
Options outstanding at the end of the year	530,200	860,600	1,390,800
Options exercisable at the end of the year	–	–	–

Out of the total employee stock compensation expense aggregating to Rs. 5,927,197 on account of the options outstanding at the end of the year, the Company has debited Rs. 1,763,072 to the Profit and Loss account, capitalized Rs. 496,490 on account of options granted to employees employed exclusively for its new projects. The balance expense of Rs. 3,667,635 pertaining to the options granted to the employees of the subsidiary companies has been transferred to these subsidiary companies.

The fair value of each stock option granted under "Arshiya Stock Option Plan 2007", as on the date of grant has been computed using Black- Scholes Option Pricing Formula and the model inputs are given as under:

Volatility	29.64% to 30.61%
Risk free rate	7.77%
Exercise price	Rs. 210
Time to maturity (years)	1.5 to 3.5
Dividend yield	0.69%
Life of options	1.5 years
Fair value of options as at the grant date (per share)	Rs. 103.84
Total fair value of options outstanding at the end of the year	Rs. 144,420,672

The impact on the profit of the Company for the year ended March 31, 2008 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

Profit after tax as per Profit and Loss Account (a)	123,623,582
Add: Employee stock compensation expense as per intrinsic value method	1,763,072
Less: Employee stock compensation expense as per fair value method	3,356,141
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)	122,030,513
Earning per share based on earnings as per (a) above: (Refer Note 21)	
- Basic	2.63
- Diluted	2.57
Earning per share had fair value method been employed for accounting of employee stock options:	
- Basic	2.60
- Diluted	2.54

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

12. Amalgamation:

a) In accordance with the Scheme of Amalgamation ("the Scheme") of erstwhile BDP (India) Private Limited, (whose principal business was providing air and ocean freight forwarding, total logistics and integrated supply chain management services and other value added services) with the Company approved by the Honourable High Court of Judicature at Bombay vide its order dated February 2, 2007, the said BDP (India) Private Limited was dissolved without winding up and all assets and liabilities, benefits under income tax, duties and obligations were transferred to and vested in the Company retrospectively with effect from January 1, 2006 (the appointed date).

b) Pursuant to the Scheme coming into effect, every shareholder of BDP (India) Private Limited holding fully paid up equity shares was allotted one equity share of Rs. 10 each of the Company, credited as fully paid up for every five equity share of Rs. 10 each fully paid up held in the capital of BDP (India) Private Limited.

c) The said amalgamation was accounted for under the "pooling of interests" method as prescribed by Accounting Standard 14 (AS 14) "Accounting for Amalgamations". Accordingly, the assets, liabilities and reserves as at January 1, 2006 were incorporated in the books of the Company at their book values as per audited accounts as at the appointed date. As stipulated in the Scheme:

   i) All reserves of erstwhile BDP (India) Private Limited preserved their identities and accordingly, were transferred to the corresponding reserves account in the books of account of the Company.

   ii) The resultant reserves arising out of difference between the amount recorded as share capital issued to the shareholders of erstwhile BDP (India) Private Limited and the amount of share capital of erstwhile BDP (India) Private Limited were credited to the Amalgamation Reserve Account in the books of account of the Company as the Scheme provided that such resultant reserve was free for all purposes.

d) Accordingly, the amalgamation has resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summerised values:

PARTICULARS	(Amount in Rs.)
Fixed assets (net)	21,332,200
Investments	2,600
Miscellaneous expenditure	342,000
Current assets (net)	45,690,102
Less:	
Deferred tax liabilities (net)	(867,139)
Loan funds	(16,764,907)
Total net assets acquired on amalgamation	**49,734,856**
Consideration for amalgamation:	
Issue of shares (312,000 equity shares of the Company in the ratio of 1 equity share of the Company for every 5 equity shares of erstwhile BDP (India) Private Limited)	3,120,000
Transfer of General Reserve of erstwhile BDP (India) Private Limited to General Reserve under the Scheme	5,120,000
Transfer of Surplus in Profit and Loss Account of erstwhile BDP (India) Private Limited to the Profit and Loss Account of the Company	29,014,856
Balance transferred to Amalgamation reserve as at January 1, 2006	**12,480,000**

e) The profit of erstwhile BDP (India) Private Limited for the period January 1, 2006 to March 31, 2006 aggregating Rs. 8,525,457 was shown as exceptional item in the Profit and Loss Account. Similarly the provision for taxation of previous year also included Rs. 3,375,826 in respect of provision of current tax, Rs. 261,563 in respect of deferred tax credit and Rs. 164,001 in respect of fringe benefits tax for the said period.

13. Advances recoverable in cash or kind include an advance of Rs. 49,999,998 (Previous Year Rs. 5,000,000) towards subscription of shares in a company.

14. Employee benefits

The Company has, with effect from April 1, 2007, adopted Accounting Standard 15, "Employee Benefits" (revised 2005), as specified in the Companies (Accounting Standards) Rules, 2006 [the 'revised AS 15']. However, there is no additional liability for employee benefits based on actuarial valuation as at April 1, 2007 and consequently, there is no effect of the same on the financial statements.

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) Disclosures for defined benefit plans based on actuarial reports as on March 31, 2008:

PARTICULARS	**Gratuity (Funded)**
I. Actuarial assumptions:	
Discount rate	8%
Rate of return on plan assets	8%
Future salary rise	7%

PARTICULARS	(Amount in Rs.)
II. Change in defined benefit obligation during the year ended March 31, 2008:	
Present value of the defined benefit obligation at the beginning of the year	742,467
Interest cost	96,189
Current service cost	667,588
Past service cost	–
Benefit payments	(415,385)
Actuarial (gains) / losses	362,494
Present value of the defined benefit obligation at the end of the year	1,453,353

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

PARTICULARS	(Amount in Rs.)
III. Change in assets during the year ended March 31, 2008:	
Plan assets at the beginning of the year	616,871
Expected return on plan assets	117,140
Contributions by employees	1,055,075
Actual benefits paid	(415,385)
Actuarial gains / (losses) on plan assets	(11,539)
Plan assets at the end of the year	1,362,162
Total actuarial gain/(loss) to be recognized	(374,033)
IV. Actual return on plan assets:	
Expected return on plan assets	117,140
Actuarial gain/(loss) on plan assets	(11,539)
Actual return on plan assets	105,602
V. Net asset/ (liability) recognised in the Balance Sheet as at March 31, 2008:	
Present value of defined benefit obligation as at March 31, 2008	1,453,353
Fair value of plan assets as at March 31, 2008	1,362,162
Difference	(91,191)
Unrecognised past service cost	–
Net asset/ (liability) as at March 31, 2008	(91,191)
VI. Expenses recognised in the Profit and Loss Account for the year ended March 31, 2008	
Current service cost	667,588
Interest cost	96,189
Expected return on plan assets	(117,140)
Actuarial (gains) / losses	374,033
Past service cost	–
Total expense recognised in Profit and Loss Account	1,020,669

The liability for leave encashment as at year end is Rs. 2,307,055

15. Segment information

Primary segment information

The Company operates in three primary reportable business segments, i.e. “Logistics operations and related services”, “Container freight station (‘CFS’)/ Free trade warehousing (‘FTW’) operations and related services” and “Rail transport operations” as per the definition under Accounting Standard 17 – “Segment Reporting” as specified in the Companies (Accounting Standards) Rules, 2006. However, the Company is in the process of setting up facilities for commencement of commercial operations in relation with CFS / FTW and Rail transportation as at the year end. The Company’s other business segments are not reported as separate reportable segment as the revenue, results 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”.

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS	Logistics operations and related services	CFS / FTW operations and related services	Rail transport operations	Other segments	Total
Revenue					
External sales	1,985,254,187 (896,567,365)	– (–)	– (–)	33,883,877 (11,850,609)	2,019,138,064 (908,417,974)
Other income	1,493,975 (2,195,149)	– (–)	– (–)	– (–)	1,493,975 (2,195,149)
Total revenue	**1,986,748,162 (898,762,514)**	**– (–)**	**– (–)**	**33,883,877 (11,850,609)**	**2,020,632,039 (910,613,123)**
Result					
Segment result	194,024,023 (79,004,044)	– (–)	– (–)	18,712,425 (3,051,026)	212,736,448 (82,055,070)
Unallocated corporate expenses (net of other income)					50,700,735 (35,513,551)
Operating profit					**162,035,713 (46,541,519)**
Interest expenses					5,497,802 (3,575,222)
Interest income					25,078,990 (6,671,999)
Exceptional items:					
- Profit on fixed assets retired from use and held for sales/ disposal					– (23,285,942)
- Profit of erstwhile BDP (India) Private Limited for the three months ended March 31, 2006	– (8,525,457)	– (–)	– (–)	– (–)	– (8,525,457)
Prior period items (net)	3,388,438 (13,798,848)	– (–)	– (–)	– (–)	3,388,438 (13,798,848)
Income taxes (Including deferred tax and fringe benefits tax)					54,604,881 *(27,895,988)
Net profit after taxation					**123,623,582 (39,754,859)**
Other Information					
Segment assets	420,944,592 (380,307,523)	1,438,621,763 (–)	500,000,000 (–)	15,088,540 (7,955,667)	2,374,654,896 (388,263,190)
Unallocated corporate assets					2,428,741,829 (706,162,671)
Total assets					**4,803,396,725 (1,094,425,861)**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS	Logistics operations and related services	CFS / FTW operations and related services	Rail transport operations	Other segments	Total
Segment liabilities	134,255,893 (97,627,356)	– (–)	– (–)	3,641,186 (4,270,991)	137,897,079 (101,898,347)
Unallocated corporate liabilities					22,375,674 (77,734,162)
Total Liabilities					**160,272,753** **(179,632,509)**
Capital expenditure	4,283,556 (5,027,511)	– (–)	– (–)	864,952 (51,000)	
Depreciation	3,830,305 (2,940,264)	– (–)	– (–)	153,195 (8,160)	
Non-cash expenses other than depreciation	11,605,543 (5,995,239)	– (–)	– (–)	108,674 (82,480)	

* Includes Rs. 3,278,264 for the period from January 1, 2006 to March 31, 2006.
Figures in the bracket pertain to the previous year.

Secondary segment information:

Having regard to the nature of business of the Company, there are no identifiable geographical segments.

16. During the year, the Company has incorporated the following subsidiary companies by subscribing to their memorandum of association:

NAME OF SUBSIDIARY COMPANY	Date of incorporation
Arshiya Logistics Infrastructure Limited	December 7, 2007
Arshiya Distripark Limited	December 10, 2007
Arshiya Western Logistics Infrastructure Limited	January 29, 2008
Flat World Processes Limited	January 23, 2008

17. Capital work-in-progress includes pre-operative expenditure as follows;

NATURE OF EXPENSES	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
Salary, bonus and other allowances	8,368,436	533,381
Contribution to provident fund and other funds	544,068	18,904
Staff welfare	2,721	–
Employee compensation expenses	496,490	–
Rent	6,500	–
Traveling and conveyance	1,937,956	36,996
Vehicle expenses	565,351	–
Legal and professional	2,731,113	1,581,568
Miscellaneous expenses	430,932	4,790
Bank charges	22,322,562	–
Interest on Fixed loans	1,140,864	–
Less: Interest earned on capital advances	(1,340,444)	–
Total	**37,206,549**	**2,175,639**

18. 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.

19. Related party disclosures, as required by Accounting Standard 18 "Related Parties Disclosures" (AS 18) as specified in the Companies (Accounting Standards) Rules, 2006 are given below:

a) **Subsidiary companies**

Cyberlog Technologies International Pte Limited, Singapore

Arshiya Hong Kong Limited, Hong Kong

Genco (India) Private Limited (formerly known as BDP Genco (India) Private Limited)

Arshiya Distripark Limited (with effect from December 10, 2007)

Arshiya Western Logistics Infrastructure Limited (with effect from January 29, 2008)

Arshiya Logistics Infrastructure Limited (with effect from December 7, 2007)

Flat World Processes Limited (with effect from January 23, 2008)

b) **Subsidiaries of subsidiary companies**

BDP Qatar WLL (Subsidiary of Arshiya Hong Kong Limited, Hong Kong)

BDP Dubai LLC (Subsidiary of Arshiya Hong Kong Limited, Hong Kong)

Arshiya Logistics LLC, Oman (Subsidiary of Arshiya Hong Kong Limited, Hong Kong)

Cyberlog Technologies (UAE) FZE (Subsidiary of Cyberlog Technologies International Pte Limited, Singapore)

Cyberlog Technologies Inc. USA (Subsidiary of Cyberlog Technologies International Pte Limited, Singapore)

Cyberlog Technologies Hong Kong (Subsidiary of Cyberlog Technologies International Pte Limited, Singapore)

c) **Key management personnel**

Mr. Ajay S Mittal – Managing Director

Mrs. Archana A Mittal – Whole Time Director

d) **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.

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

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

(Amount in Rs.)

Particulars	Related parties				Total
	Subsidiary companies	Subsidiaries of subsidiary companies	Key management personnel	Enterprise owned or significantly influenced by key management personnel or their relatives	
Income from operations	4,421,699 –	23,478,617 (2,657,795)	– (–)	566,139,167 (199,275,130)	594,039,483 (201,932,925)
Purchases and operating expenses					
- Cost of logistic operations	– (–)	15,011,774 (11,017,528)	– (–)	– (–)	15,011,774 (11,017,528)
- Purchase of software	9,706,465 (2,797,810)	– (–)	– (–)	– (–)	9,706,465 (2,797,810)
Interest received	244,038 (–)	– (–)	– (–)	– (–)	244,038 (–)
Royalty paid	2,158,361 (1,291,500)	– (–)	– (–)	– (–)	2,158,361 (1,291,500)
Remuneration paid	– (–)	– (–)	9,408,000 (4,928,000)	– (–)	9,408,000 (4,928,000)
Loans and advances given	28,947,748 (138,459,319)	1,161,542 (390,883)	– (–)	– (–)	30,109,290 (138,850,202)
Loans and advances recovered	64,491,314 (26,041,220)	– (–)	– (–)	– (–)	64,491,314 (26,041,220)
Issue of equity shares	– (–)	– (–)	50,000,000 (25,806,300)	– (–)	50,000,000 (25,806,300)
Issue of equity share warrants	– (–)	– (–)	– (12,500,000)	– (–)	– (12,500,000)
Investments made	1,976,000 (121,910,000)	– (–)	– (–)	– (–)	1,976,000 (121,910,000)
Outstanding balances					
Receivables	74,575,289 (110,520,787)	16,133,072 (122,874)	– (–)	18,587,437 (22,796,100)	109,295,798 (133,439,761)
Payables	648,537 (3,919,652)	– (1,147,787)	7,500,000 (12,500,000)	– (–)	8,148,537 (17,567,439)

Figures in brackets pertain to the previous year.

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

Note:

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

(Amount in Rs.)

Type of the transaction	Name of the Party	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
Income from operations	Bhushan Steels Limited	566,139,167	199,275,130
Purchases and operating expenses			
- Cost of logistic operations	BDP Dubai LLC	14,914,243	10,864,213
- Purchase of software	Cyberlog Technologies International Pte. Ltd.	9,706,465	2,797,810
Interest received	Genco (India) Private Limited	244,038	–
Royalty for usage of software	Cyberlog Technologies International Pte. Ltd.	1,433,273	1,291,500
Remuneration	Mr. Ajay S Mittal	4,704,000	2,464,000
	Mrs. Archana A Mittal	4,704,000	2,464,000
Loans and advances given	Arshhiya Hong Kong Limited	–	16,013,950
	Cyberlog Technologies International Pte Ltd.	17,849,915	122,133,452
	Genco (India) Private Limited	10,331,721	–
Loans and advances recovered	Cyberlog Technologies International Pte. Ltd.	49,159,805	25,638,000
	Arshhiya Hong Kong Limited	15,282,750	–
Issue of equity shares	Mrs. Archana A Mittal	50,000,000	25,806,300
Issue of equity share warrants	Mrs. Archana A Mittal	–	12,500,000
Investments made	Arshhiya Hong Kong Limited	–	53,250,000
	Cyberlog Technologies International Pte Ltd.	–	60,500,000
	Arshiya Logistics Infrastructure	494,000	–
	Arshiya Western Logistic Infrastructure Limited	494,000	–
	Arshiya Distripark Limited	494,000	–
	Flat World Processes Limited	494,000	–

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

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

(Amount in Rs.)

PARTICULARS	**Not later than one year**	**Later than one year but not later than five year**	**Later than five year**
Minimum lease payment	2,081,292 (2,253,204)	1,582,385 (3,663,677)	– (–)
Less: Finance charges payable in future	251,375 (424,180)	70,558 (321,933)	– (–)
Present value of the lease rentals	1,829,917 (1,829,024)	1,511,827 (3,341,744)	– (–)

Figures in the bracket pertain to previous year

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

a) Rights, ownership, title or interest in assets would not pass to the lessee and the lessee cannot assign, sub-let, hypothecate or otherwise encumber the assets.

b) 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.

c) 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.

21. Earnings per share has been computed as under

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
Profit after tax for the year (Rupees)	123,623,582	39,754,859
Weighted average number of shares for basic	46,966,391	37,857,363
Weighted average number of shares for diluted	48,085,887	37,857,363
Nominal value per share (Rupees)	2	2
Earnings per share – Basic (Rupees)	2.63	1.05
– Diluted (Rupees)	2.57	1.05

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

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

(Amount in Rs.)

PARTICULARS	AS AT MARCH 31, 2007	Movements during the year	AS AT MARCH 31, 2008
Deferred tax liabilities			
Depreciation	3,416,490	(533,729)	2,882,761
Total deferred tax liabilities (A)	**3,416,490**	**(533,729)**	**2,882,761**
Deferred tax assets			
Disallowances under Section 43B of the Income-tax Act, 1961	145,856	638,312	784,168
Provision for doubtful debts	207,631	509,850	717,481
Others	704,626	(134,697)	569,929
Total deferred tax assets (B)	**1,058,113**	**1,013,465**	**2,071,578**
Net deferred tax liability (A)-(B)	**2,358,377**	**(1,547,194)**	**811,183**

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

(Amount in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
A) Managing director		
Salaries	4,200,000	2,200,000
Contribution to provident fund and other funds	504,000	264,000
	4,704,000	**2,464,000**
B) Wholetime director		
Salaries	4,200,000	2,200,000
Contribution to provident fund and other funds	504,000	264,000
	4,704,000	**2,464,000**
Total managerial remuneration	**9,408,000**	**4,928,000**

Notes:

The above remuneration does not include contribution to gratuity, as this contribution is a lumpsum amount for all relevant employees based on an actuarial valuation.

Since no commission is payable during the year, computation of net profits under section 349 of the Companies Act, 1956 has not been computed during the year.

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

24. 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 :

(Amount in Rs.)

	Foreign currency amount			Equivalent amount	
Balances	**Currency**	**AS AT MARCH 31, 2008**	AS AT MARCH 31, 2007	**AS AT MARCH 31, 2008**	AS AT MARCH 31, 2007
Bank balances	USD	409,838	37,387	16,024,688	1,584,551
Accounts receivable	USD	1,921,997	925,069	76,303,290	39,857,724
	EUR	4,600	336	287,815	19,215
	JPY	–	14,557	–	5,309
	GBP	687	–	54,235	–
Loans and advances	USD	–	1,055,000	–	45,417,750
Accounts payable	AED	6,121	462	66,826	5,479
	AUD	–	1,020	–	35,823
	CHF	–	658	–	23,223
	DKK	2,653	3,404	22,559	26,549
	HKD	–	10,000	–	55,700
	MUR	–	1,788	–	2,538
	SAR	–	506	–	5,824
	SEK	6,431	905	43,425	5,639
	SGD	7,798	76,475	226,553	2,194,839
	THB	–	535	–	717
	GBP	14,200	5,973	1,133,741	510,295
	EUR	35,324	92,023	2,234,654	5,340,089
	USD	177,927	724,014	7,117,061	31,407,343
	JPY	458,941	–	184,093	–
	NOK	7,223	–	52,945	–
	ZAR	18,353	–	91,764	–

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

a) Earnings in foreign currency:

(Amount in Rs.)

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
Income from operations	141,922,174	97,991,164
Pertaining to erstwhile BDP (India) Private Limited for the period January 1, 2006 to March 31, 2006:		
Income from operations	–	3,848,558
Total	**141,922,174**	**101,839,722**

Schedules annexed to and forming part of accounts for the year ended March 31, 2008

b) Expenditure in foreign currency:

(Amount in Rs.)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
Cost of logistics operations	276,043,324	193,344,598
Purchase of software	9,706,465	2,797,810
Business promotion	45,127	672,975
Foreign travel expenses	4,528,916	2,048,055
Royalty paid	2,158,362	1,794,073
Other expenses	71,623	83,381
Pertaining to erstwhile BDP (India) Private Limited for the period January 1, 2006 to March 31, 2006:		
Cost of logistics operations	–	6,487,275
Total	**292,553,817**	**207,228,167**

26. The figures for the previous year have been regrouped where necessary to confirm to current year classification.

Signatures to Schedules "1" to "18"

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

1 Registration Details

Registration No.	24747	State Code	11
Balance Sheet Date	31 (Date) 03 (Month) 08 (Year)		

2 Capital raised during the year (Amount in Rs. 000)

Public Issue	NIL	Rights Issue	NIL
Preferential Issue of Share warrants	200150	Bonus Issue	NIL
Preferential Issue of Share	NIL	Issue of Shares pursuant to scheme of Amalgamation	NIL
Private placement	NIL	Qualified Institutional Buyers	3500000

3 Position of Mobilisation and Deployment of Funds (Amount in Rs. 000)

Total Liabilities	4593923	Total Assets	4593923

Sources of Funds

Paid-up Capital (Including share warrants)	131494	Reserves and Surplus	4458276
Secured Loans	3342	Unsecured Loans	NIL
Deferred Tax Liability (Net)	811		

Application of Funds

Net Fixed Assets	1974315	Deferred Tax Asset	NIL
Investment	1458874	Net current assets	1160733
Misc. expenditure	NIL	Accumulated losses	NIL

4 Performance of Company (Amount in Rs. 000)

Total income	2080697	Total Expenditure	1902468
Profit Before Tax	178228	Profit After Tax	123624
Earning per Share in Rupees-Basic	2.63	Earnings per share in Rupees -Diluted	2.57
Dividend rate %	40		

5 Generic name of three principal products/services of the company

Item Code No.	985299
Product Description	LOGISTICS SERVICES
Item Code No.	852490
Product Description	COMPUTER SOFTWARE

STATEMENT RELATING TO SUBSIDIARIES

	Subsidiary Companies	Arshhiya Hongkong Ltd.	Cyberlog Technologies International Pte Ltd	Genco (India) Pvt Ltd Rs.	BDP Dubai LLC	BDP Qatar LLC	Arshiya Logis-tics Oman	Cyberlog Technologies UAE(FZE)	Cybgerlog Technologies Hongkong Ltd	Cybgerlog Technologies Inc
	Reporting Currency	HKD	SGD	INR	AED	QMR	OMR	AED	HKD	USD
	Country	Hongkong	Singapore	India	UAE	Qatar	Oman	UAE	Hongkong	USA
	Exchange Rate	5.1288	28.9070		10.8672	11.1375	104.0310	10.8672	5.1288	39.9000
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Capital	11,921,947	7,226,750	16,000,000	3,260,160	2,227,500	15,604,650	1,630,080	51,288	39,900
2	Reserves	30,825,909	133,196,721	(11,032,426)	248,140,254	26,317,155	(3,575,858)	49,695,064	8,890,580	9,043,574
3	Total Assets	30,680,979	250,518,584	15,999,694	481,793,269	58,296,047	37,540,835	64,830,249	28,793,181	21,187,898
4	Total Liabilities	570,579	112,117,592	15,887,321	230,392,856	29,751,392	25,512,042	13,505,104	19,851,308	12,104,423
5	Investments other than Investments in Subidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6	Turnover	32,576,455	232,551,294	2,742,475	1,204,107,005	409,713,052	80,690,813	84,430,091	35,968,274	67,133,546
7	Profit Before Taxation	31,570,928	104,593,475	(12,955,563)	185,856,614	12,488,301	(3,575,858)	43,162,399	10,796,991	5,546,818
8	Provision for Taxation	NIL	18,665,019	(37,68,075)	NIL	1,179,350	NIL	NIL	1,906,411	2,019,339
9	Profit After Taxation	31,570,928	85,928,457	(9,187,488)	185,856,614	11,308,951	(3,575,858)	43,162,399	8,890,580	3,527,479
10	Proposed Dividend	NIL	NIL	NIL	163,008,000	NIL	NIL	NIL	NIL	NIL

Auditors' Report

To the Board of Directors of
Arshiya International Limited
[formerly known as Arshhiya Technologies 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, 2008, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as 'the Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted 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. We did not audit the financial statements of certain subsidiary companies, whose financial statements reflect total assets of Rs. 928,938,837 as at March 31, 2008, total revenue of Rs. 2,018,263,008 and net cash inflows amounting to Rs. 117,234,231 for the year ended March 31, 2008. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

4. The unaudited financial statements of four subsidiaries for the period ended March 31, 2008, have not been consolidated, and, consequently, no adjustments have been made to the investments held by the Group in these subsidiaries, to the intra company transactions and balances, disclosures in the consolidated notes, etc. The Company's management has certified that the amounts in respect of the subsidiaries are insignificant as indicated in Note 14 of Schedule 19 to the Consolidated Financial Statements.

5. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard - 21, Consolidated Financial Statements mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006.

6. Based on our audit as aforesaid, and on consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and other financial information of its components, in our opinion and to the best of our information and according to the explanations given to us, 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 affairs of the Group as at March 31, 2008;
   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.

Vilas Y. Rane
Partner

Membership Number: F-33220
For and on behalf of

Place: Mumbai
Date: July 30, 2008

Price Waterhouse
Chartered Accountants

Consolidated Balance Sheet as at March 31, 2008

(Amount in Rs.)

	SCHEDULE	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SOURCES OF FUNDS			
Shareholders' Fund			
Share capital	1	114,008,644	87,425,000
Equity share warrants (Fully convertible) (Refer Note 9 (a) of Schedule 19)		17,485,000	37,500,000
Employee stock options outstanding (Refer Note 10 of Schedule 19)		5,927,197	–
Reserves and surplus	2	4,888,009,805	915,262,909
Minority Interest		21,775,917	14,902,520
		5,047,206,563	1,055,090,429
Loan funds			
Secured loans	3	12,386,523	49,097,078
Unsecured loans	4	4,382,324	42,960
		16,768,847	49,140,038
Total		**5,063,975,410**	**1,104,230,467**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		301,292,086	186,970,607
Less: Depreciation		125,680,738	83,545,104
Net block		175,611,348	103,425,503
Capital work in progress (including capital advances)		1,943,853,419	164,560,752
		2,119,464,767	267,986,255
Goodwill on consolidation		53,497,332	53,497,332
Investments	6	1,336,964,121	2,600
Deferred tax assets (net) (Refer Note 18 of Schedule 19)		3,238,171	268,871
Current assets, loans and advances			
Sundry debtors	7	883,896,301	423,468,171
Cash and bank balances	8	978,137,372	549,663,824
Loans and advances	9	186,421,672	34,904,577
		2,048,455,345	1,008,036,572
Less: Current liabilities and provisions			
Current liabilities	10	425,565,629	189,247,244
Provisions	11	72,078,697	36,520,013
		497,644,326	225,767,257
Net current assets		1,550,811,019	782,269,315
Miscellaneous expenditure (to the extent not written off or adjusted)	12	–	206,094
Total		**5,063,975,410**	**1,104,230,467**
Notes to consolidated accounts	19		

As per our report of even date

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Vilas Y. Rane
Partner
Membership No. : F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : July 30, 2008

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

Consolidated Profit & Loss Account for the year ended March 31, 2008

(Amount in Rs.)

	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
INCOME			
Income from operations	13	4,011,625,970	1,864,715,593
Other income	14	62,871,449	9,434,129
Total		**4,074,497,419**	**1,874,149,722**
EXPENDITURE			
Purchases and operating expenses	15	3,120,960,933	1,406,849,786
Employees' remuneration	16	194,485,878	117,807,311
Other administrative expenses	17	178,893,469	114,483,587
Finance expenses	18	9,393,882	6,688,710
Depreciation / amortisation		41,664,190	29,139,985
Total		**3,545,398,352**	**1,674,969,379**
Profit before taxation, exceptional items, prior period items and minority interest		529,099,067	199,180,343
Add : Exceptional items			
- Profit on sale of fixed assets retired from use and held for disposal		–	23,285,942
- Profit of erstwhile BDP (India) Private Limited for the three months ended March 31, 2006 (Refer Note 11 (e) of Schedule 19)		–	8,525,457
Less : Prior period items (net) (Refer Note 7 of Schedule 19)		3,388,438	13,798,848
Profit before taxation and minority interest		**525,710,629**	**217,192,894**
Less : Provision for taxation (Refer Note 11 (e) of Schedule 19)			
- Current tax		73,893,340	33,368,184
- Deferred tax charge/ (credit)		(2,969,300)	2,748,732
- Fringe benefits tax		2,800,000	1,548,001
- For earlier years		2,075	71,009
Net profit for the year after taxation and before minority interest		**451,984,514**	**179,456,968**
Share of Profit / (Loss) transferred to Minority		**(1,767,035)**	**4,338,275**
Net profit for the year after taxation and minority interest		**453,751,549**	**175,118,693**
Balance brought forward		186,099,759	12,324,357
Surplus in profit and loss account of erstwhile BDP (India) Private Limited pursuant to Scheme of Amalgamation (Refer Note 11 of Schedule 19)		–	29,014,856
Amount available for appropriation		**639,851,308**	**216,457,906**
Appropriations			
Proposed dividend		45,603,458	21,856,250
Dividend tax		7,750,308	3,714,470
Transfer to Statutory reserve		–	811,941
Transfer to General reserve		12,362,358	3,975,486
Balance carried to balance sheet		**574,135,184**	**186,099,759**
		639,851,308	**216,457,906**
Notes to consolidated accounts	19		
Earnings per share - Basic		**9.66**	**4.63**
- Diluted		**9.44**	**4.63**
Face value per share - Rs. 2 (Refer Note 17 of Schedule 19)			

As per our report of even date

Vilas Y. Rane
Partner
Membership No. : F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : July 30, 2008

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

Consolidated Cash Flow Statement for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS		FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXATION AND MINOTIRY INTEREST AS PER PROFIT AND LOSS ACCOUNT		**525,710,629**	**217,192,894**
Adjustments for : (Refer Note 2 below)			
Depreciation		41,664,190	29,698,838
Interest expense (including finance charges)		9,393,882	7,173,537
Interest income		(24,945,920)	(6,932,972)
Loss on sale of fixed assets (net)		402,098	367,346
Profit on sale of fixed assets held for disposal		–	(23,285,942)
Dividend income		(34,985,521)	(48,063)
Investments written off		–	30,000
Bad debts and advances written off		4,807,183	7,919,424
Provision for doubtful debts written back		–	(1,670,446)
Provision for doubtful debts		2,123,191	196,857
Employee compensation expenses		5,430,707	–
Provision for expenses no longer required written back		(1,728,020)	(3,115,310)
Miscellaneous expenditure amortised during the year		206,094	953,524
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**528,078,513**	**228,479,687**
Adjustments for :			
(Increase)/decrease in debtors		(457,744,138)	(296,510,342)
(Increase)/decrease in advances		(162,136,301)	(11,456,845)
Increase/(decrease) in creditors		237,477,044	65,503,678
Increase/(decrease) in provisions		3,426,613	2,884,300
CASH GENERATED/ (USED IN) FROM OPERATIONS		**149,101,731**	**(11,099,522)**
Direct taxes paid (including fringe benefits tax)		(72,346,390)	(30,640,036)
NET CASH GENERATED/ (USED IN) FROM OPERATING ACTIVITIES	**(A)**	**76,755,341**	**(41,739,558)**
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of fixed assets		(1,873,520,970)	(226,687,158)
Proceeds from sale of fixed assets		708,038	872,387
Proceeds from sale of fixed assets held for disposal		–	25,899,650
Acquisition of subsidiaries		(1,976,000)	(113,750,000)
Purchase of investments		(1,334,985,521)	(45,727)
Proceeds from sale of investments		–	47,887
Dividend received		34,985,521	45,903
Interest received		14,993,382	6,692,926
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**(B)**	**(3,159,795,550)**	**(306,924,132)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares and share warrants (Refer Note 4 below)		3,680,134,820	826,590,000
Share issue expenses		(81,354,979)	–
Proceeds from borrowings		–	23,636,549
Repayment of borrowings		(32,292,912)	–
Pre-operative expenses incurred		–	(257,618)
Dividend paid		(24,936,772)	–
Interest paid (including finance charges)		(9,536,748)	(7,111,594)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(C)**	**3,532,013,409**	**842,857,337**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		**448,973,200**	**494,193,647**
OPENING CASH AND CASH EQUIVALENTS		**549,663,824**	**28,698,095**
Add: Cash and cash equivalents taken over as on January 1, 2006 on account of amalgamation (Refer Note 13 of Schedule 19)		–	**13,015,108**
Add: Cash and cash equivalents taken over on account of acquisition of subsidiaries		–	**24,365,583**
Effect of foreign exchange translation of subsidiaries		**(20,499,652)**	**(10,608,609)**
CLOSING CASH AND CASH EQUIVALENTS (Refer Note 1 below)		**978,137,372**	**549,663,824**

Consolidated Cash Flow Statement for the year ended March 31, 2008

Notes to the Consolidated 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 Rs.)

PARTICULARS	**AS AT MARCH 31, 2008**	AS AT MARCH 31, 2007
Cash on hand	13,181,431	1,611,725
Remittance in transit	–	6,547,641
Balance with scheduled banks:		
In current accounts	414,449,642	118,213,758
In fixed and margin deposits (against letter of credit and bank guarantees)	550,506,299	423,290,700
Total	**978,137,372**	**549,663,824**

2. Adjustments include following figures for the three months ended on March 31, 2006 of erstwhile BDP (India) Private Limited

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
Depreciation	–	558,853
Interest expense	–	484,827
Interest income	–	(129,619)
Loss on sale of fixed assets	–	343,095
Dividend income	–	(45,728)
Bad Debts and Advances written off	–	360,683
Provision for expenses no longer required written back	–	(920,161)

3. In the previous year, the effect of assets (except cash and cash equivalents) and liabilities on account of amalgamation has been ignored as it is a non-cash transaction.

4. Previous year figure includes Rs. 7,840,000 received against equity subscription from minority shareholders in one of the subsidiary viz. Genco (India) Private Limited

5. Previous year's figures have been regrouped/ reclassified wherever necessary.

As per our report of even date

Vilas Y. Rane
Partner
Membership No. : F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Mumbai
Date : July 30, 2008

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
75,000,000 Equity shares of Rs. 2 each (Previous year 10,000,000 equity shares of Rs.10 each)	150,000,000	100,000,000
Issued, subscribed and paid up		
57,004,322 Equity shares of Rs.2 each (Previous year - 8,742,500 of Rs. 10 each) fully paid up	114,008,644	87,425,000
The above includes :		
a) 9,625,000* fully paid up equity shares of Rs. 2 each issued on preferential basis for cash in the previous year		
b) 22,627,500* fully paid up equity shares of Rs. 2 each issued as fully paid bonus shares by capitalisation of share premium account in the previous year		
c) 1,560,000* fully paid up equity shares of Rs. 2 each have been allotted as fully paid to the shareholders of erstwhile BDP (India) Private Limited pursuant to the Scheme of Amalgamation in the previous year (Refer Note 11 of Schedule 19)		
d) 11,290,322 fully paid up equity shares of Rs.2 each issued to Qualified Institutional Buyers in the current year (Refer Note 9 (b) of Schedule 19)		
e) 2,001,500 fully paid up equity shares of Rs. 2 each have been allotted on conversion of 400,300* share warrants in the current year. (Refer Note 9 (a) of Schedule 19)		
* Number of equity shares has been adjusted consequent to sub-division of share from Rs. 10 to Rs. 2 during the year. (Refer Note 8 of Schedule 19)		
Total	**114,008,644**	**87,425,000**
SCHEDULE 2 : RESERVES AND SURPLUS		
Share premium account		
As per last balance sheet	716,745,000	–
Add: On issue of 1,925,000 fully paid up equity shares of Rs.10 each issued on preferential basis for cash	–	762,000,000
On issue of 11,290,322 fully paid up equity shares of Rs.2 each pursuant to allotment to Qualified institutional buyer at Rs.310 per share (Refer Note 9 (b) of Schedule 19)	3,477,419,176	–
On issue of 2,001,500 fully paid up equity shares of Rs. 2 each on conversion of 400,300 share warrants (Refer Note 9 (a) of Schedule 19)	196,147,000	–
Less: On On adjustment of share issue expenses incurred for the purpose of allotment of shares to Qualified Institutional Buyers	81,354,979	–
Utilised for issue of fully paid up bonus equity shares	–	45,255,000
	4,308,956,197	**716,745,000**
Statutory reserve		
As per last balance sheet	811,941	–
Add : Transferred from profit and loss account	–	811,941
	811,941	**811,941**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 2 : RESERVES AND SURPLUS (Contd.)		
Amalgamation reserve *		
As per last balance sheet	12,480,000	–
Arising on amalgamation (Refer Note 11 (d) of Schedule 19)	–	12,480,000
	12,480,000	**12,480,000**
General reserve		
As per last balance sheet	9,095,486	–
Add: Transfer of General reserve of erstwhile BDP (India) Private Limited on amalgamation (Refer Note 11 (d) of Schedule 18)	–	5,120,000
Transferred from profit and loss account	12,362,358	3,975,486
	21,457,844	**9,095,486**
Surplus in profit and loss account	**574,135,184**	**186,099,759**
Foreign currency translation reserve **	**(29,831,361)**	**(9,969,277)**
Total	**4,888,009,805**	**915,262,909**

* 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.

** Figures in the bracket represents loss on foreign currency translation.

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 3 : SECURED LOANS		
From Banks		
Cash credit facilities (Refer Note 1 below)	–	30,283,180
Term loans (Refer Note 2 below) [including interest accrued and due thereon aggregating Rs. Nil (Previous year - Rs. 78,279)] [Payable within one year Rs. Nil (Previous year - Rs. 2,604,000)]	–	6,134,279
Finance lease facility (Refer Note 3 below) [Repayable within one year Rs. 4,331,997 (Previous year - Rs. 3,969,942)]	12,386,523	12,679,619
Total	**12,386,523**	**49,097,078**

Secured by:

1) Hypothecation of current assets, equitable mortgage on office premises of the Company located at Andheri (East), Mumbai, term deposit of Rs. 5,000,000 and personal guarantee of a director.
2) Equitable mortgage of office premises of the Company located at Andheri (East), Mumbai and personal guarantee of a director. The term loan was fully pre paid during the year
3) Hypothecation of leased vehicles.

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 4 : UNSECURED LOANS		
From Others		
[There are no stipulations as to repayment]	4,382,324	42,960
Total	**4,382,324**	**42,960**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

SCHEDULES - 5 FIXED ASSETS

(Amount in Rs.)

	GROSS BLOCK							DEPRECIATION							NET BLOCK	
DESCRIPTION	AS AT APRIL 1, 2007	Transferred on amalgamation (Refer Note 11 (d) of Schedule 19)	Additions during January 2006 to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 11 of Schedule 19)	Additions during the year	Deletions during January 2006 to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 11 of Schedule 19)	Deletions/ Adjustments during the year	As at March 31, 2008	As at April 1, 2007	Transferred on amalgamation (Refer Note 11 (d) of Schedule 19)	For the period from January to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 11 of Schedule 19)	For the year	Deductions during January to March 2006 pertaining to erstwhile BDP (India) Private Limited (Refer Note 11 of Schedule 19)	Deletions/ Adjustments during the year	**As at March 31, 2008**	**As at March 31, 2008**	As at March 31, 2007
Tangible assets																
Building	17,015,200	–	–	–	–	–	17,015,200	2,219,219	–	–	739,799	–	–	2,959,018	14,056,182	14,795,981
Leasehold Improvements	888,583	–	–	5,167,221	–	(11,000)	6,066,804	450,426	–	–	1,272,485	–	(15,913)	1,738,824	4,327,980	438,157
Furniture and fixtures	8,009,285	–	–	8,547,224	–	389,320	16,167,189	2,294,897	–	–	2,562,544	–	178,459	4,678,982	11,488,207	5,714,388
Computers	8,238,193	–	–	4,170,152	–	316,966	12,091,379	4,357,451	–	–	2,268,129	–	152,138	6,473,442	5,617,937	3,880,742
Vehicles (Refer Note 1 below)	20,667,491	–	–	6,088,220	–	2,520,302	24,235,409	4,821,587	–	–	3,898,694	–	1,446,800	7,273,481	16,961,928	15,845,904
Office equipments	8,824,037	–	–	5,740,623	–	130,010	14,434,650	3,306,593	–	–	3,408,430	–	(90,830)	6,805,853	7,628,797	5,517,444
Intangible assets																
Software development cost	123,327,818	–	–	64,514,863	–	(23,438,774)	211,281,455	66,094,931	–	–	27,514,109	–	(2,142,098)	95,751,138	115,530,317	57,232,887
TOTAL	**186,970,607**	**–**	**–**	**94,228,303**	**–**	**(20,093,176)**	**301,292,086**	**83,545,104**	**–**	**–**	**41,664,190**	**–**	**(471,444)**	**125,680,738**	**175,611,348**	**103,425,503**
Previous Year	100,285,879	26,266,543	568,168	61,558,238	610,010	1,098,211	186,970,607	49,380,412	4,934,343	558,852	29,139,985	256,977	211,511	83,545,104	103,425,503	–
Capital work-in-progress (at cost) including advances on capital account															1,943,853,419	164,560,752
															2,119,464,767	**267,986,255**

Notes:

1. Gross Block includes cost of vehicles taken on finance lease of Rs. 20,634,705 (Previous year Rs. 20,542,398)
2. Deletion / Adjustments during the year to Gross block and depreciation includes additions of Rs. 22,663,863 and Rs. 1,931,995 on account of translation reserve.

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 6 : INVESTMENTS (unquoted, unless otherwise stated)		
I. LONG TERM (at cost)		
Trade		
Fully paid-up equity shares		
In Subsidiary companies		
49,400 (Previous year - Nil) Equity shares of Arshiya Logistics Infrastructure Ltd of Rs. 10 each, fully paid up (Refer Note 14 of Schedule 19)	494,000	–
49,400 (Previous year - Nil) Equity shares of Arshiya Western Logistic Infrastructure Ltd of Rs. 10 each, fully paid up (Refer Note 14 of Schedule 19)	494,000	–
49,400 (Previous year - Nil) Equity shares of Arshiya Distripark Ltd of Rs. 10 each, fully paid up (Refer Note 14 of Schedule 19)	494,000	–
49,400 (Previous year - Nil) Equity shares of Flat World Processes Ltd of Rs. 10 each, fully paid up (Refer Note 14 of Schedule 19)	494,000	–
In Others		
100 Equity shares of The Shamrao Vithal Co-op. Bank Limited of Rs. 25 each, fully paid up	2,600	2,600
	1,978,600	**2,600**
Non-trade		
Fully paid-up equity shares (Quoted)		
3,000 Equity shares of India Infotech & Software Limited of Rs.10 each, fully paid up	–	30,000
Less : Written-off during the year	–	30,000
	–	**–**
II. Current Investments [unquoted]		
In mutual fund units		
10,018,109.938 (Previous Year - Nil) SBI Premier Liquid Fund - Super Institutional Daily Dividend [9,967,605.283 units purchased, 50,504.655 units cumulated during the year]	100,506,688	–
48,256,205.191 (Previous Year - Nil) SBI-SHF-LIQUID PLUS - Institutional Plan Daily Dividend [389,805,097.452 units purchased, 3,278,693.945 units cumulated, 344,827,586.206 units redeemed during the year]	482,803,333	–
25,066,331.947 (Previous Year - Nil) SBI Debt Fund Series - 90 Days-20 Dividend [25,000,000.000 units purchased, 66,331.947 units cumulated during the year]	250,668,500	–
25,050,035.278 (Previous Year - Nil) SBI Debt Fund Series - 90 Days-21 Dividend [25,000,000.000 units purchased, 50,035.278 units cumulated during the year]	250,503,500	–
25,050,202.905 (Previous Year - Nil) SBI Debt Fund Series - 30 Days-1 Dividend [25,000,000.000 units purchased, 50,202.905 units cumulated during the year]	250,503,500	–
	1,334,985,521	**–**
Total	**1,336,964,121**	**2,600**
Aggregate cost of quoted investments	–	30,000
Aggregate cost of mutual fund units	1,334,985,521	–
Aggregate market value of quoted investments	–	14,000
Market value (Net asset value) of the mutual fund units	1,339,243,021	–

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 7 : SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	137,709,863	47,515,016
Considered doubtful	2,730,332	610,860
	140,440,195	48,125,876
Other debts - considered good	746,186,438	375,953,155
	886,626,633	424,079,031
Less : Provision for doubtful debts	2,730,332	610,860
Total	**883,896,301**	**423,468,171**

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 8 : CASH AND BANK BALANCES		
Cash on hand	13,181,431	1,611,725
Remittance in transit	–	6,547,641
Balances with scheduled banks:		
- in current accounts	414,449,642	118,213,758
- in fixed deposits	500,858,600	410,000,000
- in margin money deposits	49,647,699	13,290,700
(against guarantees, letter of credit and cash credit facilities)		
Total	**978,137,372**	**549,663,824**

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 9 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans to other companies	40,000,000	–
Advances recoverable in cash or in kind or for value to be received (Refer Note 12 and 14 of Schedule 19)	133,185,465	28,812,219
Sundry deposits	13,236,207	6,092,358
Total	**186,421,672**	**34,904,577**

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 10 : CURRENT LIABILITIES		
Sundry creditors	346,579,563	163,779,438
Other liabilities	43,555,253	10,991,021
Book overdraft	11,099,841	1,885,171
Advance from customers	23,697,024	12,527,027
Interest accrued but not due on term loan	–	64,587
Unclaimed dividend	633,948	–
Total	**425,565,629**	**189,247,244**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 11 : PROVISIONS		
Provision for employee benefits	6,697,119	3,270,506
Provision of tax (net of advance tax and tax deducted at source)	11,725,767	7,626,426
Provision of fringe benefits tax (net of advance fringe benefits tax)	302,045	52,361
Proposed dividend	45,603,458	21,856,250
Dividend tax	7,750,308	3,714,470
Total	**72,078,697**	**36,520,013**

	AS AT MARCH 31, 2008	AS AT MARCH 31, 2007
SCHEDULE 12 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Expenses on increase in authorised capital		
As per last balance sheet	–	560,000
Less : Amortised during the year	–	560,000
	–	**–**
Preliminary expenses		
As per last balance sheet	206,094	–
Add : Incurred during the year	–	257,618
Less : Amortised during the year	206,094	51,524
	–	**206,094**
Market survey expenses		
As per last balance sheet	–	–
Add : Transferred on amalgamation (Refer Note 11 (d) of Schedule 19)	–	342,000
Less : Amortised during the year	–	342,000
	–	–
Total	**–**	**206,094**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 13 : INCOME FROM OPERATIONS		
Income from logistics operations and related services (Refer Note 6 (a) of Schedule 19)	3,641,786,562	1,693,850,799
Sale of software and related services	369,839,408	165,197,095
Sales of alloy steel	–	5,667,699
Total	**4,011,625,970**	**1,864,715,593**
SCHEDULE 14 : OTHER INCOME		
Interest income	24,945,920	6,803,353
Dividend received	34,985,521	2,335
Sundry balances written back	1,728,020	2,195,149
Miscellaneous receipts	1,211,988	433,292
Total	**62,871,449**	**9,434,129**

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 15 : PURCHASES AND OPERATING EXPENSES		
Cost of logistic operations (Refer Note 6 (b) of Schedule 19)	3,061,346,130	1,374,998,976
Purchase of software	59,614,803	26,375,050
Purchase of alloy steel	–	5,475,760
Total	**3,120,960,933**	**1,406,849,786**
SCHEDULE 16 : EMPLOYEES' REMUNERATION		
Salary, bonus and other allowances	177,096,596	112,904,120
Contribution to provident fund and other funds	7,003,833	2,534,079
Staff welfare	4,954,742	2,369,112
Employee compensation expenses	5,430,707	–
Total	**194,485,878**	**117,807,311**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 17 : OTHER ADMINISTRATIVE EXPENSES		
Electricity charges	2,584,023	1,629,527
Repairs and maintenance		
- Building	2,363,895	1,035,401
- Others	3,323,589	3,431,342
	5,687,484	4,466,743
Rent	19,413,878	12,318,233
Rates and taxes	1,313,680	1,559,851
Insurance	3,361,785	835,195
Advertisement and business promotion	11,814,393	6,026,642
Communication expenses	17,054,545	13,609,396
Traveling and conveyance	38,117,830	23,927,605
Vehicle expenses	8,237,138	3,826,168
Legal and professional	15,330,699	14,741,792
Printing and stationery	3,591,437	2,446,534
Commission and brokerage	1,726,247	2,956,764
Auditors' remuneration		
- Statutory audit	5,199,030	1,477,037
- Other matters	1,259,530	286,392
- Out of pocket expenses	51,102	–
	6,509,662	1,763,429
Loss on sale of assets (net)	402,098	24,251
Loss on foreign exchange fluctuation (net)	19,643,381	7,043,680
Bad debts	4,807,183	7,275,645
Less : Provision for doubtful debts utilised	–	1,670,446
	4,807,183	5,605,199
Provision for doubtful debts	2,123,191	196,857
Royalty paid	2,466,633	620,940
Miscellaneous expenses	14,502,088	9,901,257
Investments written off	–	30,000
Amortisation of expense for increase in authorised capital	–	560,000
Amortisation of preliminary expenses	206,094	51,524
Amortisation of market survey expenses	–	342,000
Total	**178,893,469**	**114,483,587**

	FOR THE YEAR ENDED MARCH 31, 2008	FOR THE YEAR ENDED MARCH 31, 2007
SCHEDULE 18 : FINANCE EXPENSES		
Interest on		
- Fixed loans	1,775,604	1,341,415
- Others	4,182,024	2,604,373
Bank charges	3,436,254	2,742,922
Total	**9,393,882**	**6,688,710**

SCHEDULE 19 : NOTES TO CONSOLIDATED ACCOUNTS

1. **Significant Accounting Policies**

a) **System of accounting and presentation**

The consolidated financial statements are prepared and presented under the historical cost convention following accrual basis of accounting and in accordance with Accounting Standard 21 - "Consolidated Financial Statements" and clarifications thereon as specified in the Companies (Accounting Standards) Rules, 2006 and to the extent possible in the same format as that adopted by the parent company (Arshiya International Limited) for its separate financial statements. The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reported period. Actual results could differ from these estimates.

b) **Basis of consolidation**

The consolidated financial statements include the financial statements of Arshiya International Limited ("the Company"), and all of its subsidiaries (collectively referred to as "the Group"). The consolidated financial statements have been prepared using uniform accounting policies; except that:

- In case of foreign subsidiaries, depreciation in respect of tangible fixed assets is provided on straight line method instead of written down value method. The total amount of net block of these items of tangible fixed assets represents 37.70 % of the total consolidated tangible fixed assets of the Group as at the year-end.
- In case of one of the subsidiaries, provision for employee benefits is made on estimation basis instead of actuarial valuation. The amount of such provision for employee benefits represents 4.31 % of the total consolidated provisions of the Group as at the year-end.

In the preparation of consolidated financial statements, all significant intra-group transactions and accounts are eliminated. Unrealised profits, if any, on items carried in inventories are also eliminated from the consolidated financial statements. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.

The excess of cost to the parent company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the respective dates, on which investments in such subsidiaries were made, is recognised in the financial statements as goodwill. The said goodwill is not amortised, however, it is tested for impairment at the balance sheet date and loss, if any, is provided for.

The excess of parent company's portion of equity in the subsidiaries over its cost at the respective dates, on which investment in such subsidiaries were made, is recognised in the financial statements as capital reserve.

The parent company's portion of equity in such subsidiaries is determined on the basis of the book values of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

The assets and liabilities of foreign companies are translated at the year end rate and all the items in the profit and loss account are translated at the average year exchange rate. The resultant translation gain and losses are shown separately as "Foreign currency translation reserve" under Reserves and Surplus.

c) **Fixed assets**

All fixed assets are stated at cost of acquisition less accumulated depreciation/ amortisation. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation, Interest on borrowing, to finance fixed assets during the construction period, is capitalised. Other pre-operative expenses for major projects are also capitalised, wherever applicable.

d) Depreciation/ Amortisation/ Impairment

Depreciation on the historical cost of 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.

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

At the balance sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

After recognition of impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

Assets costing less than Rs. 5,000 are depreciated fully in the year of acquisition.

Leasehold land / improvements are amortised over the period of lease.

Intangible fixed assets are amortised over their estimated economic useful life as estimated by the management.

e) Investments

Long term investments are valued at cost less provision for diminution in value, if any.

Current investments are valued at lower of cost and fair value (repurchase price or market value) on individual item basis. In case of investments in mutual fund which are unquoted, net asset value is taken as fair value.

f) 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.

Sale of goods is accounted (net of value added tax/ sales tax) on transfer of all significant risk and ownership of the goods on to the customers, which is generally on dispatch of goods.

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.

g) 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.

h) 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 Consolidated Profit and Loss Account. Leave encashment and gratuity are provided for on the basis of actuarial valuation as at the year end by an independent actuary, except for an overseas subsidiary where provision for employees terminal benefits is made on estimation basis.

i) Lease accounting

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 lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

j) Accounting for taxes on income

Provision for current tax is made based on the tax payable under the applicable tax laws. 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 other than unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is virtual certainty of their realisation supported by convincing evidence.

k) Earnings per share ('EPS')

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax as per Accounting Standard 20 - "Earning Per Share" as specified in the Companies (Accounting Standards) Rules, 2006. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

l) 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 on the basis of Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India and made mandated by Companies (Accounting Standards) Rules, 2006.

m) Share issue expenses

Share issue expenses incurred during the year are adjusted against balance in securities premium account.

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

2. The list of subsidiary companies which are included in consolidated financial statements are as under

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 [formerly known as Arshhiya Hong Kong Limited]	Hong Kong	100%
Cyberlog Technologies International Pte Limited	Singapore	100%
Genco (India) Private Limited [formerly known as BDP Genco (India) Private Limited]	India	51%
BDP Dubai LLC *	United Arab Emirates	100%
BDP Qatar WLL *	Qatar	60%
Arshiya Logistics LLC *	Oman	51%
Cyberlog Technologies Inc. #	United States of America	100%
Cyberlog Technologies (UAE) FZE #	United Arab Emirates	100%
Cyberlog Technologies Hong Kong Ltd #	Hong Kong	100%

* Subsidiary Companies of Arshiya Hong Kong Limited

\# Subsidiary Companies of Cyberlog Technologies International Pte Limited

3. Contingent Liabilities not provided for:

PARTICULARS	**AS AT MARCH 31, 2008**	AS AT MARCH 31, 2007
i) Disputed income tax matters	13,541,555	–
ii) Guarantees issued by banks on behalf of the Group	12,078,954	20,636,906
iii) Outstanding Letters of Credit	317,788,009	–

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) Rs. 3,130,823,325 (Previous Year – Rs.42,991,299)

5. 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.

6. a) Income from logistics operations and related services mainly comprises of freight and forwarding income, clearing and handling charges, commission income and other related income.

b) Cost of logistics operations and related services mainly comprises of freight and forwarding expenses, clearing and handling charges and other related expenses.

7. Prior period items included in Consolidated Profit and Loss Account

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
Income from logistics operations and related services	2,781,228	6,846,315
Cost of logistic operations	5,739,966	20,645,163
Royalty paid	429,700	–
Total prior period items (net)	**3,388,438**	**13,798,848**

8. Pursuant to the approval for sub-division of the equity shares of the Company in the Annual General Meeting held on September 10, 2007, the equity shares of face value of Rs.10 have been sub-divided into equity shares having a face value of Rs 2 each with effect from October 19, 2007 (the record date).

9. a) In the previous year, the Company has allotted 3,750,000 equity warrants of Rs. 100 each (Rs. 10 received upfront) convertible into equity shares of Rs. 2 each at a premium of Rs 90 per equity share on preferential basis. During the current year, 400,300 equity warrants have been converted into 2,001,500 equity shares on receipt of balance consideration of Rs. 90 per equity share

b) During the current year, pursuant to the approval of members accorded at the Extra Ordinary General Meeting held on November 20, 2007, the Company has allotted 11,290,322 equity shares of Rs. 2 each for cash at a premium of Rs. 308 per equity share to Qualified Institutional Buyers.

10. Employee Stock Option Plan (ESOP)

The Company has established "Arshiya Stock Option Plan 2007" for a grant of 1,411,700 Options to the employees of the Company and its subsidiaries convertible into Equity Shares of Rs. 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 share of Rs.2 each. Exercise price is Rs. 210 as specified in "Arshiya Stock Option Plan 2007" by compensation committee. Detail of Grants made under "Arshiya Stock Option Plan 2007" is as under

Date of grant	February 15, 2007
Exercise price of Option	Rs. 210

PARTICULARS	**Employees of Arshiya International Limited**	**Employees of subsidiaries of Arshiya International Limited**	**Total**
Option outstanding at the beginning of the year	–	–	–
Options granted during the year	541,800	869,900	1,411,700
Options forfeited during the year	11,600	9,300	20,900
Options exercised during the year	–	–	–
Options expired during the year	–	–	–
Options outstanding at the end of the year	530,200	860,600	1,390,800
Options exercisable at the end of the year	–	–	–

Out of the total employee stock compensation expense aggregating to Rs. 5,927,197 on account of the options outstanding at the end of the year, the Group has debited Rs. 5,430,707 to the Consolidated Profit and Loss account and capitalized Rs. 496,490 on account of options granted to employees employed exclusively for its new projects.

The fair value of each stock option granted under "Arshiya Stock Option Plan 2007", as on the date of grant has been computed using Black- Scholes Option Pricing Formula and the model inputs are given as under:

Volatility	29.64% to 30.61%
Risk free rate	7.77%
Exercise price	Rs. 210
Time to maturity (years)	1.5 to 3.5
Dividend yield	0.69%
Life of options	1.5 years
Fair value of options as at the grant date (per share)	Rs. 103.84
Total fair value of options outstanding at the end of the year	Rs. 144,420,672

The impact on the profit of the Group for the year ended March 31, 2008 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

Profit after tax as per Consolidated Profit and Loss Account (a)	453,751,549
Add: Employee stock compensation expense as per intrinsic value method	5,430,707
Less: Employee stock compensation expense as per fair value method	10,337,759
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)	448,844,497
Earning per share based on earnings as per (a) above: (Refer Note 18)	
- Basic	9.66
- Diluted	9.44
Earning per share had fair value method been employed for accounting of employee stock options:	
- Basic	9.56
- Diluted	9.34

11. Amalgamation

a) In accordance with the Scheme of Amalgamation ("the Scheme") of erstwhile BDP (India) Private Limited, (whose principal business was providing air and ocean freight forwarding, total logistics and integrated supply chain management services and other value added services) with the Company approved by the Honourable High Court of Judicature at Bombay vide its order dated February 2, 2007, the said BDP (India) Private Limited was dissolved without winding up and all assets and liabilities, benefits under income tax, duties and obligations were transferred to and vested in the Company retrospectively with effect from January 1, 2006 (the appointed date).

b) Pursuant to the Scheme coming into effect, every shareholder of BDP (India) Private Limited holding fully paid up equity shares was allotted one equity share of Rs. 10 each of the Company, credited as fully paid up for every five equity share of Rs. 10 each fully paid up held in the capital of BDP (India) Private Limited.

c) The said amalgamation was accounted for under the "pooling of interests" method as prescribed by Accounting Standard 14 (AS 14) "Accounting for Amalgamations". Accordingly, the assets, liabilities and reserves as at January 1, 2006 were incorporated in the books of the Company at their book values as per audited accounts as at the appointed date. As stipulated in the Scheme:

i) All reserves of erstwhile BDP (India) Private Limited preserved their identities and accordingly, were transferred to the corresponding reserves account in the books of account of the Company.

ii) The resultant reserves arising out of difference between the amount recorded as share capital issued to the shareholders of erstwhile BDP (India) Private Limited and the amount of share capital of erstwhile BDP (India) Private Limited were credited to the Amalgamation Reserve Account in the books of account of the Company as the Scheme provided that such resultant reserve was free for all purposes.

d) Accordingly, the amalgamation has resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summerised values

PARTICULARS	(Amount in Rs.)
Fixed assets (net)	21,332,200
Investments	2,600
Miscellaneous expenditure	342,000
Current assets (net)	45,690,102
Less:	
Deferred tax liabilities (net)	(867,139)
Loan funds	(16,764,907)
Total net assets acquired on amalgamation	**49,734,856**
Consideration for amalgamation:	
Issue of shares (312,000 equity shares of the Company in the ratio of 1 equity share of the Company for every 5 equity shares of erstwhile BDP (India) Private Limited)	3,120,000
Transfer of General Reserve of erstwhile BDP (India) Private Limited to General Reserve under the Scheme	5,120,000
Transfer of Surplus in Profit and Loss Account of erstwhile BDP (India) Private Limited to the Profit and Loss Account of the Company	29,014,856
Balance transferred to Amalgamation reserve as at January 1, 2006	**12,480,000**

e) The profit of erstwhile BDP (India) Private Limited for the period January 1, 2006 to March 31, 2006 aggregating Rs. 8,525,457 was shown as exceptional item in the Consolidated Profit and Loss Account. Similarly the provision for taxation of previous year also included Rs. 3,375,826 in respect of provision of current tax, Rs. 261,563 in respect of deferred tax credit and Rs. 164,001 in respect of fringe benefits tax for the said period.

12. Advances recoverable in cash or kind include an advance of Rs. 49,999,998 (Previous Year Rs. 13,503,430) towards subscription of shares in a company.

13. Segment information

Primary segment information

The Group operates in three primary reportable business segments, i.e. “Logistics operations and related services”, “Container freight station (‘CFS’)/ Free trade warehousing (‘FTW’) operations and related services” and “Rail transport operations” as per the definition under Accounting Standard 17 – “Segment Reporting” as specified in the Companies (Accounting Standards) Rules, 2006. However, the Group is in the process of setting up facilities for commencement of commercial operations in relation with CFS / FTW and Rail transportation as at the year end. The Group’s other business segments are not reported as separate reportable segment as the revenue, results 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”.

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS	Logistics and related services	CFS/FTWZ operations and related services	Rail transport operations	Other	Total
Revenue					
External sales	3,641,786,562 (1,693,850,799)	– (–)	– (–)	369,839,408 (170,864,794)	4,011,625,970 (1,864,715,593)
Other income	1,493,975 (2,195,149)	– (–)	– (–)	– (–)	1,493,975 (2,195,149)
Total revenue	**3,643,280,537 (1,696,045,948)**	**– (–)**	**– (–)**	**369,839,408 (170,864,794)**	**4,013,119,945 (1,866,910,742)**
Result					
Segment result	387,273,144 (175,235,501)	– (–)	– (–)	172,896,971 (57,938,315)	560,170,116 (233,173,815)
Unallocated corporate expenses (net of other income)					50,059,341 (36,851,037)
Operating profit					**510,110,775 (196,322,778)**
Interest expenses					5,957,628 (3,945,788)
Interest income					24,945,920 (6,803,353)
Exceptional items:					
- Profit on fixed assets retired from use and held for sales/ disposal	– (–)	– (–)	– (–)	– (23,285,942)	– (23,285,942)
- Profit of erstwhile BDP (India) Private Limited for the three months ended March 31, 2006	– (8,525,457)	– (–)	– (–)	– (–)	– (8,525,457)
Prior period items (net)	3,388,438 (13,798,848)	– (–)	– (–)	– (–)	3,388,438 (13,798,848)
Income taxes (Including deferred tax and fringe benefits tax) *					73,726,115 (37,735,926)
Net profit after taxation					**451,984,514 (179,456,968)**
Less: Minority interest					1,767,035 (4,338,275)
Net profit for the year					**453,751,549 (175,118,693)**
Other Information					
Segment assets	1,001,423,012 (599,299,535)	1,438,621,763 (–)	500,000,000 (–)	340,880,381 (203,116,883)	3,280,925,156 (802,416,418)
Unallocated corporate assets					2,280,694,580 (527,581,307)
Total assets					**5,561,619,735 (1,329,997,724)**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS	Logistics and related services	CFS/FTWZ operations and related services	Rail transport operations	Other	Total
Segment liabilities	383,904,755 (154,487,636)	– (–)	– (–)	30,437,292 (31,339,092)	414,342,047 (185,826,728)
Unallocated corporate liabilities					100,071,127 (89,080,568)
Total Liabilities					**514,413,174** **(274,907,296)**
Capital expenditure	18,366,578 (8,089,127)	– (–)	– (–)	68,795,954 (46,735,230)	
Depreciation	7,797,014 (5,276,971)	– (–)	– (–)	31,425,894 (23,393,641)	
Non-cash expenses other than depreciation	16,293,129 (5,995,239)	– (–)	– (–)	12,803,778 (82,480)	

* Previous year's figure includes Rs. 3,278,264 for the period from January 1, 2006 to March 31, 2006.
Figures in the bracket pertain to the previous year.

Secondary segment information

Having regards to the nature of business of the Group, there are no identifiable geographical segments.

14. During the year, the Company has incorporated the following subsidiary companies by subscribing to their memorandum of association:

Name of subsidiary company	Date of incorporation
Arshiya Logistics Infrastructure Limited (ALIL)-	December 7, 2007
Arshiya Distripark Limited (ADL)	December 10, 2007
Arshiya Western Logistics Infrastructure Limited (AWLIL)	January 29, 2008
Flat World Processes Limited (FWDL)	January 23, 2008

The Financial Statement of the above subsidiaries have not been consolidated in these consolidated financial statements, and consequently, no adjustments have been made to the investments in the said subsidiaries held by the Company to the intra company transactions and balances, disclosures in the consolidated notes, etc. Since the corresponding total assets, liabilities, revenues, expenses, contingent liabilities and capital commitments of these subsidiaries are not significant, as indicated below, in relation to the Group's consolidated financial statements. The unaudited financial statements of the subsidiaries as certified by the management include the following;

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

(Amount in Rs.)

PARTICULARS	ALIL	ADL	AWLIL	FWDL	Total	% in relation to the consolidated figures
Assets:						
Cash and bank balances	500,000	500,000	500,000	500,000	2,000,000	
Miscellaneous expenditure	191,198	191,808	191,543	191,363	765,912	
					2,765,912	**0.05%**
Liabilities:						
Unsecured loan	191,198	191,808	191,543	191,363	765,912	
Current liabilities	5,000	5,000	5,000	5,000	20,000	
					785,912	**0.15%**
Revenue:	–	–	–	–	–	0.00%
Expenses:	5,000	5,000	5,000	5,000	20,000	0.01%
Contingent liabilities	–	–	–	–	–	0.00%
Capital Commitments	–	–	–	–	–	0.00%

Advances recoverable in cash or in kind or for value to be received includes advance of Rs. 902,416 given to above subsidiaries, which are not consolidated.

15. Related party disclosures, as required by Accounting Standard 18 “Related Parties Disclosures” (AS 18) as specified in the Companies (Accounting Standards) Rules, 2006 are given below:

a) Key management personnel

Mr. Ajay S Mittal – Managing Director

Mrs. Archana A Mittal – Whole Time Director and major shareholder

b) 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.

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

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

(Amount in Rs.)

PARTICULARS	Related parties		Total
	Key Management Personnel	Enterprise owned or significantly influenced by Key Management Personnel or their relatives	
Income from operations	– (–)	566,139,167 (199,275,130)	566,139,167 (199,275,130)
Remuneration	9,408,000 (4,928,000)	– (–)	9,408,000 (4,928,000)
Issue of equity shares	50,000,000 (25,806,300)	– (–)	50,000,000 (25,806,300)
Issue of equity share warrants	– (12,500,000)	– (–)	– (12,500,000)
Outstanding balances			
Receivables	– (–)	18,587,437 (22,796,100)	18,587,437 (22,796,100)
Payables	7,500,000 (12,500,000)	– (–)	7,500,000 (12,500,000)

Figures in brackets pertain to the previous year.

Note:

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

(Amount in Rs.)

Type of the transaction	Name of the Party	For the year ended March 31, 2008	For the year ended March 31, 2007
Income from operations	Bhushan Steels Limited	566,139,167	199,275,130
Remuneration	Mr. Ajay S Mittal	4,704,000	2,464,000
	Mrs. Archana A Mittal	4,704,000	2,464,000
Issue of equity shares	Mrs. Archana A Mittal	50,000,000	25,806,300
Issue of equity share warrants	Mrs. Archana A Mittal	–	12,500,000

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

16. Pursuant to Accounting Standard - 19 "Leases", disclosure on 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 Rs.)

PARTICULARS	**Not later than one year**	**Later than one year but not later than five years**	**Later than five years**
Minimum lease payment	5,087,503 (4,788,156)	9,504,968 (9,067,080)	– (1,107,150)
Less: Finance charges payable in future	755,506 (818,214)	1,450,442 (1,288,166)	– (197,726)
Present value of the lease rentals	4,331,997 (3,969,942)	8,054,526 (7,778,914)	– (909,424)

Note:

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

a) 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.

b) 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.

c) 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.

d) Previous year figures are given in bracket.

Operating Leases

As at March 31, 2008 the Group has total future minimum lease payments commitment under a non-cancelable operating lease is as follows:

(Amount in Rs.)

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
Not later than one year	1,573,266	3,921,711
Later than one year but not later than five years	1,470,908	246,483
Later than five years	–	–

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

17. Earnings per share has been computed as under:

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
Profit after tax and minority interest for the year	453,751,549	175,118,693
Weighted average number of shares for basic	46,966,391	37,857,363
Weighted average number of shares for diluted	48,085,887	37,857,363
Nominal value per share (Rupees)	2	2
Earnings per share (Rupees)		
Basic	9.66	4.63
Diluted	9.44	4.63

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

(Amount in Rs.)

PARTICULARS	AS AT MARCH 31, 2007	**Movements during the year**	**AS AT MARCH 31, 2008**
Deferred tax liabilities			
Depreciation	1,750,622	1,944,553	3,695,175
Total deferred tax liabilities (A)	**1,750,622**	**1,944,553**	**3,695,175**
Deferred tax assets			
Disallowances under Section 43B of the Income-tax Act, 1961	145,856	765,024	910,880
Provision for doubtful debts	207,631	509,850	717,481
Unabsorbed business loss / depreciation	707,135	3,901,147	4,608,282
Others	958,871	(262,168)	696,703
Total deferred tax assets (B)	**2,019,493**	**4,913,853**	**6,933,346**
Net deferred tax assets (A)-(B)	**(268,871)**	**(2,969,300)**	**(3,238,171)**

Schedules annexed to and forming part of consolidated accounts for the year ended March 31, 2008

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

(Amount in Rs.)

PARTICULARS	**FOR THE YEAR ENDED MARCH 31, 2008**	FOR THE YEAR ENDED MARCH 31, 2007
A) Managing director		
Salaries	4,200,000	2,200,000
Contribution to provident fund and other funds	504,000	264,000
	4,704,000	**2,464,000**
B) Wholetime director		
Salaries	4,200,000	2,200,000
Contribution to provident fund and other funds	504,000	264,000
	4,704,000	**2,464,000**
Total managerial remuneration	**9,408,000**	**4,928,000**

Notes:

The above remuneration does not include contribution to gratuity, as this contribution is a lumpsum amount for all relevant employees based on an actuarial valuation.

Since no commission is payable during the year, computation of net profits under section 349 of the Companies Act, 1956 has not been computed during the year.

20. Figures pertaining to subsidiary companies have been regrouped/ reclassified wherever necessary to bring them in line with the Company's financial statements.

21. The figures for the previous year have been regrouped where necessary to confirm to current year classification.

Signatures to Schedules "1" to "18"

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Whole Time Director

Sandesh Chonkar
Director Finance & CFO

Prasanna Gupchup
Vice President-Legal & Secretary

Place : Mumbai
Date : July 30, 2008

NOTES

concept, content and design at Atherstone (ic@atherstonegroup.com)

Arshiya
There's a way

Arshiya International Limited

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