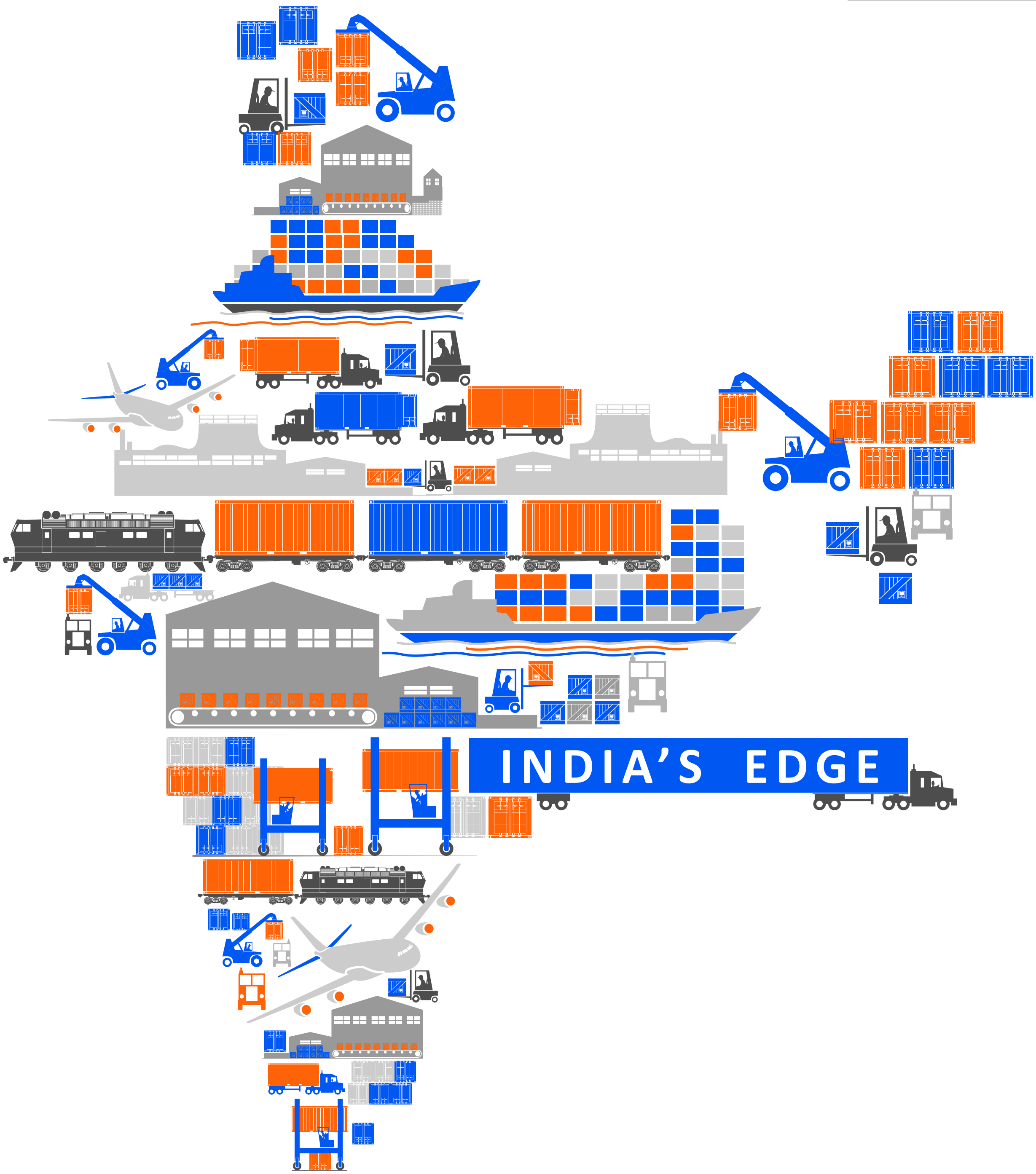
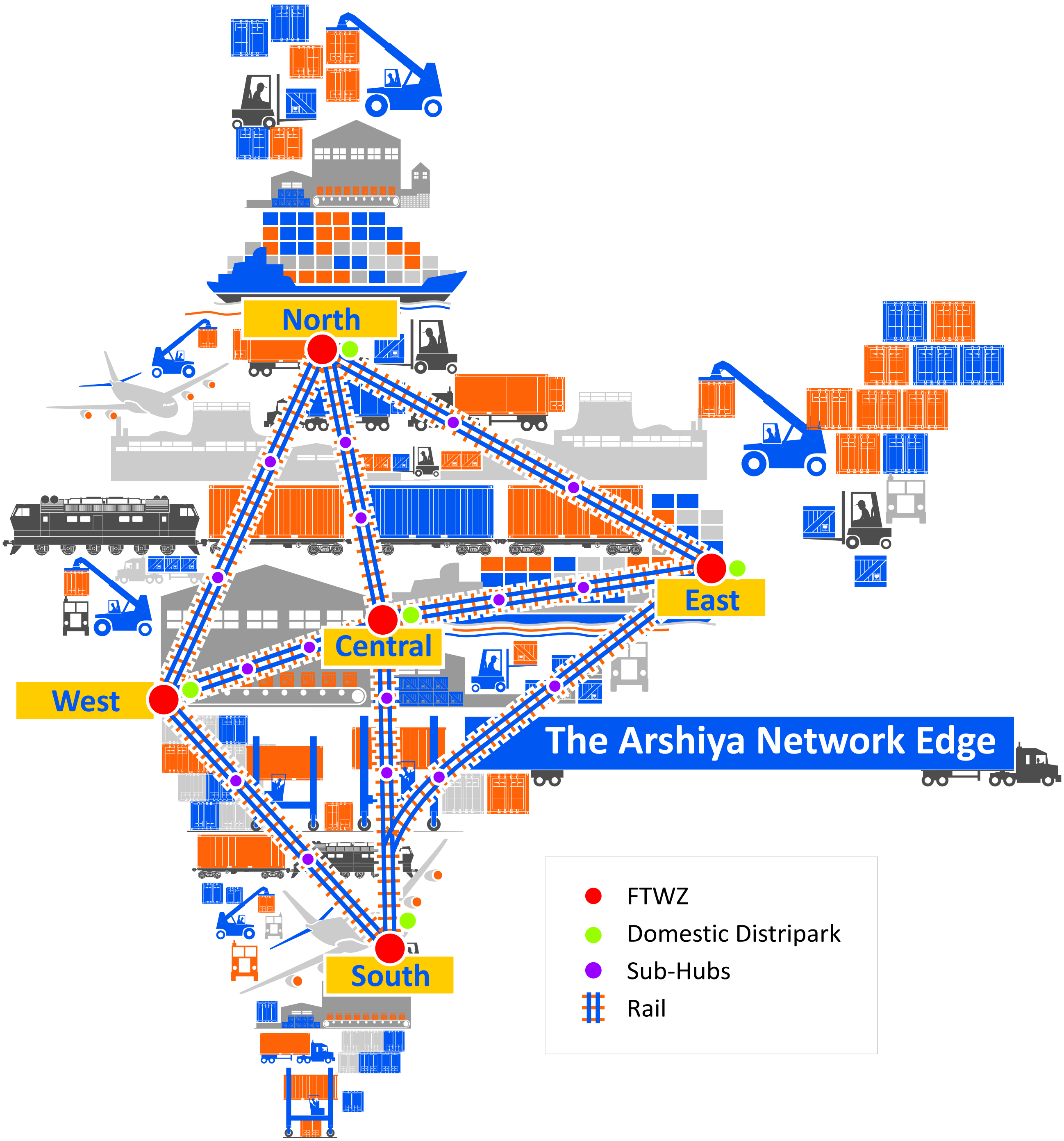
ANNUAL REPORT 10-11



Arshiya™
There's a way


North
East
Central
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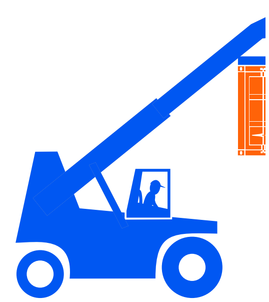
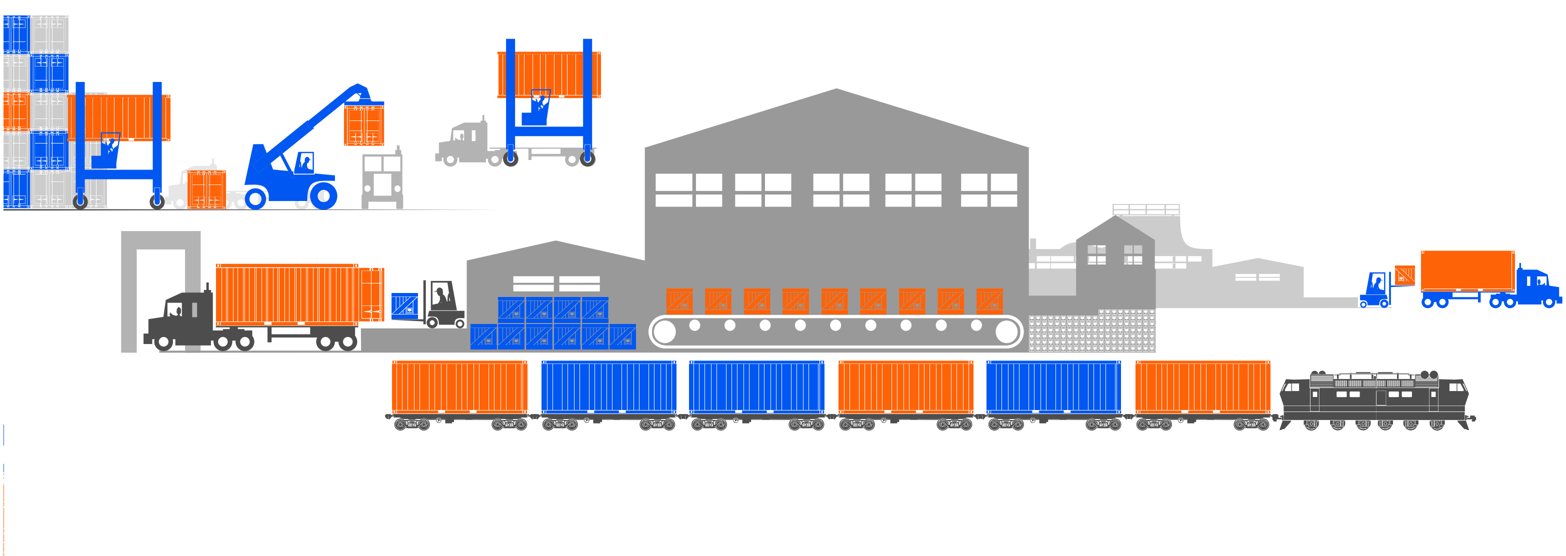
South
The Arshiya Network Edge
FTWZ
Domestic Distripark
Sub-Hubs
Rail





ARSHIYA INTERNATIONAL LIMITED

Registered Office: 3rd Floor. Plot No 61, Road No 13, M.I.D.C., Andheri (E), Mumbai-400093.

NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Members of **ARSHIYA INTERNATIONAL LIMITED** will be held on Tuesday, 20th September, 2011 at 3.30 p.m. at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Prof. G. Raghuram, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. James Beltran, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT M/s MGB & Co., Chartered Accountants, Mumbai, the retiring Auditors, bearing Registration Number 101169W with the Institute of Chartered Accountants of India, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed to between the Board of Directors and M/S MGB & Co."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

   RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) and re-enactments thereof for the time being in force), Article 106 of the Articles of Association of the Company be substituted as follows:

   106 : "The number of Directors shall not be less than 3 and not more than 12."

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to Section 314 (1) and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby grants its approval and consent to the appointment of Ms. Neha Srivastava, a relative of Mr. V. Shivkumar, Executive Director of the Company, as Manager HR on an initial annual remuneration inclusive of usual allowances and other perquisites applicable to the post, aggregating to ₹ 11 lacs, and that Ms. Neha Srivastava shall be entitled to annual increment(s) from time to time based on her performance as per the normal policy of the Company, subject to the condition that total annual remuneration inclusive of increments, allowances and perquisites as aforesaid shall not at any time exceed the prescribed limit(s) under the said Act.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, as may be necessary, to settle any question that may arise in this regard."

By order of the Board of Directors

RAHUL NEOGI

Company Secretary

Registered Office:

3rd Floor, Plot No 61,

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

Andheri (E), Mumbai – 400093.

Dated: 10th August, 2011

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be deposited at the registered office of the Company, not less than forty-eight hours before the commencement of the meeting. A proxy form is appended with the attendance slip.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in relation to the Special Businesses of the meeting is annexed hereto and forms part of this Notice.
4. The details of Directors proposed for re-appointment under Item Nos. 3 and 4 of the Notice, as per requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are annexed hereto.
5. Members/Proxies should bring duly filled in Attendance Slip in the form annexed hereto and tender the same at the entrance of the meeting hall.
6 Members are requested to bring their copy of the Annual Report at the Meeting.
7. Representative of corporate members should send/carry a duly certified copy of the Board Resolution/Power of Attorney authorizing the attendance and voting at the meeting.
8. Members are requested to send their queries, if any, at least seven days in advance so that the information could be made available at the meeting.
9. The Register of Members and Share Transfer Books will remain closed from Tuesday, the 13th September, 2011 to Tuesday, the 20th September, 2011 (both days inclusive).
10. The dividend on equity shares, if declared at the Meeting, will be paid to the shareholders whose names appear on the Company's Register of Members on 20th September, 2011. In respect of shares held in electronic form, the dividend will be payable to all beneficial owners as per the data made available by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on 20th September, 2011. Members holding shares in physical form are requested to provide relevant details of ECS in the form annexed so as to facilitate safe and secured payment of dividend. Members holding shares in electronic form are requested to intimate immediately any change in their bank mandates to their Depository Participants, if any.
11. Members are requested to notify change, if any, in his/her address to the Registrar & Share Transfer Agents of the Company quoting their folio number or their respective Depository Participant, as the case may be, regarding shares held in physical or electronic form.
12. Members are requested to send all the correspondence concerning registration of transfers, transmissions, subdivision, consolidation of share certificates or any other share related matters to M/s. Bigshare Services Pvt. Ltd, Registrar & Share Transfer Agents, E/2 Ansa Industrial Estate, Saki Vihar Road, Andheri (East), Mumbai-400072.
13. Members desirous of making a nomination in respect of their shareholding in physical form under Section 109A of the Companies Act, 1956, are requested to send the same to the Company's Registrar & Share Transfer Agents in the prescribed form annexed hereto.
14. Non-resident Indian Members are requested to inform M/S Bigshare Services Pvt Ltd, the Company's Registrar & Share Transfer Agents immediatily of the following:
    a. The change in the residential status upon return to India for permanant settlement;
    b. The particulars of the bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number.
15. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only.
16. The Certificate of the Auditors of the Company to the effect that the "Arshiya Employee Stock Option Plan-2007" of the Company is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution of the general body, will be made available for inspection of the members at the meeting venue.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

As per Article 106 of the Articles of Association, the Company can appoint a maximum of 9 Directors on its Board. Since the Company has already 9 Directors on its Board, there is no further scope for appointment of Directors unless the said Article is amended by increasing the maximum number beyond the existing 9.

Your Directors, therefore, felt the need to amend Article 106 of the Articles of Association of the Company in order to provide for an increase in the strength of the Board from the existing 9 to 12.

The members may pass the enabling special resolution as set out in Item No 6 of the accompanying Notice for amending the Company's Articles of Association accordingly.

None of the Directors of the Company is in any way concerned or interested in the Special Resolution.

Item No. 7

Ms. Neha Srivastava, a relative of Mr. V. Shivkumar, Executive Director of the Company was appointed as Manager HR with effect from 10th May, 2011 on a remuneration with usual allowances and perquisites applicable to the post as per rules of the Company. She will be given annual increment(s) depending upon appraisal of her performance. However the total annual remuneration inclusive of all allowances and perquisites as aforesaid shall not exceed the prescribed limit(s) at any given time provided under the Companies Act, 1956.

Ms. Neha Srivastava is a Graduate and an MBA with specialization in Human Resources (HR) having 4 years of good experience in HR functions in leading organizations and her previous assignment was with Bombay Stock Exchange Limited as Deputy Manager HR.

As per Section 314(1) of the Companies Act, 1956, approval of the members by way of a Special Resolution is required to be obtained for appointment of a relative of a Director to an office or place of profit. As per the current provisions of the Act, the remuneration proposed in the resolution is within the prescribed limit of Rs 30 lacs per annum.

The appointment is in the interest of the Company and the members may approve and pass the enabling Special Resolution as set out in Item No 7 of the accompanying Notice.

None of the Directors of the Company other than Mr. V. Shivkumar is in any way concerned or interested in the Special Resolution.

By order of the Board of Directors

RAHUL NEOGI
Company Secretary

Registered Office:

3rd Floor, Plot No 61, Road No 13, M.I.D.C.,
Andheri (E), Mumbai – 400093.
Dated: 10th August, 2011

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	**Mr. James Beltran**	**Prof. G. Raghuram**
Date of Birth	10th January, 1966	20th July, 1955
Qualification	LLB (U.K.)	PhD (Northwestern University), PGDM (IIMA)
Profile and expertise	Mr. James Beltran currently serves as Chairman, MAA International (Malaysia's largest insurance corporation with international offices throughout the region). He previously headed his own law firm, Ravi Beltran Advocates and Solicitors, served as partner at Gurbakash and Tan Advocates and Solicitors, and worked in litigation and corporate law of Sebastian and Company in London. He is a founder member of the Financial Planner Association of Malaysia and was selected by the World Economic Forum as a "New Asian Leader".	Prof Raghuram is a professor in the Indian Institute of Management, Ahmedabad. His specialization is in infrastructure and transportation systems, and supply chain and logistics management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations and issues in logistics and supply chain management. He has also taught at Northwestern University and Tulane University, USA. He has been visiting faculty at universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several institutions in India. He has co-authored four books. He was the President of Operational Research Society of India (1999-2000) and is a member of boards and government committees related to infrastructure and logistics. He is a Fellow of the Operational Research Society of India and Chartered Institute of Logistics and Transport.
Directorship held in other companies	1. MAA International Assurance Ltd 2. MAA International Investments Ltd 3. MAA International Corporation Ltd 4. Melewar Holdings Sdn Bhd 5. Solidarity B.S.C. 6. Solidarity General Takaful B.S.C. 7. Solidarity Family Takaful B.S.C.	1. India Infrastructure Finance Co. Ltd 2. Take Solutions Ltd 3. Alcock Ashdown (Gujrat) Ltd 4. DARCL Logistics limited
Committee position held in other companies	1. Chairman of Audit Committee of Solidarity General Takaful B.S.C. 2. Chairman of Audit Committee of Solidaity Family Takaful B.S.C. 3. Deputy Chairman of Audit Committee of Solidarity B.S.C.	1. Member of Audit Committee of India Infrastructure Finance Co. Ltd 2. Member of Audit Committee of Konkan Railway Corporation Ltd
Shareholding (No. of equity shares)	Nil	Nil

ARSHIYA INTERNATIONAL LIMITED

Registered Office: 3rd Floor. Plot No 61, Road No 13, M.I.D.C., Andheri (E), Mumbai-400093.

ATTENDANCE SLIP

THIRTIETH ANNUAL GENERAL MEETING

Folio No./ Dp ID & Client ID...

No. of Shares...

I / We hereby record my / our presence at the 30th Annual General Meeting of the Company to be held on Tuesday, the 20th September, 2011 at 3.30 p.m. at M.C. Ghia Hall, 4th Floor Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001

Name and Address of the Shareholder...
....

Member's/Proxy's Signature...

Note: Shareholders/Proxy holders are required to bring this attendance slip with them and hand it over at the entrance of the meeting venue.

ARSHIYA INTERNATIONAL LIMITED

Registered Office: 3rd Floor. Plot No 61, Road No 13, M.I.D.C., Andheri (E), Mumbai-400093.

PROXY FORM

THIRTIETH ANNUAL GENERAL MEETING

Folio No./ Dp ID & Client ID...

No. of Shares...

I/We...resident of .
....being a Member/Members of
.... ARSHIYA INTERNATIONAL LTD hereby appoint...resident of
....or failing him/her
.... resident of ....as my/our proxy to vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held on Tuesday, the 20th September, 2011 and any adjournment thereof.

Signature...

Signed this................day of................2011

Affix ₹ 1.00 Revenue Stamp

Note: 1. The Proxy Form should be signed across the Revenue Stamp as per specimen signature registered with the Company.

2. The Proxy Form duly completed and stamped must be deposited at the Registrered Office of the Company not less than 48 hours before the commencement of the meeting

There's a way

ARSHIYA INTERNATIONAL LIMITED

Registered Office: 3rd Floor. Plot No 61, Road No 13, M.I.D.C., Andheri (E), Mumbai-400093.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

(for shares held in phyical form)

M/s. ARSHIYA INTERNATIONAL LIMITED
3rd Floor, Plot No. 61,
Road No. 13, M.I.D.C.,
Andheri (E), Mumbai-400 093.

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND/INTEREST

Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK ✓ wherever applicalble.

ESC. Ref. No. .... FOR OFFICE USE ONLY ....

Folio No. | | | | | | | | |

Name of First Holder	
Bank Name	
Branch Name	
Branch code	(9 Digit Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the Bank's name, Branch name and code number.)

Account Type | Saving | Current | Cash Credit

A/c No. (as appearing in the cheque book)

Effective date of this mandate

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Company will not be responsible. I agree to avail of the ECS facility provided by RBI, as and when implemented by RBI/Arshiya International Limited.

I further undertake to inform the Company of any change in my Bank/Branch and account number.

Dated : ______________________

____

(Signature of First Holder)

ARSHIYA INTERNATIONAL LIMITED

Registered Office: 3rd Floor. Plot No 61, Road No 13, M.I.D.C., Andheri (E), Mumbai-400093.

NOMINATION FORM

[To be filled in by individual shareholder(s) holding shares in physical form]

To, **ARSHIYA INTERNATIONAL LIMITED** Registered Office: 3rd Floor, Plot No 61, Road No 13, M.I.D.C., Andheri (E), Mumbai – 400093.	Folio No.	Name of the shareholder and address

I am/We are holder(s) of Shares of the Company bearing Folio No. as mentioned above. I/We nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of Equity Shares shall vest in the event of my/our death.

Nominee's name							Age	
			Date of Birth					
Guardian's Name & Address*								
Occupation of Nominee	1. Service		2. Business		3. Student		4. Household	
	5. Professional		6. Farmer		7. Others			
Nominee's Address								
					Pin Code			
Telephone No.			Fax No.					
Email Address				STD Code				
Specimen signature of Nominee/ Guardian (in case nominee is a minor)								

*To be filled in case nominee is a minor.
Kindly take the aforesaid details on record.

Thanking you,

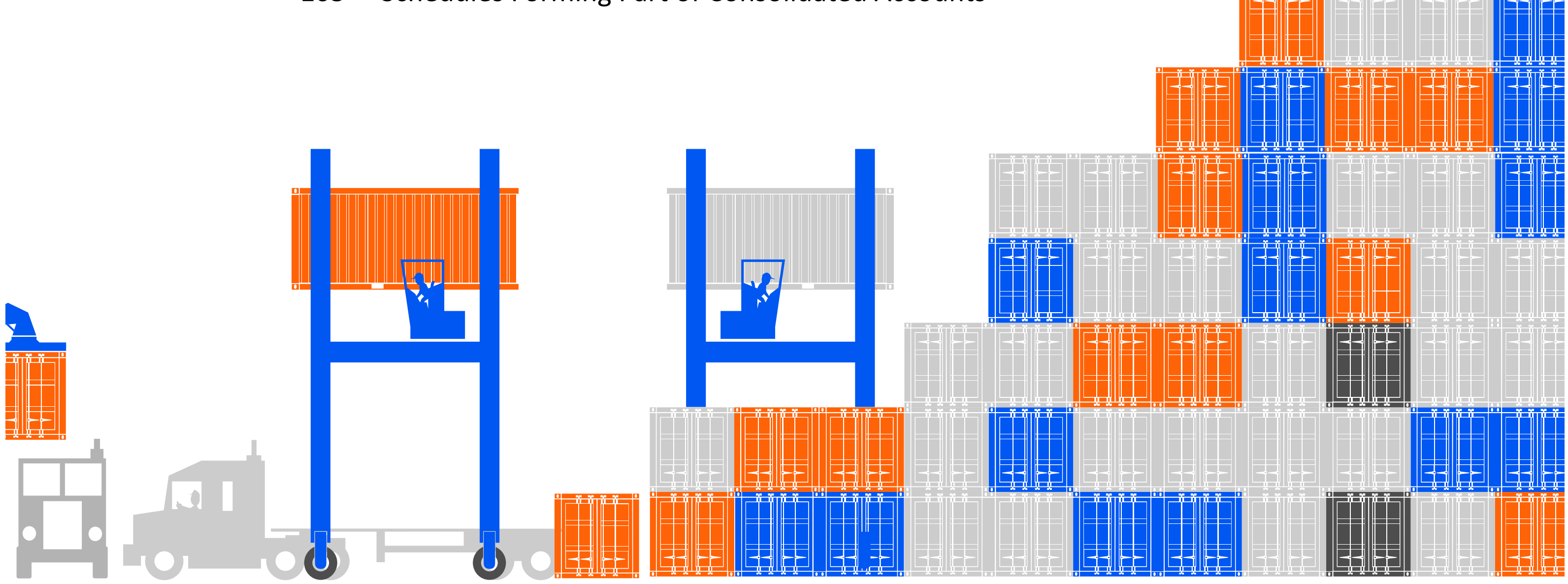
Yours faithfully, Date: ______________

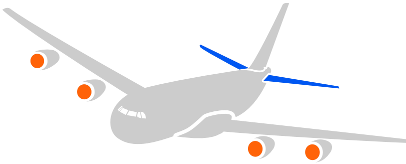
Name(s) of equity shareholder(s) {as appearing on the Certificate(s)}		Signature (as per specimen with Company)
Sole/1st holder		
(Name & Address)		
2nd holder		
3rd holder		
4th holder		

Witnesses (two)

	Name and Address of Witness	Signature & Date
1.		
2.		

CONTENTS





The Rise of a Competitive India

New rays of efficiencies have already begun brightening up the logistics horizon in India.

India's first Free Trade and Warehousing Zone (FTWZ) is already operational, throwing open unprecedented advantages to exporters and importers. Customization of rail rolling stock has been paving new opportunities of profitability. Innovative Supply Chain Management is unravelling radical time-and-cost-saving alternatives. Proprietary technology is simplifying control and facilitating sharper decision making. The numbers are growing. And Indian business enterprise is rapidly advancing towards new frontiers of global competitiveness.

Arshiya takes pride in being able to mobilise the rise of a new India on the logistics landscape. Each of Arshiya's seven independent verticals is specialised to contribute meaningfully while they also network seamlessly to provide unconventional solutions. Arshiya's deep committment to making logistics the game changer is gathering momentum and sharpening India's competitive edge.

Arshiya: Sharpening India's Edge

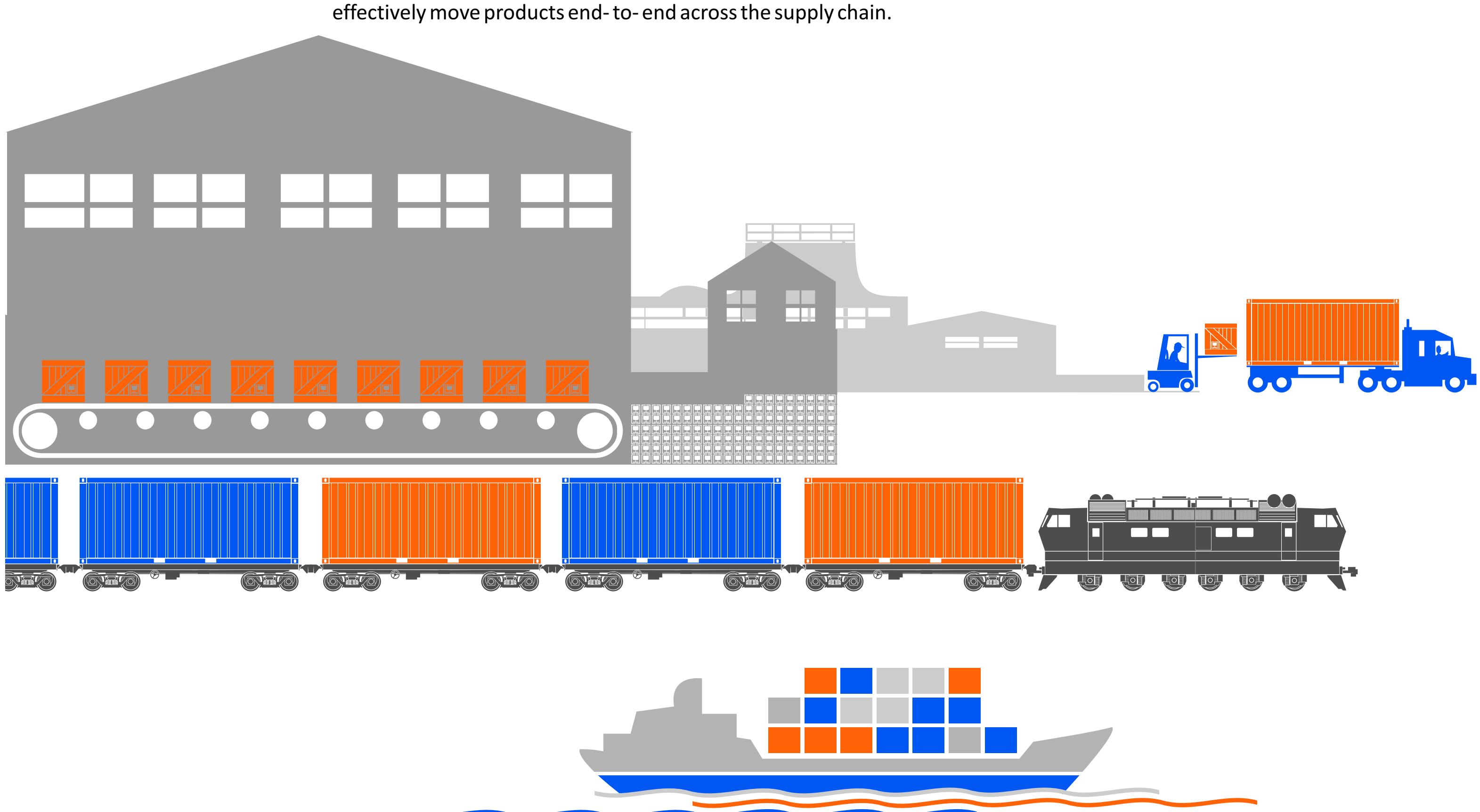
Arshiya was quick to see the shadows of inefficiencies lengthen on the nation's logistics landscape. Recognising India's huge potential, Arshiya set about dispelling these shadows by putting together a cutting-edge mega-network of innovative solutions in key areas of the business.

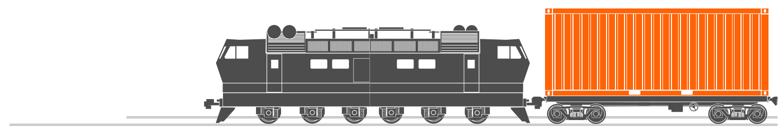
Arshiya International Limited is a combination of strategically integrated asset and service-driven verticals including:

- Free Trade and Warehousing Zone
- Rail Infrastructure
- Domestic Distripark
- Logistics
- Supply Chain Management
- Transport and Handling
- Technology

This arrangement has been created with the vision to provide integrated logistics infrastructure and service delivery to reduce logistics and transaction costs of operating in India.

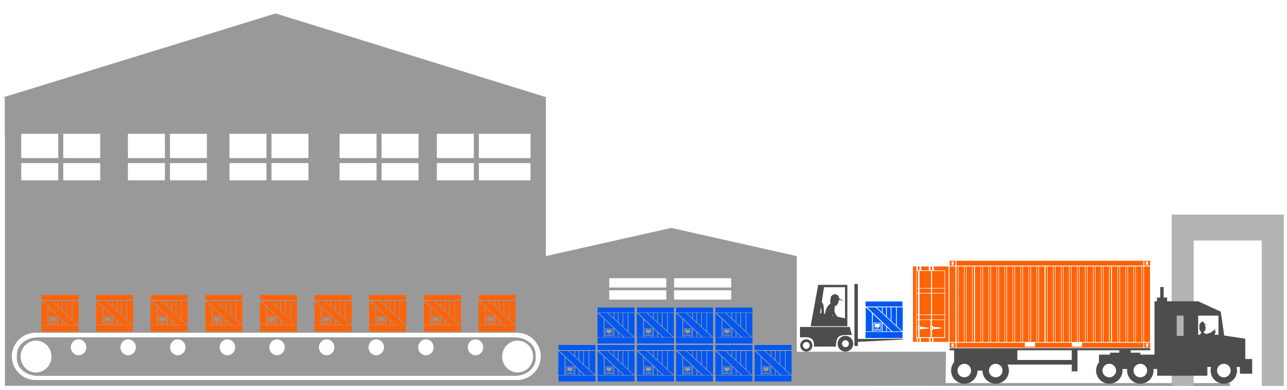
Arshiya intends to step in as an integrated logistics service provider with its infrastructure and support in reducing money spent on non-value adding activities; and to efficiently and cost-effectively move products end- to- end across the supply chain.

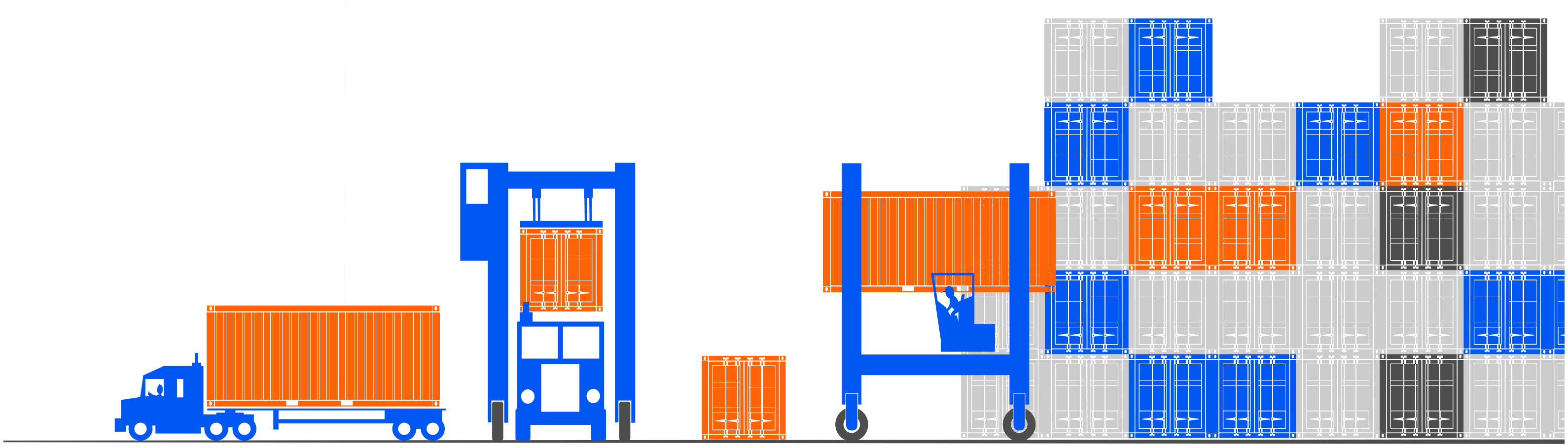


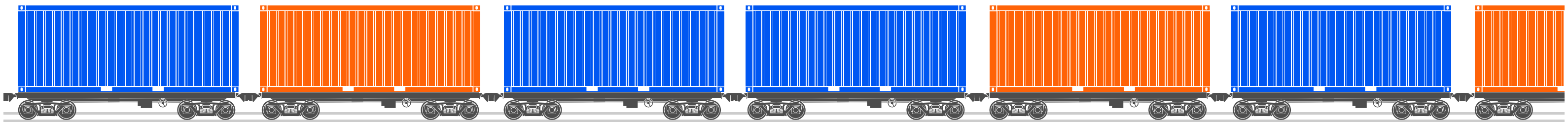


The FTWZ Edge

India's first Free Trade and Warehousing Zone (FTWZ) is already operational at Panvel, Mumbai. The second FTWZ at Khurja, near Delhi, inclusive of Domestic Distripark & Rail Siding, will be operational soon and will be followed by FTWZs in Central, South and East India. This is an unprecedented infrastructural advantage giving exporters, importers and re-exporters unimaginable cost-and-time savings. The FTWZ is a deemed foreign territory with tax exemptions. It facilitates operational efficiency and leverages India's cost and skill arbitrage. The convenience of warehousing facilities, 24-hour customs clearance, value-addition services, reasonably-priced skilled manpower, road-rail-and-port connectivity, and many other amenities arm global traders with a clear edge.

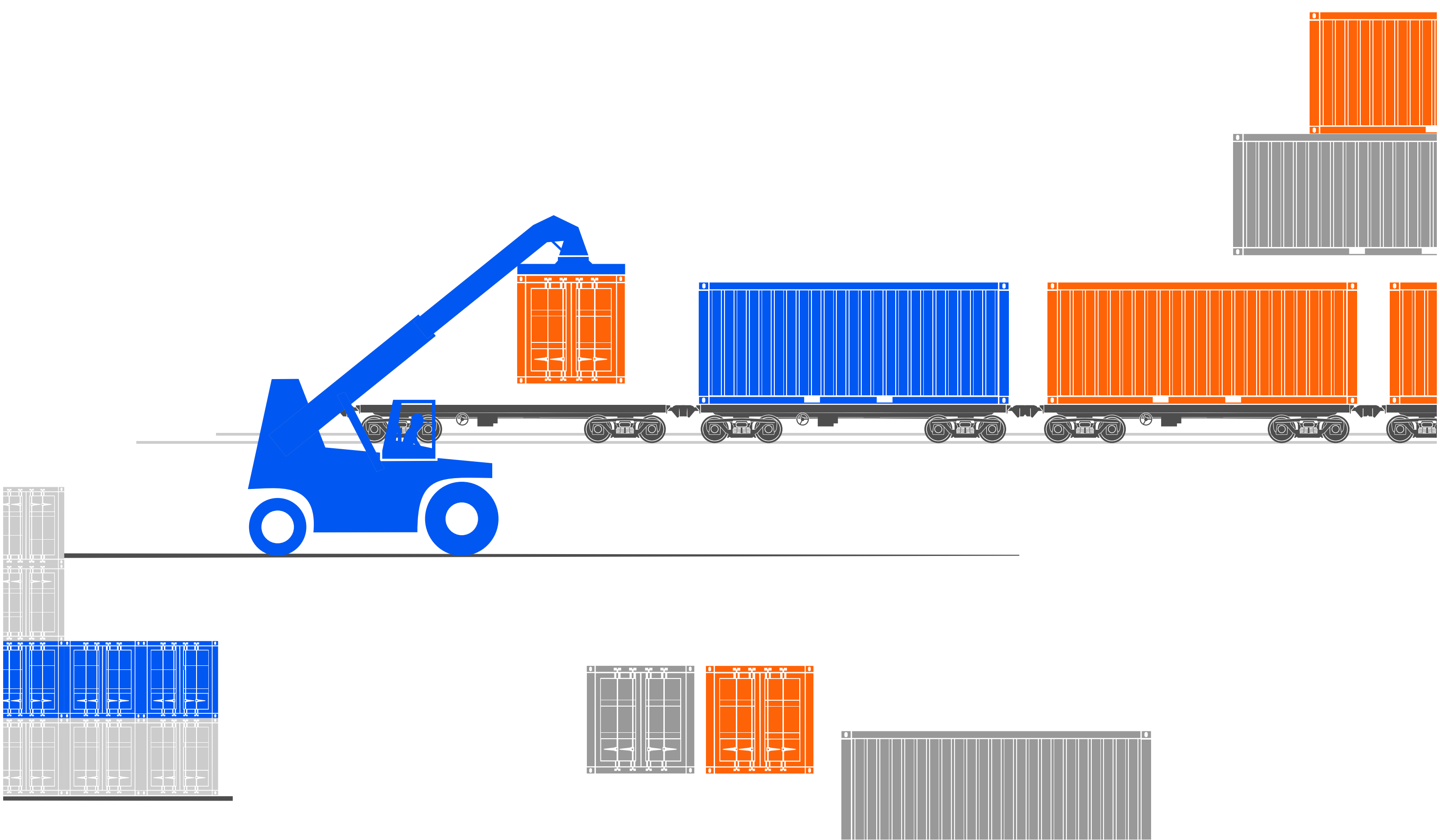


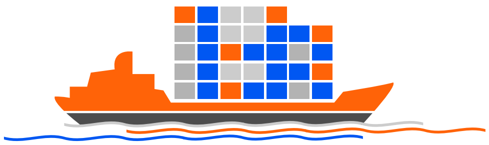




The Rail Infrastructure Edge

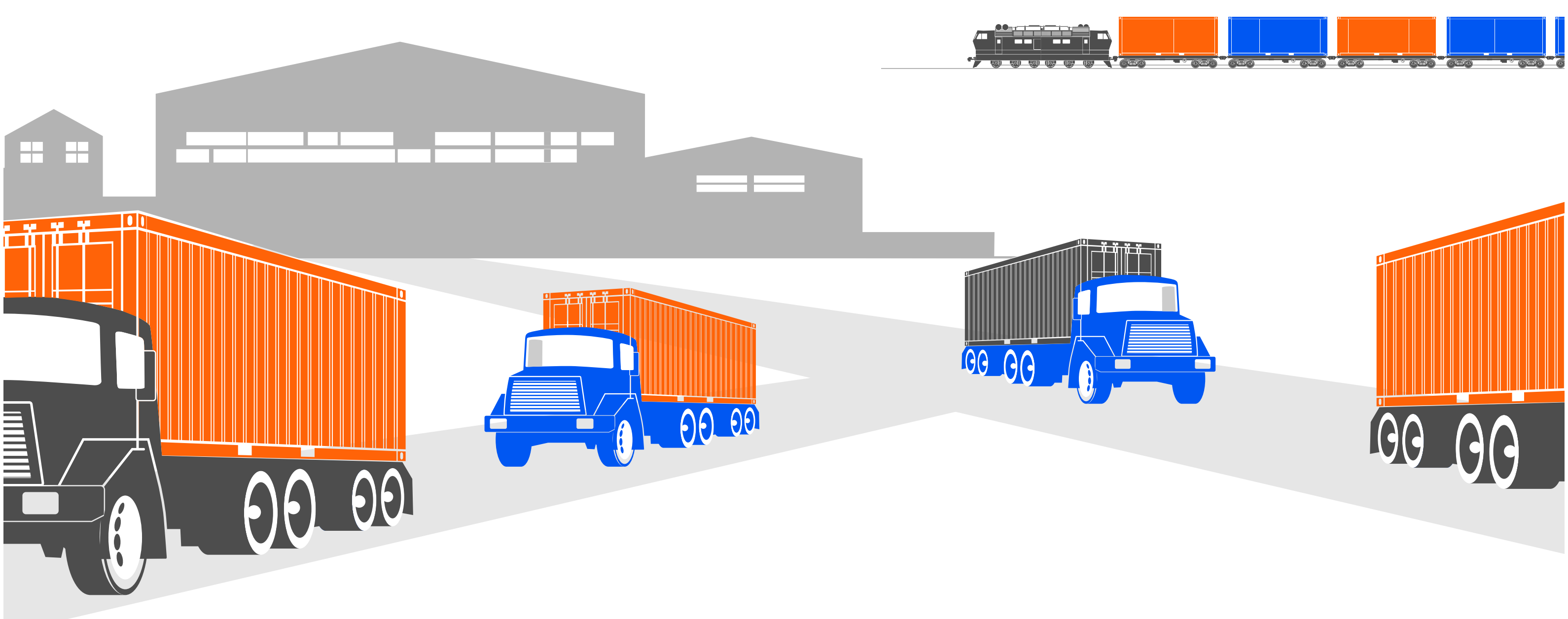
The privatisation of the Indian railway opened up a viable alternative to road transport. It has proven to be faster, more convenient, highly adaptable - offering greater control. It suffers none of the malaise associated with road transport and delivers larger consignments with consistent punctuality and higher savings. Arshiya has introduced state-of-the-art equipment state-of-the-art equipment along with convenient siding and customised wagons. This, combined with Arshiya's proprietary technology, allows non-stop tracking and results in negligible loss and increased productivity.

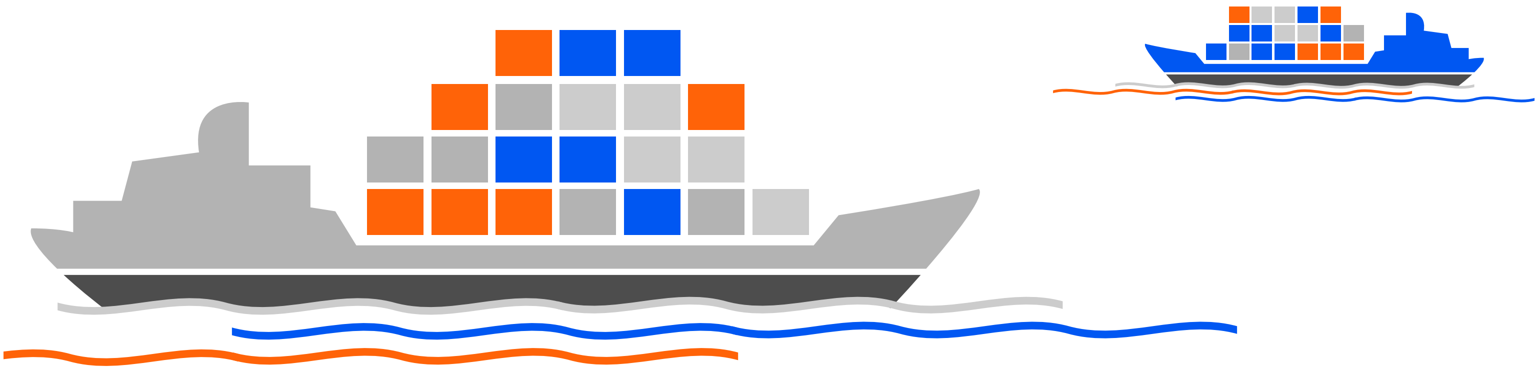




The Domestic Distripark Edge

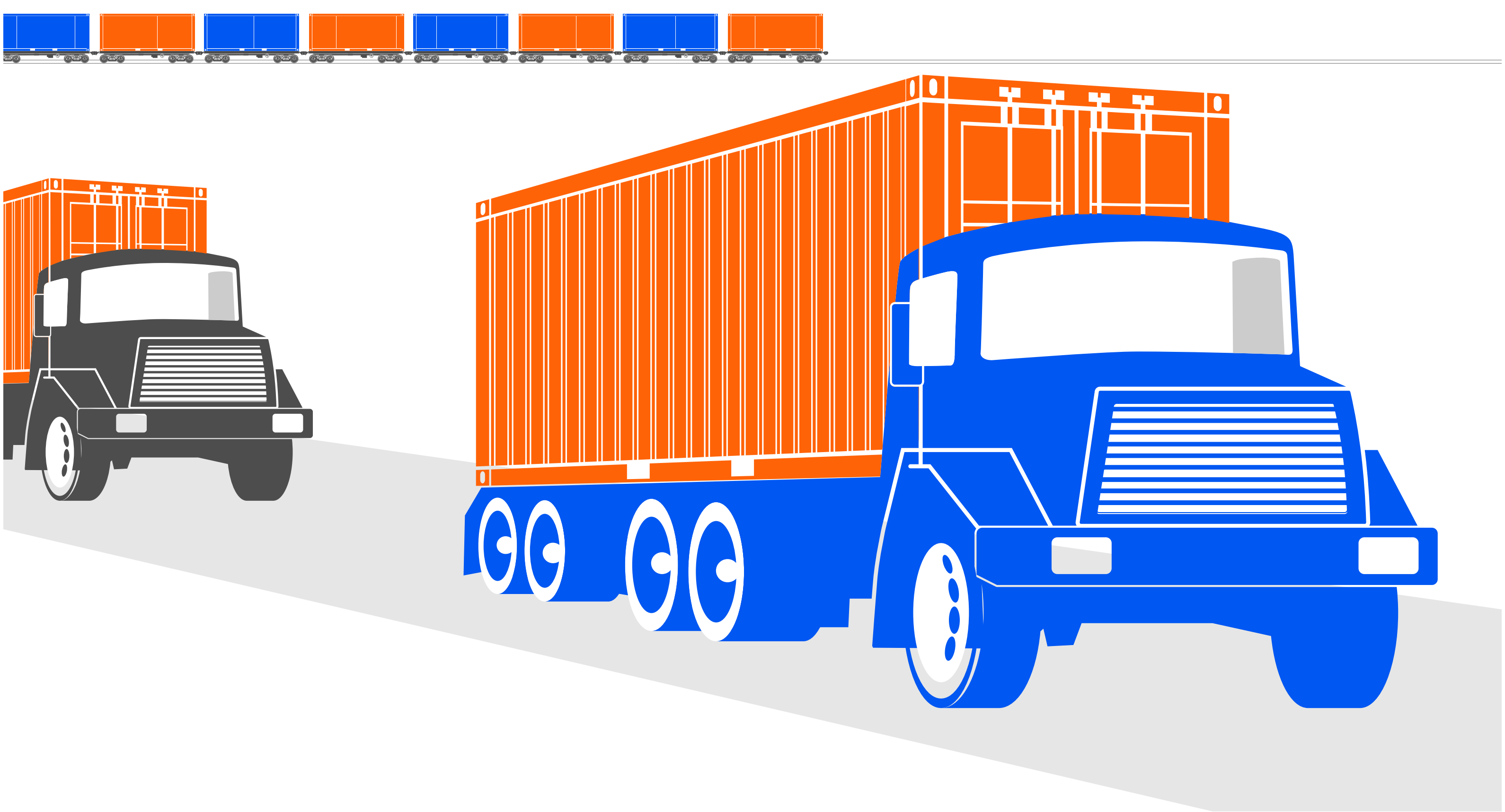
An ideal hubbing solution, Domestic Distriparks, by virtue of their strategic location, offer versatile warehousing facilities with easy access on arterial highways. The one at Khurja straddles two major road routes – the Eastern and the Western freight corridors near India's busiest nerve centre - NCR and also houses a railway terminal for pan-India connectivity. This provides excellent consolidation advantages with economies of scale, bringing about considerable time-and-cost efficiencies. Indian business enterprises can reduce needless wasteful expenses and thus ensure greater profitability.

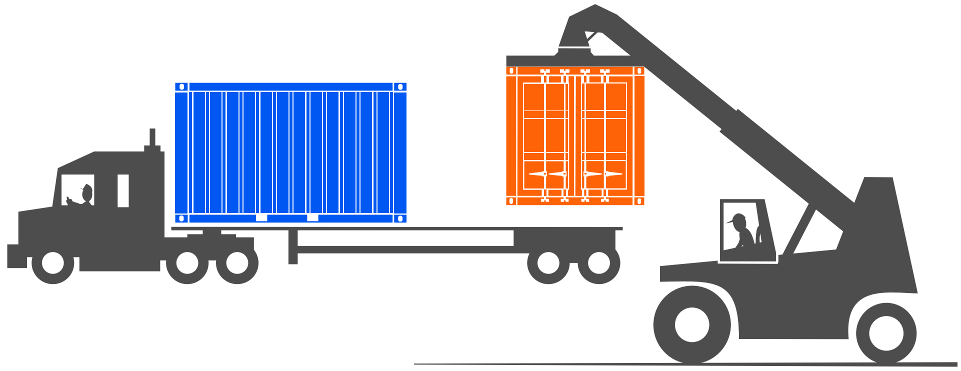




The Logistics Edge

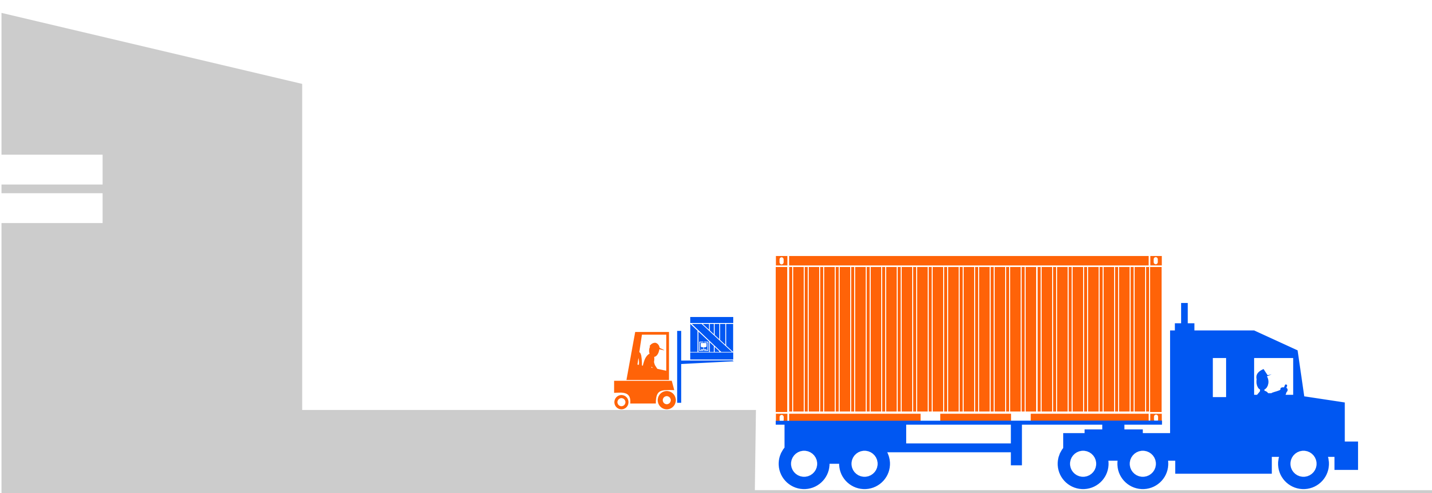
Business entities across the country, and the globe, have been utilising the services of this division to sharply lower logistics costs from source to destination. This vertical focuses on customising innovative solutions across 150+ countries to ensure end-to-end efficiencies. Not only are organisations saving time and costs on transportation, but also on paperwork and documentation, which often causes bottlenecks and unnecessary delays. With logistics costs reduced, product costs also come down to offer them a competitive advantage.

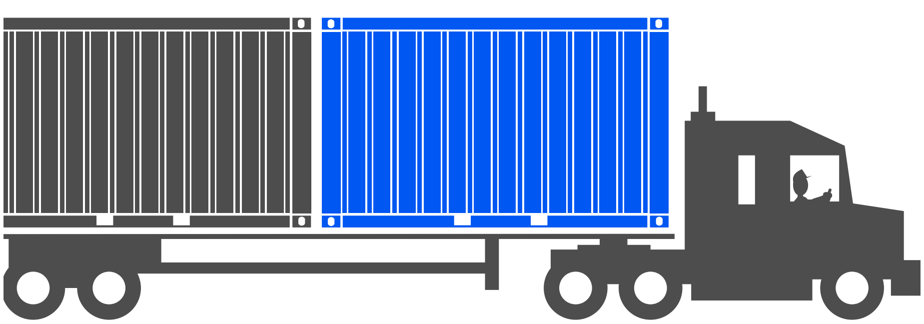




The Supply Chain Management Edge

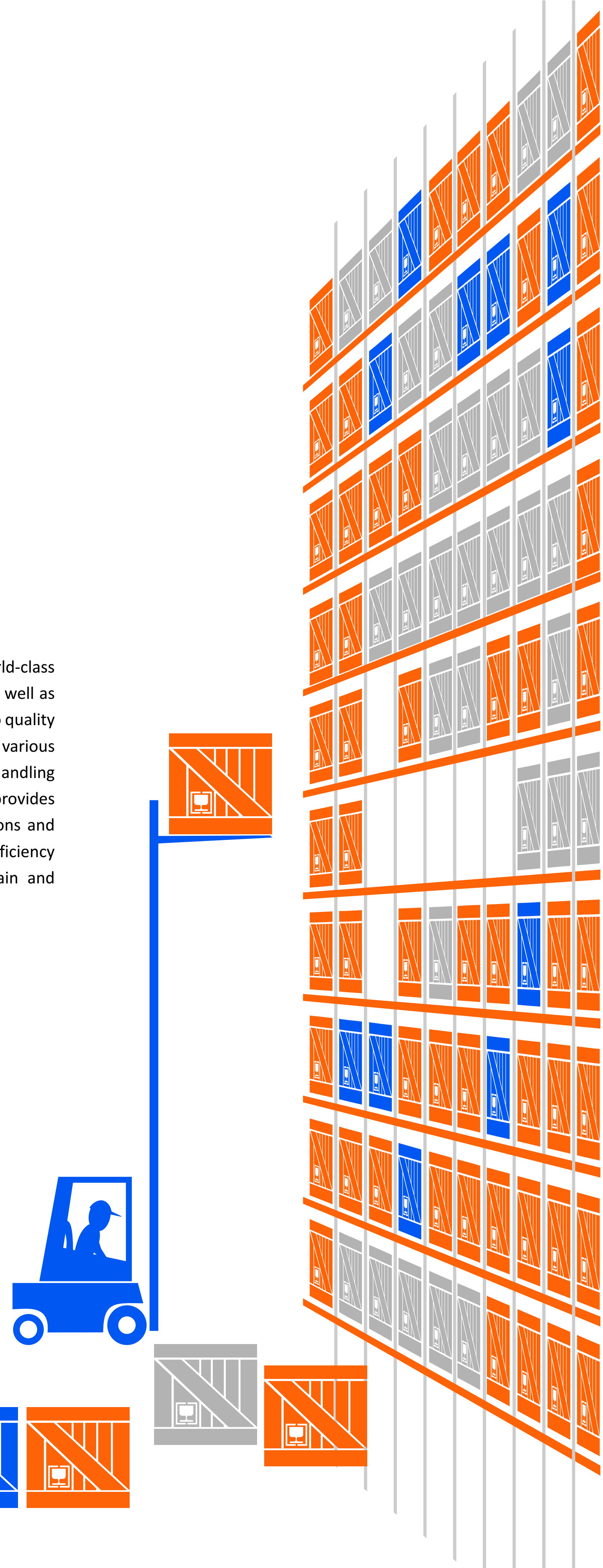
This one-stop strategic partner empowers business enterprises to unshackle themselves from the blinkered years of following conventional methods of logistics. It opens up new ways of looking at their trade and proffers unconventional answers. Providing advisory and hands-on services from a completely neutral perspective, it is able to root out inefficiencies, and open minds to fresh practices with greater product visibility and financial transparency tools. Thus, customers are better equipped to respond to changing market dynamics and plough back the unexpected savings to enjoy anextremely high level of competitiveness.

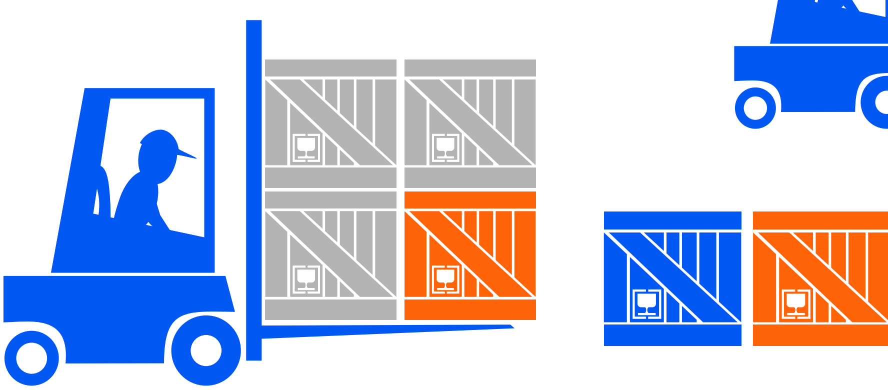




The Transport and Handling Edge

This specialised division focuses on providing world-class transport and handling infrastructure, to internal as well as external clientele. Customers can now have access to quality equipment like double/triaxle trailers, reach stackers, various types of cranes, forklifts and other mechanical handling apparatus. Besides equipment, the division also provides services at different locations for handling operations and first-and-last-mile connectivity. This helps raise the efficiency levels at opportune moments in the logistics chain and extends Arshiya's integrated value offerings.



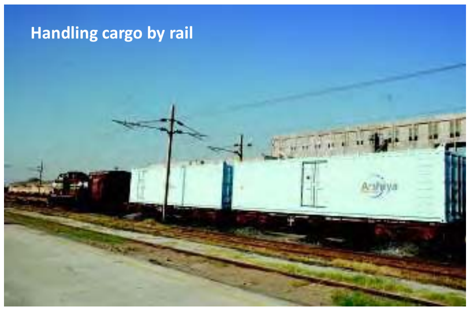


The Technology Edge

While technology has taken quantum leaps in enabling a host of activities in the logistics space, Arshiya has been harnessing this powerful resource to form the backbone of all its services and functions, across geographies and transport modes. Its proprietary information technology is a completely-integrated support system that empowers customers with software solutions through a suite of advanced web-based solutions. So, customers are assured of greater control through instant feedback, sharper visibility and quicker decision-making.


Handling cargo by air


Handling cargo by sea


Handling cargo by rail


Handling cargo by road


FTWZ, Panvel, Mumbai


Customs Offices within the premises of FTWZ, Panvel


The Over Dimensional Cargo (ODC) Yard


Rubber Tyre Gantry Crane (RTGC) at the Container Yard


Work in progress at night at the Container Yard


Outbound cargo being loaded onto truck


Warehouse at FTWZ, Panvel


Value Added Services (VAS) Area, FTWZ, Panvel


Forklift in action at the docking area at Warehouse


Reach Truck in action inside Warehouse


Cold Storage for perishable goods at Warehouse

Close to the Edge

Turn the page to get up-close to the many operations that Arshiya has ventured into to give India the edge.

Dear Arshiya'ites,

The world has always been looking at India. For more reasons than one. Ours has been the land of plenty. As unravelled through the centuries, by discoverers, rulers, travellers and traders alike. Unfortunately, in the years gone by, our logistics costs too, have been plenty – much to the detriment of our global trade competitiveness.

But as we've seen, the new sun of efficiency is rising on the logistics horizon. And with that, a new India is on the rise. Businesses are beginning to stand tall with their heads held high on the global landscape.

It is a matter of great pride that your company has been spearheading this transformation. Working ceaselessly to arm enterprises with a growing competitive edge.

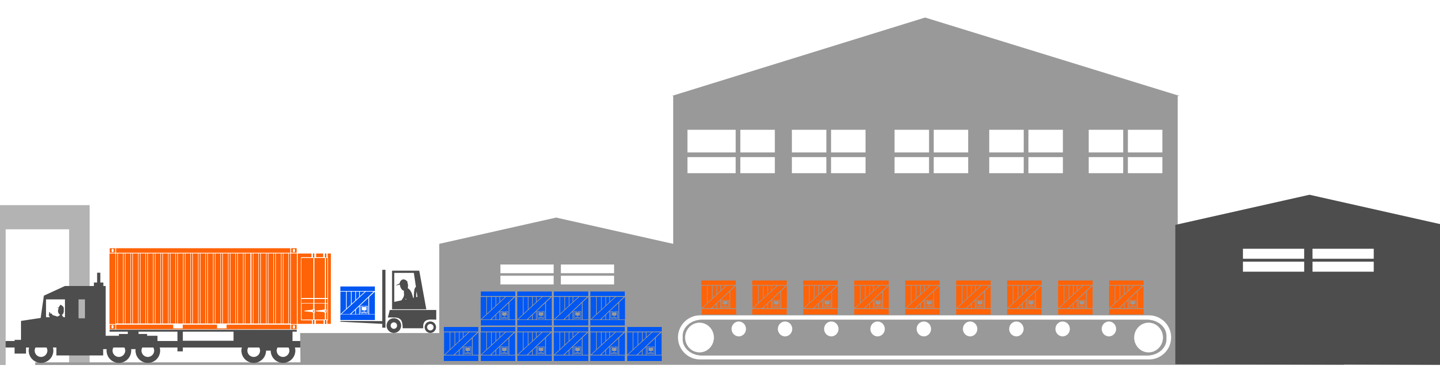
Needless to say that your company is deeply committed to sharpening this edge. With simplified freight transport, innovative supply-chain management, customised railway infrastructure, the unveiling of the first of many game-changing Free Trade and Warehousing Zones. Indeed, there's a lot more edge that awaits honing, and this is just the beginning.

Your company has many more ideas in the grindstone. So it's just a matter of time when, not just India, but the entire planet will be able to leverage India's location advantage to the fullest, abetted by its ever-sharpening logistics edge.

Important Communication to Members on Green Initiative

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents like Notice of Annual General Meeting (AGM), Annual Report can be sent by e-mail to its members. As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to shareholders.

Members are requested to support this green initiative by updating their email addresses with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with Bigshare Services Pvt. Ltd., the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live.



BOARD OF DIRECTORS

AJAY S MITTAL

Chairman & Managing Director

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

Experience: Mr. Ajay S. Mittal represents the driving force behind Arshiya International Ltd., in its vision of being India's first fully integrated Supply Chain Management and Logistics Infrastructure Solutions company. With over 20 years of entrepreneurial career, over the last decade Mr. Mittal has successfully scaled Arshiya International Group by adding International Logistics, Supply Chain Management, Information Technology, Logistics Infrastructure such as Free Trade and Warehousing Zones (FTWZ), Domestic Distribution Hubs, Rail Infrastructure and Transport and Handling to its integrated business portfolio. Today, Arshiya stands at the helm of being not just the first developer and operator of India's first FTWZ, but also the second largest Private Container Train Operator (PCTO) in the country. Under Mr. Mittal's visionary leadership Arshiya International is presently working on a phased plan towards infusing USD 1.6 billion into developing logistics infrastructure, which includes five FTWZs across India's strategic locations such as West-Mumbai, North-Khurja(Near Delhi), Central-Nagpur, South-Chennai and East-Haldia by March, 2015. Complementing each FTWZ will be Domestic Distriparks and pan India rail operations. Under Mr Mittal's guidance, Arshiya International has also received national as well as international awards and accolades for its initiatives in the logistics space. Mr. Mittal's vision is to create a revolution in India's logistics evolution.

Mr. Mittal in his professional career has held key leadership positions in diverse sectors including Commercial and Private Real Estate Development, Financial Services, Manufacturing, International Trading, Information Technology and Global Supply Chain Management. Mr. Mittal received his M.B.A from the United States. He is also very active with various social reform and community service organizations. His personal mission is for Arshiya International Group to play a major supporting role in India's economic transformation and growth.

ARCHANA A MITTAL

Joint Managing Director

Education: Bachelor of Arts (India)

Experience: Mrs. Mittal, Joint Managing Director, represents Arshiya as one of the Board of Directors while also leading the charter of Procurement & Projects for Arshiya's intensive CAPEX deployment into globally integrated logistics infrastructure. Mrs. Mittal is in the promoter group of Bhushan Steel Limited – one of the leading integrated steel producers of India; and brings with her extensive experience and leadership towards implementation, budgeting & adherence for Arshiya's consolidated infrastructure projects including the creation of Free Trade and Warehousing Zones & Rail Infrastructure Terminals across India. In addition to the above, Mrs. Mittal is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development. Mrs. Mittal is a graduate in Bachelor of Arts (Honours) from Punjab University and is also very active with various social reform organizations across India.

V SHIVKUMAR

Executive Director

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

Experience: Mr. Shivkumar has over 37 years of experience in the areas of business administration, corporate secretarial functions, corporate governance, legal, finance and human resource development spanning a distinguished professional career. He has been involved in companies engaged in manufacturing and marketing of key products viz, chemicals, paper, cigarettes, cosmetics, steel rolled products and in service industry involved in merchant banking, financial services and supply chain activities. Mr. Shivkumar also serves on the Board of Directors of some of the Arshiya's subsidiary companies. Mr. Shivkumar is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development. He is currently involved in HR, Administration, Legal, Secretarial and Corporate Governance functions of the Company.

SANDESH R CHONKAR

Executive Director

Education: Chartered Accountant, Bachelor of Commerce (India)

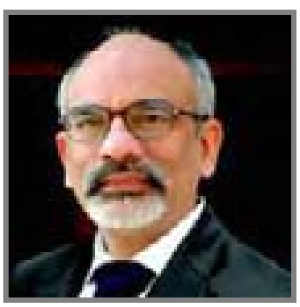
Experience: Mr. Chonkar has over 20 years of senior management experience including international assignments. He has spent over 14 years within the related group. His experience includes having held key positions in financial, commercial, logistics, trading and operational areas. His international assignments include 3 years in Singapore, managing a trading company. He is currently involved in financial control, strategic planning, foreign trade documentation and business process development within the group. Mr. Chonkar currently serves on the Board of Directors of some of the Arshiya's subsidiary companies. Mr. Chonkar is a key member of Arshiya's executive management team involved with strategic decision making towards Arshiya's growth & development.

ASHISH BAIRAGRA

Independent Director and Chairman of the Audit Committee

Education:
Chartered Accountant, Bachelor of Commerce (India)

Experience: Mr. Bairagra has extensive experience in handling internal audits, statutory audits, management audits, tax advisory and business advisory assignments. His areas of specialisation include International Taxation, Transfer Pricing, Valuation, Due Diligence, PE and VC Funding and Cross Border Business Structuring. He is a Partner of M. L. Bhuwania & Co., Chartered Accountants, which is an independent member of Geneva Group International (GGI). He is also the Regional Chairperson - Asia of the International Taxation Practice Group (ITPG) of GGI.



PROF. G RAGHURAM

Independent Director

Education: Ph. D. (Northwestern University), PGDM (IIM-A)

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

JAMES BELTRAN

Independent Director

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

Experience: Mr. Beltran currently serves as Chairman, MAA International (Malaysia's largest insurance corporation with international offices throughout the region). He previously headed his own law firm, Ravi Beltran Advocates and Solicitors, served as partner at Gurbakash and Tan Advocates and Solicitors, and worked in litigation and corporate law of Sebastian and Company in London. He is a founder member of the Financial Planner Association of Malaysia and was selected by the World Economic Forum as a "New Asian Leader".

RISHABH P SHAH

Independent Director

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

Experience: Mr. Shah is a practicing legal counsel and a legal consultant who advises on several areas of civil law, in particular, commercial documentation, property documentation, various areas of banking, commercial contracts, company restructuring and securities law. Banking and Corporate law and litigation being his areas of specialisation. He has over 17 years of experience representing major corporations as legal counsel.

MUKESH KACKER

Independent Director

Education: Master in Economics (Public Policy) from Harvard University, B Sc. (Physics, Mathematics & Statistics) and M.A. (Political Science) from Allahabad University. He was an IAS of 1979 batch.

Experience: Mr. Kacker has almost 31 years of experience of working in the Government as an I.A.S. officer before he opted for voluntary retirement to work in the area of infrastructure, and has held important senior positions, both in policy formulation roles as well as in executing capacities. As Member, National Highways Authority of India (NHAI), he was in the vanguard of personnel leading India's highways revolution and was instrumental in planning and executing a major portion of the Golden Quadrilateral. As Joint Secretary (Petrochemicals), he drafted the National Policy on Petrochemicals and conceptualized the policy on Investment Regions anchored by big Petrochemical units. In his state cadre of Madhya Pradesh, Mr. Kacker has held various positions including Secretary to the Government, Managing Directors of two state Public Sector Undertakings and Secretary to the Chief Minister.

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

GLOBAL ADVISORY BOARD

PROF. ASHUTOSH VARSHNEY

Professor - Political Science at Brown University
Former Advisor to the World Bank & United Nations Development Program (UNDP),
Carnegie Scholar and Winner of Guggenheim Fellowship Award

Professor Varshney teaches Political Science at Brown University. He has held teaching posts at Harvard, University of Michigan and Ann Arbor. In 2008 he won the Guggenheim fellowship and the Carnegie Scholar awards. He also served on the former UN Secretary General Kofi Annan's Millennium Task Force on Poverty, South Asia Task Force of the Council on Foreign Relations (New York); and the Advisory Board of the Center for Strategic and International Studies (CSIS, Washington). He is a consultant to the World Bank, and has also been a consultant to the United Nations Development Program (UNDP), Human Rights Watch, Freedom House, and UK Department for International Development (DFID). He has earned his master's degree in Political Science and Philosophy from University of Allahabad and Jawaharlal Nehru University (JNU) respectively. He completed his Ph.D. in Political Science at MIT in 1990, where he received the Daniel Lerner Prize for Best Dissertation.

FLEMMING JACOBS

Former Partner – AP Moller, Former CEO – APL
Advisory Council Member of Port of Singapore & Advisory Board Member of Panama Canal Authority

Mr. Jacobs brings with him over 41 years of experience in the Shipping & Transportation industry, where he was responsible for growth and service delivery across Europe, Asia and North America. Starting his career in the shipping industry in 1960 with AP Moller, Mr. Jacobs helped build Maersk Lines into one of the world´s leading container lines – where he became partner in 1996. Between 1999 and 2003 he also served as President & CEO of Singapore based Neptune Orient Lines, owners of American President Lines and APL Logistics.

He currently serves as Senior Advisor & Non-Executive Director on a variety of boards for organizations in the Banking, Transportation and Logistics sectors. These include the Port of Singapore, Panama Canal and Lloyds Register. Furthermore, he is also a trustee of the Sailors' Society, UK, a charity for seafarers and a Fellow of the Chartered Institute of Transport and Logistics. In 2001 he was named CNBC Asian Business Leader of the year, CEO's choice.

DR. FRANK-JÜRGEN RICHTER

President Horasis, The Global Visions Community -
An Investment and Advisory Firm Former Director of World Economic Forum(WEF)

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

As one of the leading analysts of international business and Asian economies, he influences major business and governmental decisions with his public commentary. Dr. Richter is also an active scholar and has authored and edited a series of best-selling books on global strategy and Asian business. His leading publications include Global Future, Asia's New Crisis and Recreating Asia. He has addressed audiences at the World Economic Forum, Brookings Institute, Harvard University, Beijing University, Royal Institute of International Affairs, and several high-level corporate events. His writings appeared in the financial and regional press, such as The International Herald Tribune, The Wall Street Journal, The Far Eastern Economic Review, The Straits Times and The South China Morning Post. He has been interviewed by several publications and appeared on CNN, BBC, CNBC, CCTV (China Central Television) as well as the Voice of America. He completed his education from Germany (his home country), France, Mexico and Japan. He can speak Mandarin and Japanese fluently.

PROF. G RAGHURAM

Professor, Indian Institute of Management, Ahmedabad

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

JAMES BELTRAN

Chief Executive Officer & Director,
Malaysian Assurance Alliance Berhad (MAA) International Assurance Ltd.

Mr. Beltran is associated with Arshiya International Ltd. since 2006 as part of our esteemed Board of Director's team and presently as our Independent Director. He is Chief Executive Officer & Director of Malaysian Assurance Alliance Berhad (MAA) International Assurance Ltd., Chairman of MAA MutuaLife, Chief Executive Officer of MAA International Investments Ltd. He is also the Director of Koch Asia, Eversendai Philippines, Inc., IFS Worldwide Group of Malaysia, Diversified Financial News Network and a Partner at Ravi Beltran and Co. Founding Member of Financial Planners Association of Malaysia, holds a Bachelor of Laws degree from the University of London, a Certificate of Legal Practice from the University of Malaysia and a Certified Financial Planner Certificate from the USA.

DR. JERRY (YORAM) WIND

Wharton School of Business - Lauder Professor of Marketing Strategy, Founder & Director of SEI Center for Advanced Study in Management at Wharton, Founder & Academic Director of Wharton Fellows Program.

Professor Wind is internationally known for pioneering research on organizational buying behavior, market segmentation, conjoint analysis, and marketing strategy. He consults with major firms around the world, and has lectured in over 50 universities worldwide. Professor Wind is the founding editor of Wharton School Publishing, a joint venture with Pearson and has published over 25 books. Over the years he has served as editor-in-chief of the Journal of Marketing, the policy boards of the Journal of Consumer Research and Marketing Science, the editorial boards and guest editor of all the major marketing journals. He is the recipient of numerous academic awards, including the three major marketing awards, The Charles Coolidge Parlin Award, the AMA/Irwin Distinguished Educator Award, and the Paul D. Converse Award. He is a regular contributor to the professional marketing literature, with more than 250 research papers, articles and monographs on marketing strategy, marketing research, new product and market development, consumer and industrial buying behavior and international marketing. Professor Wind teaches MBA courses in Marketing Strategy, Marketing Methods and Applications for Business Consulting, and in creativity. Professor Wind received his PhD from Stanford University and his MA and BS degrees from The Hebrew University in Jerusalem.

DR. JOHN L GATTORNA

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

Dr. Gattorna, former Managing Partner of Accenture for its Supply Chain Practice, has taught and researched at several universities around the world, consulted for major multinational corporations; and published widely on emerging subject of supply chain. He is regarded as one of the worlds thought leaders in the supply chain management. He is one of the co-developers of “Strategic Alignment” concept. This is renamed now to “Dynamic Alignment” applying to design management of supply chains. He has written many books and articles.

MICHAEL PROFFITT

Former CEO, Dubai Logistics City
Director, Supply Chain and Logistics Group – Dubai
Member, Cranfield Centre for Logistics Supply Chain Management Advisory Board
Member, Asia Pacific Supply Chain Advisory Board

Mr. Proffitt has been involved with Logistics and Supply Chains on a global basis for well over 25 years and has held a number of senior management positions, including Logistics Director for Danzas based in Switzerland and main Board Director of Logistics for Hays in the UK. He has worked with leading companies on their supply chain and logistics requirements and has a successful track record in Mergers and Acquisitions within the industry. He is also a member of the Cranfield Centre for Logistics and Supply Chain Management Advisory Board and a member of the Asia Pacific Supply Chain Advisory Board. He obtained his MBA from the Cranfield School of Management.

PAUL W BRADLEY

Chairman & CEO, Caprica International
President, Asia Capital Enterprises
Vice Chairman, Supply Chain Asia

Mr. Bradley has been involved in international business for more than two decades, including 20 years in Asia. He has established new business entities in China, South East Asia, and the United States. He was the former President of Arshiya International, and has served as Managing Director of IDS Logistics International and two other business entities within the Li & Fung Group, and in key management positions with BDP Asia Pacific/ the HAVI Group, NYK Line (A member of the Mitsubishi Group) and American President Lines. He also served as a Congressional Assistant in the United States Senate and Parliamentary Assistant in the British House of Commons. Mr. Bradley received his MBA in International Management from Thunderbird, School of Global Management. He also completed the Asia Securities Executive Program from the Asian Institute of Management and the Wharton School Of Business. He is a Certified Professional Logistician (CPL) and was elected as a Fellow of the Chartered Institute of Logistics and Transport. Mr. Bradley was selected by the World Economic Forum as one of the forty "New Asian Leaders" and was designated as the "Asian Supply Chain Manager of the Year" by Lloyds FTB publications in 2004. He has served on a number of government advisory committees, written published articles and is a frequent speaker at global conferences.

RICHARD TAFFET

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

Mr Taffet is co-chair of Bingham's Intellectual Property Litigation and Patent Prosecution Group. He serves as lead counsel in a wide range of intellectual property, anti-trust and commercial litigation matters. He represents clients before federal agencies including Department of Justice, Federal Trade Commission, the United States Trade Representative's Office and the Consumer Products Safety Commission.

WILLIAM P. ADAMOPOULOS

President and Publisher, Forbes Asia

Mr Adamopoulos serves as President and Publisher, Forbes Asia. He is responsible for all Forbes Media LLC business interests in Asia Pacific and the Middle East, including Forbes Asia, local partnerships Forbes India, Forbes China, Forbes Korea and Forbes Nihonban, Forbes.com and the annual Forbes Global CEO Conference. Since establishing an Asia headquarters in 1999, Adamopoulos has built up the Forbes business and brand across the region. Prior to Forbes, Adamopoulos was Publisher and Managing Director of The Asian Wall Street Journal. He also held the posts of President of Dow Jones Publishing Company (Asia), President of Dow Jones Printing Company (Asia), Managing Director of Dow Jones Interactive (Asia) and Chairman of the Dow Jones Asia Regional Committee. A 1984 graduate of Harvard College where he studied economics.

EXECUTIVE MANAGEMENT

HASMUKH DAFTARY

Head – Procurement and Contracts

Mr. Daftary has vast and varied experience of over 32 years in the fields of Corporate Finance, Accounts, Costing, Budgetary Control, Taxation, Treasury, Materials Management & Inventory Control, Sales & Marketing and Regulatory compliances. His experience includes holding key position with reputed organizations like ACC, Asahi India Glass Ltd. and Pipavav ShipyardLtd. in financial, commercial and other functional areas.

Mr. Daftary is a Commerce and Law Graduate and holds a professional degree in accountancy from The Institute of Chartered Accountants of India.

NIJAY N NAIR

Head - Strategic Initiatives

Mr. Nair has over 13 years of experience in Strategic Expansion and International Business. He has a distinguished history of building high-growth strategies, process improvement, efficiency enhancement and solutions development for Fortune 500 corporations. Through his career, he has held key roles in various industries which include Auto, IT, ITES before now joining the logistics & infrastructure space. Prior to joining Arshiya, Mr. Nair was Director - Global Strategic Initiatives with US based Sutherland Global Services where he was responsible for process excellence and operational expansion in South East Asia (Philippines), North America (Canada & US), Europe (Bulgaria, Germany, Romania) and Latin America (Mexico, Nicaragua). He additionally was responsible for liaison with Government organisations across various countries on exploring Investment opportunities and Economic development. Nijay is a graduate in Bachelors of Science from Mumbai University and holds an MBA in International Trade & Finance (USA).

NITIN KOLHATKAR

Chief Financial Officer

Mr. Kolhatkar has more than 21 years of experience in the field of International, Corporate and Managerial finance. He has diverse experience ranging from Managing Finances, Merger and Acquisitions, Project evaluation, Accounts, Audit, MIS to Investor relationships. He has worked with a leading shipping company from India in the capacity of Vice president Finance and Accounts and prior to that he had more than 13 years of experience with a multinational company in agrochemical space. He has had scores of notable achievements to the likes of successful launch of IPO in India and abroad, corporate restructuring, setting up of MIS system and issuance of foreign funds through various financial instruments. He is a M.com from Mumbai University and holds an A.I.C.W.A. degree from Institute of Cost and Works Accounts of India.

PAWANEXH KOHLI

Head – Solutions and Transitions

Mr. Kohli has more than 25 years of professional expertise and is a well regarded business leader with a sound understanding of all business processes having global experience with multi-faceted, multi-national, cross functional teams. He is an analytical leader known for promoting innovation and creative thinking. He has worked with Gati Ltd. where he was Chief – Cold Chain Business Solutions, Acme Cold Chain Solutions, Dole Food Company and Wilhemsen Ship Management. He is a Master Mariner (Nautical Sciences, Business & Law, Management, Logistics).

PUNEET M KAYASTHA

Head – Service Excellence

Mr. Kayastha comes with a rich 23 years of experience in large scale businesses from the FMCG and Service Industry. With a career spanning assignments in Sales, Manufacturing, Procurement, Profit Center Head & Operations, he has a well rounded experience in various aspects of an organisation. He has worked with Kansai Paints, Coca-Cola India, Eastman Kodak Company and his last assignment was with DHL Express India. He has also worked in Singapore and has wide experience of working in Japan/ China/ Korea and other Asia Pacific Countries.

His assignment in Eastman Kodak Company as Profit Center Head of two divisions and as Head of Procurement gives him a rounded exposure to both internal and external environment. Two plus years with Coca Cola as a start up company exposed him to a fast growing business environment requiring quick and rapid executions. And his +6 years with Kansai Paints in Sales/Manufacturing grounded his overall experience in dealing with large teams with diverse skills.

Puneet is a postgraduate MBA from FMS, Delhi University, and is a Graduate Engineer from Delhi College of Engineering.

SAJAL MITTRA

Chief Executive Officer- Arshiya Rail Infrastructure Ltd.

Mr. Mittra has served in various capacities on the Indian Railways for more than 22 years. He has held various positions in commercial and operation departments handling planning & monitoring of freight, passenger and sub-urban train operations on Mumbai Division of Central Railway. He belongs to the Indian Railway Traffic Service (IRTS) batch of 1985. Mr. Mittra joined Container Corporation (Concor) on deputation from Indian Railways where he was one of the key officials in setting up of Container Freight Station (CFS) at Mulund (Mumbai) and Inland Container Depots (ICD's) at Pithampur (Indore) & Sabarmati (Ahmedabad). Mr. Mittra has also served as Director (Petroleum, Oil & Lubricants), Railway Board for more than four years and was responsible for movement of all petroleum products by rail across the country. His last assignment was in the Ministry of Development of North Eastern Region as Director, Incharge of Infrastructure Development in the north east where he served for 5 years. He currently serves as CEO of Arshiya Rail Infrastructure and is managing the helms of railway freight management for Arshiya.

SAURAV GHOSH

Head - Transport and Handling and ASCM

Mr. Ghosh has over 21 years of diverse leadership experience and his expertise lies in Demand Forecasting, Inventory Management, Warehousing, Freight Management, Vendor Management besides other areas of SCM. His competencies include extensive knowledge of transportation (all modes, viz rail, road, sea and air)and personnel and financial resource management . Saurav has handled very senior management profiles such as President of ALL ,CEO of Patel Integrated logistics and Head Business and operations at Gati ltd. He is well known and respected in the industry for having pioneered the start up of surface express pick up/distribution in India and also spent ten years in Blue Dart Express working towards the first successful cargo aircraft launch in the country. A through professional who has worked with teams of over 5000 personnel he understands the strengths of people and also adds in his own words “systems and processes are the backbone of any successful venture” Saurav joins us from Scorpion Express Ltd. where he was Sr.Vice President. He is an Arts graduate and holds a specialization in SCM certification from IIT, Delhi.

MAJOR SUHAS THAKAR

Chief Infrastructure & Regulatory Officer

Maj. Thakar has over 30 years of experience in diverse fields starting from combat engineering tasks for the Indian Army. He has played an instrumental role in the framing the Central SEZ Act as well as the SEZ bill for the State of Maharashtra which is expected to come into force shortly. He is a BE (Civil) and a paratrooper who participated in the liberation of Bangladesh (then East Pakistan) in the 1971 war. He was responsible for the civil engineering aspects of oil drilling in the North Eastern states of India through troubled political times. He has also worked with CIDCO (City & Industrial Development Corporation) of Maharashtra; where he held many senior positions and executed many mega-infrastructure projects over the last 15 years of his career. He comes with phenomenal regulatory and implementation expertise.

UDAY PIMPRIKAR

Chief Planning & Commercial Officer

Mr. Pimprikar has vast and varied experience with various Technology, Communication, Entertainment and Financial sectors. His experience includes advice and implementation of export incentives, structuring of operations from Indirect tax perspective, advocacy before State Government tax authorities, transaction structuring and litigation review at pan-India level. Prior to Ernst & Young, he worked with Arthur Andersen. At Arshiya he will be leading initiatives in the areas of:Corporate & Financial Structuring, Commercial initiatives like: Budget Formulation & Management, Pricing strategy, CAPEX/Investment Justification, Operating Margin Management, etc. Tactical & Planning initiatives including Mergers, Acquisitions & Alliances evaluation and diligence thereof and Competitive Intelligence mapping.

He is a C.A. and is an active speaker at various forums such as Institute of Chartered Accountants of India, CII, FICCI, etc.

DIRECTORS' REPORT

To,
The Members of
Arshiya International Limited

Your Directors are pleased to present the 30th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2011.

A) SUMMARIZED FINANCIAL RESULTS - ARSHIYA INTERNATIONAL LTD.

	For the year ended 31-03-2011 (₹ in Lacs)	For the year ended 31-03-2010 (₹ in Lacs)
Income from Operations and other Income	**47,542.53**	28,293.76
Expenditure	**43,145.22**	25,801.35
Profit Before Depreciation, Tax and Exceptional Items	**4,397.30**	2,492.41
Depreciation	**696.10**	179.84
Profit Before Tax but after Exceptional Items	**3,645.67**	2,312.57
Provision for Taxation	**1,152.27**	772.61
Profit After Tax	**2,493.40**	1,539.96
Balance B/f	**2,909.18**	2,208.33
Amount available for Appropriation	**5,402.58**	3,748.29
Proposed Dividend	**705.95**	587.53
Dividend tax	**114.52**	97.58
Transfer to General Reserve	**250.00**	154.00
Balance Carried to Balance Sheet	**4,332.11**	2,909.18

FINANCIAL PERFORMANCE
Income from Operations, along with other income has increased by 68.03% as compared to that of the previous year. The Profit before Tax has recorded an increase of 57.65% over that of the previous year and the Profit After Tax has increased by 61.91 % over that of the previous year.

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

	For the year ended 31-03-2011 (₹ in Lacs)	For the year ended 31-03-2010 (₹ in Lacs)
Income from Operations and other Income	**82,435.82**	56,781.93
Expenditure	**70,967.20**	45,287.61
Profit Before Depreciation, Tax and Exceptional Items	**11,468.62**	11,494.32
Depreciation	**1,798.05**	963.09
Profit Before Tax but after Exceptional Items	**9,619.70**	10,531.22
Provision for Taxation	**1,396.69**	735.78
Profit After Tax and Minority Interest	**8,200.65**	9,831.34

On a Consolidated basis your Company has recorded a 45.18% increase in income from operations and other income over that of the previous year.

DIVIDEND

Based on the Company's performance, your Directors are pleased to recommend for approval of members a dividend for the financial year ended 31st March, 2011 @ 60%. i.e. ₹ 1.20 per Equity Share of ₹ 2/-. The Dividend on Equity Shares, if approved by the Members, would involve a cash outflow of ₹. 820.47 Lacs including dividend tax.

TRANSFER TO RESERVES

Your Directors propose to transfer a sum of ₹ 250.00 lacs to the General Reserve Account for the year ended 31st March, 2011.

BUSINESS AND FUTURE OUTLOOK

Your Company has embarked on a path that we believe will create a revolution in India's logistics evolution, by building and operating landmark logistics infrastructure solutions which will be the key facilitator for growth of trade and commerce in India. With our 10 years of lineage in Integrated Supply Chain and Logistics Infrastructure Solutions and recognizing the need in the logistics space, your Company operates with the mission of being the first and only company addressing these challenges with an integrated focus on Logistics Infrastructure, Innovation, Investment, Integration and IT in the areas of Supply Chain Solutions, Transport and Handling, Rail Infrastructure, Domestic Distriparks (logistics parks) and most importantly Free Trade and Warehousing Zones (FTWZs) across the country. With an investment outlay of USD 1.6 billion, your Company will be the industry pioneer in development and operations of state-of-the-art logistics infrastructure solutions across strategic locations in India. Your Company's sole mission is to provide India with the logistics infrastructure solutions that would allow this great nation to capitalize on its true macro-economic potential.

India spends approximately 14% of its GDP on logistics while most developed economies spend between 8% - 9%. On a USD 1.6 trillion GDP; this represents approximately USD 65 billion in excessive spending owing to the inefficiencies and unorganized nature of logistics in India. As India's economy surges ahead and trade increases, bringing the desired efficiencies in logistics systems in India represents your Company's mission. Arshiya plans to capitalize on India's mammoth logistics opportunity through Integrated Supply Chain and Logistics Infrastructure Solutions by leveraging its unique competency of combining 'Soft Infrastructure' such as asset-light 3PL (Third Party Logistics), 4PL (Fourth Party Logistics) services, with innovative 'Hard Infrastructure' such as, FTWZs, Rail Infrastructure, Domestic Distriparks, Transport & Handling integrated through customized IT solutions.

With Mumbai and Khurja FTWZ being operational this year, along with first of the Domestic Distripark in Khurja, we are extremely excited about the year. With our core business adding consistent momentum, additional trains being added to rail operations with strategic siding infrastructure being developed pan India, combined with improving economic conditions across the economy, we are confident to have an excellent operational year ahead.

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

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

With FTWZs, our country will be able to leverage 'Soft Infrastructure' such as skilled manpower, cost competitiveness, regulatory framework, IT connectivity, as well as 'Hard Infrastructure' such as dedicated state-of-the-art mega logistics parks, FTWZs, rail connectivity, domestic distribution hubs 'Distriparks', transport and handling and world class supply chain management services. FTWZ will be a game changer for international as well as domestic companies which are importing, exporting or re-exporting products to and from India

(II) Arshiya Rail Infrastructure

Arshiya Rail Infrastructure started its operations in February 2009. As at 31st March, 2011, Arshiya Rail Infrastructure Limited has 15 trains to its pan India operations in Phase 1. Our unique model has resulted in Arshiya Rail being the second largest and the most profitable Private Container Train Operator (PCTO) in India.

(III) Arshiya Domestic Distriparks

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

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

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

(IV) Arshiya Logistics

With 11 years of lineage in integrated logistics solutions, Arshiya Logistics offers end-to-end Freight Management, Transportation, Document Management, Customs Clearance and Project Logistics services across the network of 150+ countries worldwide.

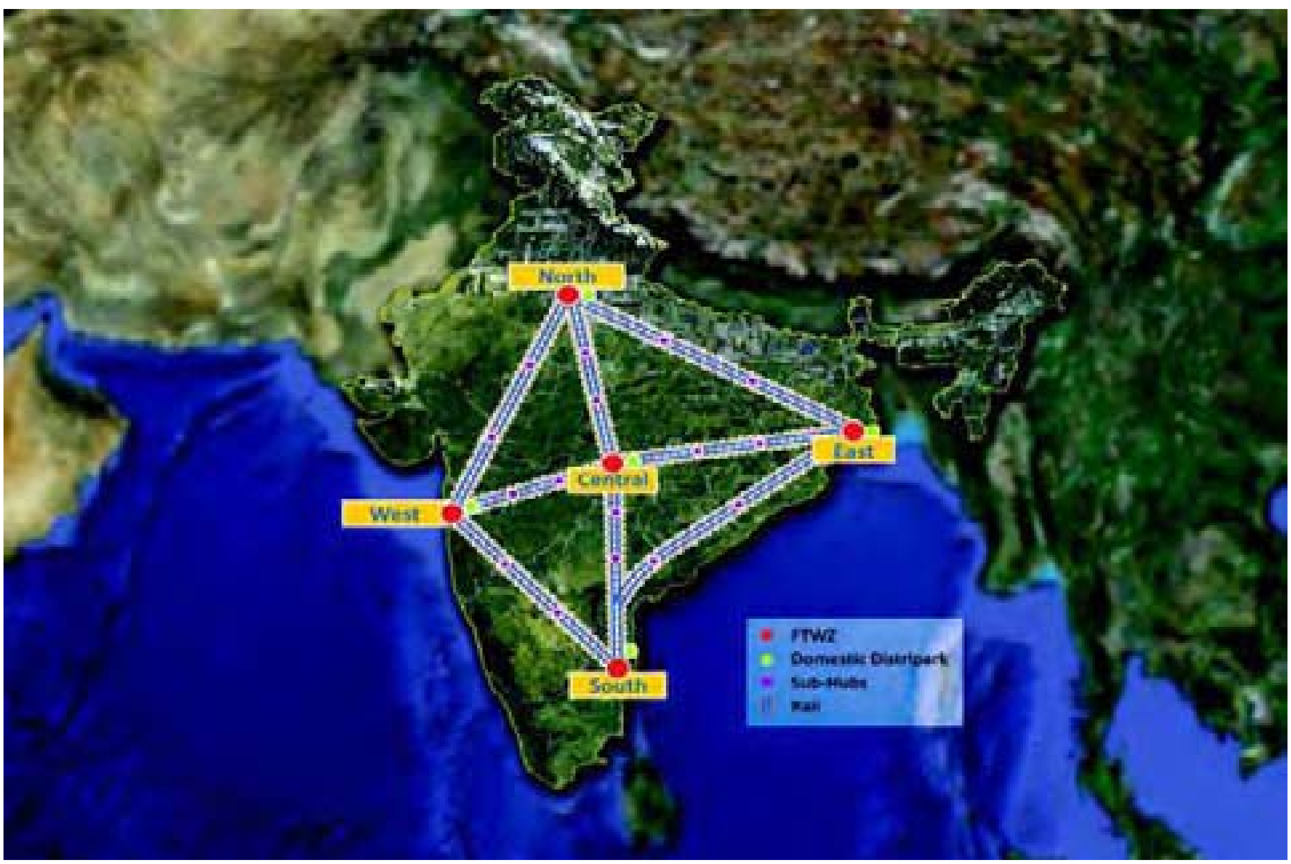
(V) Arshiya Supply Chain Management

With a 7 year legacy, Arshiya Supply Chain Management provides end-end supply and demand chain solutions and is committed to evolving end-to-end strategic and innovative solutions across supply chain management.

(VI) Arshiya Technology

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

Arshiya's Pan India Integrated Infrastructure Footprint



FIXED DEPOSITS

The Company has not accepted any public deposits falling under the purview of Section 58A of the Companies Act, 1956, and as such no such deposit was outstanding as on 31st March, 2011.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL RESULTS

The Company has following subsidiaries for the financial year 2010-2011.

Arshiya Domestic Distripark Ltd. and its following subsidiaries:
Arshiya Northern Domestic Distripark Ltd.
Arshiya Southern Domestic Distripark Ltd.
Arshiya Eastern Domestic Distripark Ltd.
Arshiya Western Domestic Distripark Ltd.
Arshiya Central Domestic Distripark Ltd.

Arshiya FTWZ Ltd. and its following subsidiaries:
Arshiya Northern FTWZ Ltd.
Arshiya Exim Trading Ltd. (formerly known as Arshiya Southern FTWZ Ltd.).
Arshiya Eastern FTWZ Ltd.
Arshiya Western FTWZ Ltd.
Arshiya Central FTWZ Ltd.

Arshiya Rail Infrastructure Ltd.
Arshiya Rail Sidings and Transport Ltd.

Arshiya Supply Chain Management Pvt Ltd.

Arshiya Transport and Handling Ltd.

Arshiya Hongkong Ltd. and its following subsidiary:
Arshiya Logistics LLC (Dubai)

Arshiya International Singapore Pte Ltd.

Cyberlog Technologies International Pte Ltd. and its following subsidiaries:
Cyberlog Technologies Hongkong Ltd.
Cyberlog Technologies Inc. (USA)
Arshiya Technologies (India) Pvt. Ltd.
Cyberlog Technologies (UAE) FZE

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

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the annual accounts and other documents of the Subsidiary Companies are not being attached with the Annual Report of the Company. The Annual Accounts of the above referred subsidiaries as at 31st March, 2011, and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and the same will also be available for inspection by any Member of the Company/its subsidiaries at the Registered Office of the Company and will be available on the website of the Company. In addition, the annual accounts of the said subsidiaries will be made available for inspection at the Registered Office of the respective subsidiary companies.

During the year under report, two step down subsidiaries of your Company, namely Arshiya Logistics LLC, Oman and Arshiya Logistics WLL, Qatar have ceased to be step down subsidiaries of your Company. Further, another step down subsidiary of your Company, Cyberlog Technologies Inc. (USA) has discontinued its business and is in the process of dissolution.

EQUITY SHARE CAPITAL

During the year under review, the Compensation Committee of the Board of Directors considered and approved allotment of 76,650 equity shares of ₹ 2/- each to all those employees of the Company / its subsidiaries who have exercised their options under the Company's Employee Stock Option Plan 2007. Consequently, the total equity share capital of the Company has increased from 5,87,52,822 equity shares of ₹ 2/- each to 5,88,29,472 equity shares of ₹ 2/-each. The said equity shares so allotted have been listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and rank pari passu with the existing equity shares in all respects.

CORPORATE GOVERNANCE

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

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and Article 123 of the Articles of Association of the Company, Prof. G. Raghuram and Mr. James Beltran, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

GLOBAL ADVISORY BOARD

Your Company has an eleven member Global Advisory Board (the Advisory Board) consisting of eminent personalities with rich global experience in diverse fields including business, management, supply chain and logistics. The Board generally meets twice a year. The valuable advice and guidance of the Advisory Board plays a crucial role in formulating Arshiya's corporate strategy, operational benchmarks, expansion plans, branding initiatives and sales strategy.

The Global Advisory Board currently comprises the following members:

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

ARSHIYA EMPLOYEE STOCK OPTION PLAN 2007

Employee Stock Option Plan 2007 is now administered by the Compensation Committee of the Board. The Board had allotted 14,11,700 stock options in first tranche on 15th February 2008, and 1,33,900 stock options in second tranche on 24th April 2008, at a price of ₹ 210/- per option.

Details of Options granted and other disclosures as required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as at 31st March, 2011, are set out in Annexure to this Report.

SAP IMPLEMENTATION

During the year, your Company has implemented SAP system resulting in better transparency, accountability and reliability of information and accounting systems. The next step would be to go for CRM system for achieving better customer satisfaction and services.

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011, 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.

SECRETARIAL AUDIT REPORT

The Company had engaged Mr. P.K.B. Nambiar, Practising Company Secretary, to review Secretarial Compliance for the financial year ended 31st March, 2011. The Secretarial Compliance Certificate addressed to the Board of Directors of the Company is attached to the Annual Report. The Secretarial Compliance Certificate confirms that the Company has complied with the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with Stock Exchanges and all the Regulations of SEBI as applicable to the Company including SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Secretarial Compliance Certificate, although not mandatory, is also obtained, on a quarterly basis, from the aforementioned Practising Company Secretary and reviewed by the Board.

HUMAN RESOURCES

For your Company, employees are the most valuable assets. Attracting, training, growing and retaining talented professionals continue to be the focus for Human Resources division of your Company. This division focusses on creating an organization which nurtures continuous improvement and innovation in management practices. Your Company recognizes the need to attract best-in-class talent from diverse domains and industries. Accordingly, hiring practices have been improvised to help identify the best talent in a cost effective manner. Pay for performance philosophy helps us in rewarding high performers thereby motivating talent and enhancing retention. Over the year, your Company has added key senior management as well as middle management resources across divisions.
The 'Arshiya Global Internship Program' has helped international management students to work on live projects on a real time basis and get hands on experience of working in India. The Human Resources at Arshiya will continue its focus on enhancing the service levels and creating a culture of employee friendly environment.

HEALTH, SAFETY AND ENVIRONMENT

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

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

The Company has implemented several proactive measures towards ensuring it's logistics infrastructure especially the FTWZ in Mumbai and Khurja, along with the Domestic Distripark, are environment friendly. Following measures are being implemented in Mumbai FTWZ, which will be followed across locations:

- Rain water harvesting
- Development of green area: Re-plantation of 3,500 trees in the FTWZ
- Re-utilization of hard rock and excavated earth for filling, ground profiling and concreting
- Developed water bodies as natural storage and utilizing the water from it, throughout the year
- Sewage treatment plant is operational in the zone. Water treated in this plant is being re-utilized for landscaping watering

CORPORATE SOCIAL RESPONSIBILITY

Your Company sincerely believes that growth not only needs to be profitable and competitive, but also sustainable in a socially relevant manner. Today's business environment especially in India therefore demands that corporates play a pivotal role in shouldering social responsibility. Your Company is committed to its endeavour in social responsibilities for benefit of the community.

Under the Corporate Social Responsibility (CSR) initiative of the Company 'Arshiya Cares', your Company has pledged to join hands with organizations who are working towards finding simple solutions to the infrastructure problems that India faces. Following CSR initiatives have been undertaken by your Company in the social front:

Emergency Fire Fighting Service

The Mumbai FTWZ at Sai Village, Panvel has a 24x7 emergency fire fighting vehicle (Foam Tender) inside the zone managed by trained personnel. This service is supported by dedicated infrastructure which includes

- Fire extinguishers and Signage (Fire safety plans)
- Ceiling based water sprinklers for the stores and office space
- Beam Detectors for Smoke and Fire Detection
- Fire Hydrant System with hose reels and underground water storage tanks
- Emergency Fire exit doors and staircases
- Building Management System with Monitoring and Public address systems to provide emergency response

Available 24x7 to the residents in the vicinity of Sai Village and Panvel area, free of charge through a toll free number.

Emergency Ambulance Service

The Mumbai FTWZ at Sai Village, Panvel has a 24x7 emergency ambulance service dedicated for residents in the vicinity of Sai Village and Panvel area. Stationed in the premise of the zone, it is equipped with expert staff trained in Trauma treatment. This service is available to the local population free of charge through a toll free number.

Empowering Villages Everywhere (EVE) – Solar Lamps for Villages

Your Company supported a novel initiative by school children based in Mumbai, for providing solar lamps to villages at a subsidized rate. Under the EVE program portable solar lamps were provided to villages where electricity is not available. By subsidizing the cost, EVE was able to offer villagers an opportunity to increase productivity and improve their quality of life. At Arshiya we have pledged to join hands with EVE & support them in this initiative to help “light” lives.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's website.

Board Members and Senior Management personnel have affirmed compliance with the Code for the financial year 2010-11. A separate declaration to this effect is annexed to the Corporate Governance Report.

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

Conservation of Energy:

The operations of the Company involve low energy consumption. Adequate measures have been implemented to conserve energy such as –

- Roof of the Mumbai FTWZ at Sai Village has been designed with MR24 standards. A provision of installation of solar panels has been made on the roofs to generate renewable energy
- Orientation of the Mumbai FTWZ buildings has been done in such a way that there is less heat transmission resulting in saving the electricity consumption by minimizing heat loss in the HVAC system

Technology Absorption:

Arshiya sincerely believes in utilising technology to improve productivity, efficiency and quality of its business operations and working environment.

Foreign Exchange Earnings and Outgo:

- Foreign Exchange received – ₹ 364,831,808/-
- Foreign Exchange incurred – ₹ 108,621,798/-

PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules 1975, as amended, forms part of the Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent excluding the aforesaid information. The same will be provided to the members on request in writing.

AUDITORS' REPORT

The observations made by the Auditors in their Report relating to ESI contributions are self explanatory and have been adequately dealt with in Note 12 of Schedule 18 of Notes to Accounts.

AUDITORS

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Date: 10th August, 2011
Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

ANNEXURE - I TO THE DIRECTORS' REPORT

The details of Options granted under "The Arshiya Employee Stock Option Plan, 2007, (hereinafter referred as "The ESOP Plan-2007") as at March 31, 2011:

Particulars	ESOP Plan- 2007
Options outstanding at the beginning of the year	3,00,640
Option Granted during the year	Nil
The Pricing Formula	The Stock Options granted at ₹ 210/- per Option as determined by Compensation Committee.
Options vested	2,41,570
Options exercised	76,650
The Total number of shares arising as a result of exercise of option	76,650 (1 option = 1 equity share of ₹ 2/- each)
Options lapsed and forfeited during the year.	1,06,720
Variation of terms of options	NIL
Money realised by exercise of options	₹1,60,96,500
Total number of options in force at the end of the year	1,17,270
Employee-wise details of options granted during the year to:	
I. Senior Managerial Personnel:	NIL
II. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year.	NIL
III. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting standard (AS) 20 "Earnings per Share."]	₹ 4.24
Method used for accounting of the Options.	The employee compensation cost has been calculated using intrinsic value method of accounting for Options under the Company's Employees Stock Options Plan.
Weighted-average Exercise Price of Option at the Grant Date:	₹ 210.00

Notes:

1. Vesting schedule and Exercise Period is as below:
   35% :- 12 months from the grant date
   35% :- 24 months from the grant date
   30% :- 36 months from the grant date

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

2. No options were granted during the year.

For and on behalf of the Board of Directors

Date: 10th August, 2011
Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

ANNEXURE - II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

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

I have examined the registers, records, books and papers of M/s. Arshiya International Limited (the Company) for the financial year ended on 31st March, 2011 (financial year) that are required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also in compliance with the Listing Agreement of Sock Exchanges. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained registers as per the provisions of the Act and the rules made there under and the entries therein have been duly recorded.
2. the Company has filed the forms, returns and documents required to be filed with the Registrar of Companies and Central Government under the Companies Act and the rules made there under and also with the Stock Exchanges as per the listing agreement with them.
3. the Company has closed the Register of Members and Share Transfer Registers in accordance with the provisions of the Act and the Listing Agreement.
4. the Annual General Meeting for the financial year ended on 31st March, 2010 was held on 24th September, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
5. the Company has not held any Extra Ordinary General Meeting.
6. the Company has not advanced any loan to its directors or persons or firms or companies referred to in Section 295 of the Act.
7. the Company has not entered into any contract specified in Section 297 of the Act.
8. the Company has made necessary entries in the register maintained under Section 301 of the Act.
9. the Company was not required to obtain approval from the Board of Directors, Members or Central government, as the case may be, under Section 314 of the Act since there was no such instance falling within the purview of the said section .
10. the Company has complied with the provisions under the Companies Act and rules made there under regarding transfer, transmission and issue of share certificates.
11. the Company has complied with the provisions of applicable laws in respect of transfer/transmission of shares, declaration and payment of dividend.
12. the Company has complied with the provisions of the Act regarding composition of the Board and appointment of Directors on the Board of the Company
13. the Company has complied with the applicable provisions regarding appointment and payment of remuneration to the Managing and Whole Time Directors.
14. the Directors of the Company have disclosed to the Board of Directors their interest in other firms/companies pursuant to the provisions of the Act and the rules made there under.
15. the Company has not bought back any shares during the year under report.
16. the Company has issued 76650 equity shares of ₹ 2/- each to employees of the Company and its subsidiaries under the Employees Stock Option Scheme.
17. the Company has not invited/accepted any deposit including any unsecured loan falling within the purview of Section 58A of the Act.
18. the total borrowings by the Company from the financial institutions, banks and others are within the borrowing limits of the Company as laid down under Section 293(1)(d) of the Act.
19. the loans and investments made and guarantee or securities provided to other bodies corporate by the Company are within the limits and legal parameters.
20. the Company has generally complied with the provisions of the Act and Rules made under, where applicable .

Place: Mumbai
Dated: 29th July, 2011

P K B NAMBIAR
Company Secretary
C.P. 1090

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL MACRO ECONOMIC OVERVIEW

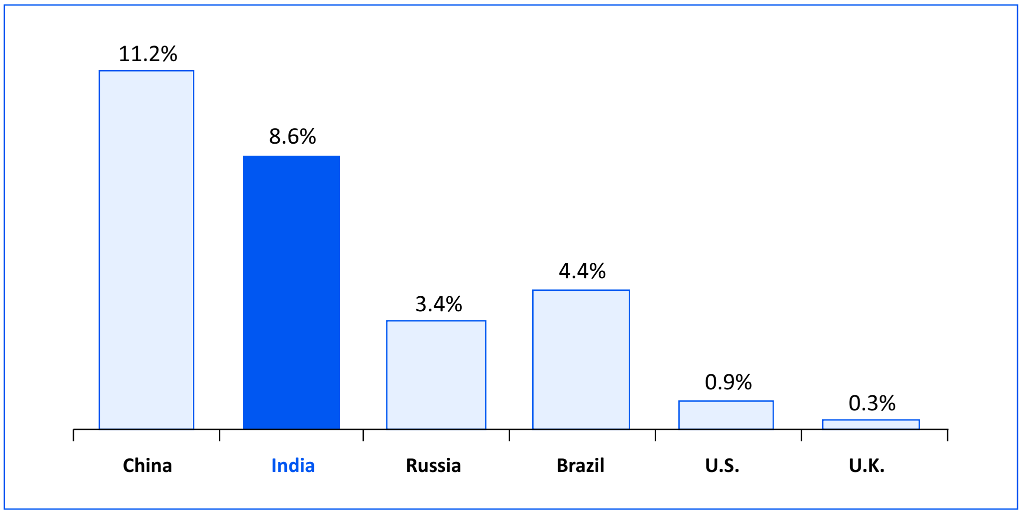
The International Monetary Fund's (IMF) world economic outlook 2011 has projected that the global economy will grow at about 4.5 percent a year in both 2011 and 2012, with developed economies growing at only 2.5 percent while emerging and developing economies expected to grow at a much higher 6.5 percent. Earlier forecasts of a double-dip recession have not materialized. The recovery in developed economies, however, remains unbalanced with output still far below potential. In emerging market economies, such as India, global economic crisis did not last long and growth across sectors was consistent. Exports have largely recovered, and the shortfall in external demand they experienced has typically been made up through increases in domestic consumption.

The challenge for most emerging market economies is thus quite different from that of the developed ones - namely how to avoid overheating in the face of closing output gaps and higher capital flows, and also ensuring that the present boom-like conditions do not develop into overheating over the coming year. Inflation pressure is likely to build further as growing production comes up against capacity constraints, with large food and energy price increases, which weigh heavily in consumption baskets. While there are downside risks to the global economy due to movements in commodity prices, notably for oil and geopolitical uncertainty, there is also the potential for upside surprises to growth in the short term, owing to strong and buoyant demand in emerging and developing economies. Global trade is recovering with the value of world merchandise trade, led by Asia especially China and India, accelerating perceptibly in the fourth quarter of 2010 compared to the same period of 2009. In volume terms, world trade expanded by 12 percent in 2010. World imports of Emerging Markets and Developing Economies (EMDEs) are back to pre-crisis trends, but those of developed economies continue to lag (Source: Financial Stability Report, RBI).

INDIA'S MACRO ECONOMIC OVERVIEW

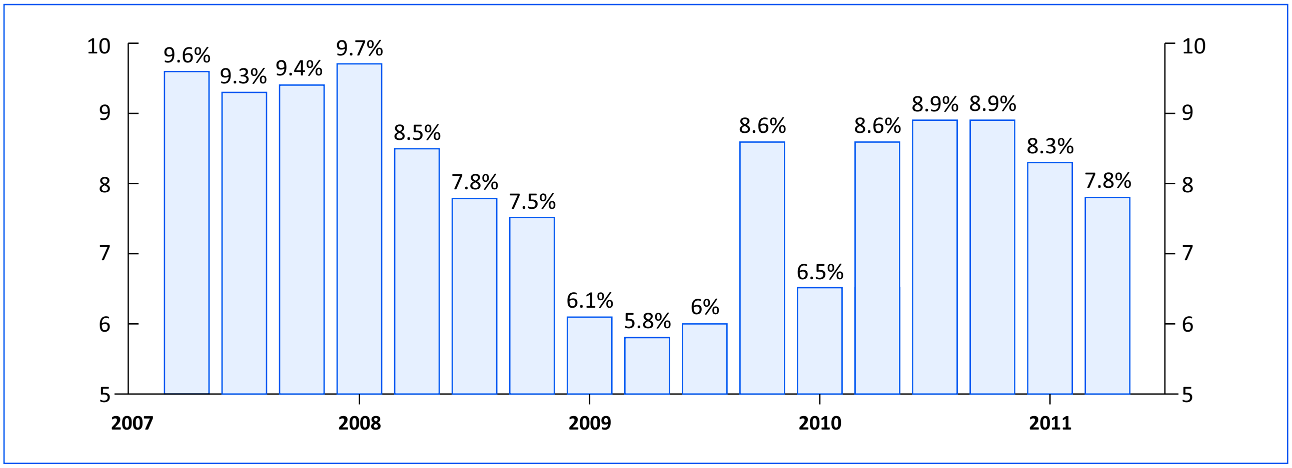
Inherent resilience arising from India's large domestic demand, a stable financial system, high domestic savings rate, prudent monetary policy and fiscal improvement helped India cope with the global crisis better than most other countries. India witnessed the second-fastest growth rate at a compounded annual growth rate (CAGR) of 8.6 percent a rate surpassed only by China which grew at a rate of 11.2%. China and India contributed nearly a quarter of the incremental world output.

Average Annual Real GDP Growth Rate (2005-2010)



Source: IMF

GDP growth during 2010-11 reverted to the high growth trajectory. Growth had moderated in the preceding two years as the global economy slowed down as a result of global financial crisis. The growth during 2010-11 reflects a rebound in agriculture and sustained levels of activity in industry and services.



Source: Trading Economics.com; India Central Statistical Organisation

After the opening up of the Indian economy and the financial reforms of the 1990s, the Indian macro-economic landscape has been transformed. India, which rarely recorded GDP growth over 7% prior to 2003, has become one of the fastest-growing economies of the world, with its GDP reaching ~$1.6 trillion for the fiscal year ending March 31, 2011. Over the next five years, the Indian economy is expected to sustain its growth momentum in the range of 7.0-8.0%. This robust economic growth trajectory is underpinned by a confluence of favorable demographics, a conducive policy environment and structural shifts in the economy. High global crude oil and other commodity prices can however pose the biggest risk to India's growth and inflation.

India's working-age population is projected to increase by 136 million people over the next decade. This is in contrast to China's working-age population which is projected to increase by only 23 million people and that of the U.S. which is projected to increase by only 11 million people. India is also projected to witness a sharp migration in its population towards its urban centers resulting in a strong positive impact on per capita productivity. The compound effect of a higher level of urbanization coupled with a faster rise in urban income levels is projected to result in a 6.5-7.0 percent CAGR in overall per capita disposable income nation-wide from 2008 upto 2030.Collectively, a rapid increase in the working-age population, rapid urbanization and an upward shift in the country's income distribution will produce a favorable demographic 'yield' and collectively result in higher income levels, which in turn will lead to higher savings and investment. In addition, the evolution of the policy environment in India over last two decades combined with structural shifts in the composition of the economy and reduced dependence on agriculture are expected to further boost growth in the economy.In the last two decades, India has gradually integrated itself with the globalised world and this has been manifested in buoyant export growth. However, we still have a long way to go and need to concentrate our efforts to accelerate export growth. While we have been maintaining higher GDP growth rates as compared to other countries over the last few years, we still need to set and achieve ambitious export targets to increase our export to GDP ratio, which is presently about 16 percent as compared to economies such as Thailand (66%), China (35%), South Africa (27%) and Mexico (26%).

INDIA'S LOGISTICS AND SUPPLY CHAIN SPACE: THE BIGGEST CHALLENGE IS ALSO THE LARGEST OPPORTUNITY

Although India is experiencing a golden period in its prosperity owing to its consistent GDP growth, huge domestic market, increasing purchasing power parity, increasing industrial output and foreign investments, the country still faces unique challenge; hard infrastructure such as roads, rail, ports, hinterland connectivity and logistics as a whole being the most prominent variables in the equation. Logistics cost in India is fairly high – at around 14% of GDP, as against 8% - 9% in most developed nations. On a USD 1.6 trillion GDP; this represents absolute value of inefficiency of over USD 65 billion. This inefficiency is reflected on all products being manufactured, consumed, warehoused and traded in India, contributing significantly to the biggest challenge faced by India's growing economy - 'Inflation'. Measurable improvements have been made over the last few years in building hard infrastructure, but still at the fundamental level, road has the largest share of transport at about 60 percent with rail having only about 35 percent market share. Thus dependency on road makes hinterland cargo movement more expensive and inefficient. India burns nearly US$2.5 billion worth of fuel on account of trucks standing idle on state check-posts.

India's level of containerization is less than 25 percent as against global average of 60 percent -70 percent. Average time taken to clear import and export cargo at ports is about 19 days in India, against 3 to 4 in Singapore. World Bank's 2010 Logistics Performance Index (LPI) ranks India 47th in terms of logistics in-efficiency among 130 countries globally – in terms of variables such as - Customs Clearance, Infrastructure, Timelines, Shipments, Logistics Competencies, Tracking and Tracing. While Consumption in India will grow in real terms from USD 378 billion presently to USD 1.56 trillion by 2025 – a fourfold increase, in reality India ranks only 17th in terms of importing world products, consuming just over 2 percent of globally produced merchandise, but growing at 35 percent. While by 2020, India is projected to have an additional 47 million working population, almost equal to the total world shortfall, with an average Indian age of 29 fuelling our ability to become a manufacturing mecca of the world, reality is that India ranks 26th as per WTO in terms of exporting world products contributing just over 1.3 percent of globally consumed merchandise, but growing at 22 percent. India's container throughput in calendar year 2010 was just over 9.3 million TEUs (Twenty Equivalent Unit) as compared to Dubai (12 million), Singapore (28 million) and China (169 million) - Indicating zero penetration in Value Addition, Hubbing and Re-Export market.

India's freight transport system currently carries approximately 2.8 billion metric tonnes (MT) of cargo; which is expected to grow to approximately 5.2 billion MT by 2020 at a CAGR of 6 percent. Given the CAGR of India's middle class growth, the country will have approximately 615 million consumers in the segment by 2020 and an additional 47 million working population, almost equal to the total world shortfall with an average Indian age of 29 years. Comparative average population age of other geographies at that time will be: 37 in China, 45 in US and Western Europe and 48 in Japan. Thus the country is poised for an exponential growth in the coming decades. One of the most critical variables for realizing India's true potential as an economic power house is development of logistics infrastructure across India's demography to support the rapidly growing economy.

India's rapid economic growth will be severely hampered by the lack of state-of-the-art logistics infrastructure solutions such as Free Trade Warehousing Zones (FTWZ), Rail Infrastructure and global best practices in 3PL (Third Party Logistics), 4PL (Fourth Party Logistics) and IT connectivity in the space. The lack of logistics infrastructure results in a higher transaction cost of moving products out of the country or within hinterlands of India, thus fuelling inefficiencies. As per the Doing Business Report of 2010 published by World Bank, India ranks 94 among various nations, in terms of ease of trading across borders. We are far behind comparable economies like China, Indonesia and Mexico in this regard. All the efforts made by the Government towards export promotion schemes and stimulus packages will not yield desired results, unless we are able to substantially cut down these "transaction costs" impeding our export efforts. India's exports are rendered less competitive on account of higher transit times and lower reliability. High transaction costs not only result in decline of export competitiveness but also severely impact the inflation levels in our country. Inflation has been a cause of worry for policy makers over the last few quarters.

Logistics typically accounts for one of the highest costs of doing business, second only to materials in manufacturing or cost of goods sold in wholesaling or retailing. Therefore, targeting this huge cost centre has been a constant endeavour of most countries over time. Globally, countries have steadily and successfully brought down logistics cost in a bid to improve their competitive advantage and curb inflation. Logistics has traditionally been perceived as a cost centre and companies devote time and resources for cost rationalization rather than use the logistics as a means for enhancing customer satisfaction and bolstering revenues. Because it's an unavoidable cost, logistics has been seen as a complex detail that can be attended to in the margins of the business. Contrary to the traditional view logistics can provide competitive advantage resulting in organic growth opportunities. Logistics encompasses an array of essential activities—from transport, warehousing, cargo consolidation, and border clearance to in-country distribution and payment systems— involving a variety of public and private agents. India's lack of logistics competitiveness is evident from the fact that, its share of global merchandise exports is also modest and not commensurate with its economic size and potential. Countries like China (9.6 percent) and Korea (2.9 percent) have a far higher share of global exports compared to India's 1.2 percent. A competitive network of global logistics is the backbone of international trade. It's no longer possible to make a decision about where to obtain parts, locate a manufacturing facility or open a retail outlet without first understanding the impact on logistics. Companies across the globe are increasingly realizing the severe impacts on their bottom lines due to rising inventory, higher levels of working capital, missed deliveries and glitches in lean manufacturing performance, all of which can result from poor global sourcing strategies. Unfortunately, India as a country has not yet benefited from the productivity gains of logistics modernization and internationalization implemented over the last 20 years by advanced economies.

India's logistics network is plagued by inefficiencies resulting from the lack of infrastructure and equipment, high handling costs, theft and damage. Costs to users are therefore higher than those in other countries with equivalent logistics infrastructure.The development of the logistics sector is hampered by poor physical and communications infrastructure. Slow movement of cargo due to bad road conditions, multiple check posts and documentation requirements, congestion at seaports due to inadequate infrastructure, and delay in procedural clearances, coupled with unreliable power supply and slow banking transactions, make it difficult to meet the deadlines for international customers. Case in point is due to bottlenecks not only are the logistics costs for exporting to Europe 50 percent higher than China, even the time taken is 50 percent longer.

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

As the second-fastest-growing developing economy in the world, India has tremendous potential as a market for selling as well as sourcing products, for international corporations looking to leverage India's cost and skill arbitrage. Leading industries such as automobiles, telecommunications, consumer goods, pharmaceuticals, FMCGs, luxury products, wines and spirits, travel, energy, defense and so on are the next growth sectors of the economy. With its increasing strategic role in global trade, India will have to scale up its investment in building logistics infrastructure for its growing economy, similar to what is available in competitive economies such as Singapore, Dubai and China. This infrastructure should be integrated with efficient modes of transportation such as Rail Terminals, Domestic Distribution hubs across strategic locations. Till date, competitive economies across the Asian continent and Middle East were gaining business at the cost of India, as the country lacked state-of-the art mega trade and logistics infrastructure to facilitate ease of business and hinterland movement. Thus India's market was serviced with global products, using neighboring countries as transshipment hubs and regional distribution centers despite India's intellectual resources being almost 30 percent more economical than that of regional counterparts.

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

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

- Less than 8% of India Inc. (manufacturing and services) outsources its logistics while in the developed world the outsourcing is done by more than 45% of companies – indicating the level of sophistication that is required to be brought about in this space and the tremendous opportunities present in the form of core growth and efficiency improvement
- The dominant road transport sector in India remains very largely unorganized with an average trucker in India owning only about seven trucks. This high dependence on road transport not only represents inefficiencies arising from the bad quality of trucks and roads in India, but adds to the costs on account of product theft/loss, time taken for delivery on account of state border crossings and loss of visibility of products
- While India is the 2nd largest small car market in the world, global average for finished automobiles moving by trains is approximately 26% while in India it is merely 3%
- India's power production capacity is set to increase from the current 1.5 GW to about 2.5 GW by 2017. This will represent a significant increase in the requirement of coal that will be needed to be moved in the system. All of this will have to move by Rail, thus increasing the importance of rail as a transport medium in India's development
- At present majority of container freight traffic entering or leaving India is out of one port – Jawaharlal Nehru Port Trust (JNPT), in Mumbai, requiring India to depend heavily on domestic freight movement for last mile supply chain connectivity from this port to industrial hubs and the end consumer
- The average time taken to clear import and export cargo at ports is about 19 days in India, as against 3 to 4 days in Singapore
- Compared to European countries, rail transportation in India is almost 3.5 times more expensive and the average transit time by road is 3 times longer
- Even if India grows at the modest CAGR of 6%, its transport system will have to move over 6 billion MT of cargo by 2020

ARSHIYA'S INTEGRATED SUPPLY CHAIN AND LOGISTICS INFRASTRUCTURE SOLUTIONS – CREATING A REVOLUTION IN INDIA'S LOGISTICS EVOLUTION

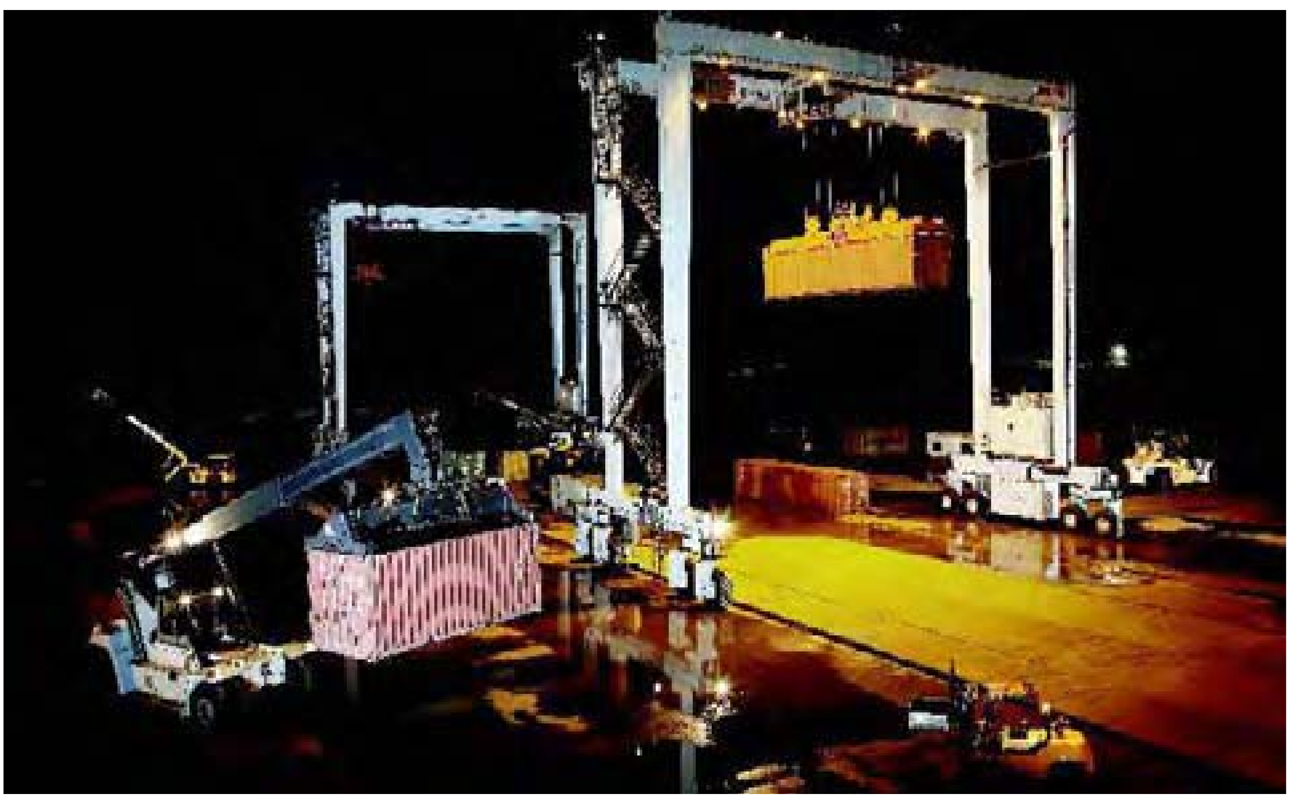
Arshiya International envisages to revolutionize India's logistics space by developing and operating, IT-enabling and delivering best-in-class state-of-the-art logistics infrastructure by leveraging its unique competency of combining 'Soft Infrastructure' such as asset-light 3PL (Third Party Logistics), 4PL (Forth Party Logistics) services, with innovative 'Hard Infrastructure' such as, FTWZs, Rail Infrastructure, Domestic Distriparks, Transport & Handling integrated through customized IT solutions, supported by Arshiya's 10-year lineage in the space.

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

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

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

Arshiya's FTWZ, currently operational 24x7 at Panvel, Mumbai



- **5 FTWZs – Rail Connected, Planned Pan-India**
  - WEST (Mumbai – Panvel, Operational since December 2010), NORTH (Khurja Near Delhi, in the State of UP), CENTRAL (Nagpur, Butibori), SOUTH (Chennai) and EAST (Haldia)

- **5 Domestic Distriparks - Planned Pan-India, Complimenting the FTWZ Network**
  - First of the Domestic Distriparks (in Khurja near Delhi)

- **150 Train Pan-India Rail Operations**
  - Providing unique and customized solutions to marquee customers with long term contracts
  - Presently operating 15 trains Pan-India and one of the most profitable Private Container Train Operators (PCTO)
  - Pan-India Rail Terminal Network complementing each FTWZ, Domestic Distripark and Rail Operations accelerating cargo distribution through aggregation

ABOUT FREE TRADE AND WAREHOUSING ZONE (FTWZ)

Free Trade and Warehousing Zone (FTWZ) is a special category of Special Economic Zone and is governed by SEZ Act, 2005 and Rules 2006. FTWZ will give India the much needed impetus to drive its economic growth to the next level, while truly leveraging the nation's vast domestic market and purchasing power parity. Over the last few decades, India has been losing investments to neighbouring economies, which were being used by global corporations as bases for feeding India and regional markets, because of unavailability of similar infrastructure in India. With FTWZs our country will be able to leverage 'Soft Infrastructure' such as skilled manpower, cost competitiveness, regulatory framework, IT connectivity, as well as 'Hard Infrastructure' such as dedicated state-of-the-art mega logistics parks, rail connectivity and world class supply chain management services. Immediate benefits that our economy will see through FTWZ are as below:

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

GAME CHANGING BENEFITS OF ARSHIYA'S FTWZs FOR INDIA'S ECONOMY: imports, exports and re-exports

IMPORTS:

- Flexibility towards end distribution in India
- Duty deferment benefits (freeing up working capital and increasing sales)
- Quality control capability prior to duty- payment
- Exemption on SAD, VAT and CST on imports through FTWZ
- Hassle-free re-export regulatory /duty implications
- Reduced buffer stocks
- Service Tax exemption on services availed; including transportation inside India
- Lowered product costs
- Foreign exchange transaction capability

EXPORTS:

- Products from India entering the FTWZ are treated as deemed export providing immediate benefits to suppliers
- Local Tax Exemption (e.g. CST, Sales Tax, Excise and VAT) on all activities conducted inside the FTWZ
- Export quotas able to be met for companies exporting into FTWZ
- Increased efficiency through lowered reverse logistics through quality control before dispatch from India
- Foreign exchange transactions capability
- Increasing supply chain efficiencies (forward and reverse) while enhancing capital cash flow

RE-EXPORTS

- Service tax exemption on all activities conducted inside the FTWZ including rental and labour
- Exemption from custom and stamp duty on products imported into FTWZ; meant for re-export out of India
- Income tax exemption on profit where applicable
- Hassle-free re-export process
- Permission of 100% FDI for the set-up of units by the unit holder of the FTWZ
- Ability to leverage India's cost, skill and geographic positioning advantage as a hub for regional/global distribution post Value Addition activities

While laying the roadmap of the present government of India, for the five-year period of 2009-2014, the honourable Prime Minister has emphasized the need of Infrastructure as a fundamental enabler for our modern economy and infrastructure development will be a key focus area for the next five years. Arshiya sincerely believes that integrated supply chain and state-of-the-art logistics infrastructure can help Indian economy reduce transaction costs to a considerable level to make it more competitive globally. It is Arshiya's endeavor to play its part in reducing this cost by developing, operationalizing, IT-enabling and delivering best-in-class logistics infrastructure such as FTWZs, Container Rail Operations, Rail Terminals, Domestic Distribution Hubs which is supported by our 10-year legacy in the logistics, supply chain management and IT services arena.

HOW AN FTWZ REDUCES TRANSACTION COSTS OF OPERATING FROM INDIA:

1. Reduction in number of transactions – the Foreign Trade Policy under Ministry of Commerce and Trade has directed that transactions to and fro from FTWZ will be simplified and kept to a minimum to facilitate such trade. Unshackling of controls and creating an atmosphere of trust and transparency will also help unleash the innate entrepreneurship of our businessmen, industrialists and traders.
2. Avoiding duplication of Transactions - the FTWZ concept aids in avoiding inverted duty structures. This ensures that our domestic sectors are not disadvantaged in the Free Trade Agreements/Regional Trade Agreements/Preferential Trade Agreements that we enter into in order to enhance our exports.
3. Allows international traders the option of hassle free transactions through India, by freeing restrictive entry and exit transactions, specifically for exports, allows greater volume of commerce and trade to route via India.

BENEFITS TO INDIA'S ECONOMY THROUGH REDUCED TRANSACTION COSTS:

Arshiya's FTWZ is a state-of-the-art integrated logistics infrastructure, with Rail Terminal connectivity, Integrated Container Yard (CY) infrastructure, 24-hour uninterrupted water and power supply (inclusive of 100% back-up), facilities including common essential services (Insurance, Banking and Travel), Business Centre, Exhibition Centre, Fuel Stations, State-of-the-art and web-enabled Security Services, all of which will facilitate ease of trade and will help in reducing the transaction cost of product exported or imported through FTWZ.

The units in FTWZ are allowed to warehouse and trade their own goods with or without any value addition and are also allowed to hold the goods on behalf of foreign suppliers and buyers and DTA suppliers and buyers as per rule 18(5) of SEZ Rules, 2006 read with instruction no. 49 and 60 issued by Ministry of Commerce and Industry. The benefits which will accrue to the nation by foreign suppliers and buyers and DTA suppliers and buyers operating through units in FTWZ for trading and warehousing (Exports and Imports) are as listed below:

- **Transaction Cost Reduction and Benefits for Exports:**
  - Allows foreign companies to physically consolidate global products within India , including those purchased from SEZs, EOUs, DTA units and other national or global FTWZs; make kits, etc. and export; reducing overall transaction costs and making Indian market more competitive at the global level for global trade and services
  - Enhance exports from India by providing cost effective export options through FTWZ
  - Improves the industrial image of Indian exports by allowing QA processes by foreign buyers on Indian soil before actual export; thus enhancing the acceptance of 'Made-in-India' goods globally
  - Reduce costs of reverse logistics of foreign buyers from Indian exporters; making Indian exporters more competitive in the international market by reducing transaction costs
  - Increased foreign exchange revenue to nation through FTWZ services; all services including labour, consolidation and shipping will be rendered against payment in foreign currency

- Increased shipping activity in and out of India, decreasing freight costs for Indian EXIM industry and thereby reduction in transaction cost
- Increased logistics activity and container traffic in the port; thereby enhancing port related revenues for the Government of India
- Allows Indian exporters to consolidate purchases from Indian market; reducing logistics costs and making Indian market more competitive.

- **Transaction Cost Reduction and Benefits for Imports:**
  - Diverts external consolidation business, currently carried out in other foreign territories to Indian shores; by allowing domestic buyer (importers) to carry out consolidation of purchase within Indian FTWZ. This will reduce foreign exchange outflow as payments for same services rendered will be made to Indian workers
  - Facilitates the DTA buyers' with option of bulk purchase and local dispatch in part loads for home consumption or subsequent sale in DTA; thereby reducing logistics costs and benefiting Indian consumers
  - Hubbing at FTWZ allows Indian importer to service local market piecemeal by servicing a pull mode from consumer; thereby reducing lead time to Indian consumer and also bringing the Just In Time (JIT) concept in manufacturing activities, thus reducing transaction cost of product manufactured in India
  - Hubbing at FTWZ also allows Indian importer the trouble free option to re-export surplus or QA rejects; thereby benefiting Indian consumer through such cost optimization
  - Increase in customs revenue to national exchequer for imports; all imports through FTWZ will be liable to customs duty as per existing norms
  - Local presence and minimal lead times will also reduce costs of imported product; thereby aiding increase in trade volumes and hence increasing customs duty to national exchequer.

In addition to the specific benefits listed above for Exports and Imports, in both cases, our country would benefit from this infrastructure that would make India capable of competing against regional FTWZs in Dubai, Singapore, Hong Kong, China, thus enabling:

- Indian skill resources will have the option to improve and leverage their cost and skill arbitrage by exposure to global demand and trade; thereby making India capable of sustaining long term competition from other hubbing and processing Free Trade Zones in the region
- Added source of foreign exchange saving to the nation, through services provided within the FTWZ; all skilled services and facilities provided are paid for in foreign exchange
- Socio-economic developmental benefits to the community and the region; through capacity building and skill up gradation, ancillary services and from enhanced trade generated

While the FTWZ serve as consolidation hubs for Indian Importers and Exporters, allowing easier and efficient trade facilitation in the country, Arshiya strongly believes that the greatest influencer towards reducing logistics related spends in India would come about by integrating such consolidation/hubbing centres with Rail connectivity that would enable aggregated/consolidated movement of product in India through Rail - addressing rail's current poor market share of 35% in the total domestic freight market.

RAIL AS AN EFFICIENT MODE OF TRANSPORTATION FOR REDUCING TRANSACTION COSTS:

Even a conservative 7% CAGR growth of the Indian economy over the next 10 years implies that the Indian freight transport system will swell to approximately 6 billion MT from the current 3 billion MT levels. The present dependence of our economy to move freight through roads given its inefficiencies directly results in higher transportation costs in our country, where logistics costs as a percentage of our GDP is already amongst the highest in world @ 14%. The more detrimental damage is the loss of product sanctity through the perils of road transport considering our poor road infrastructure, poor quality of trucks and sub optimum road connectivity. This was highlighted by the Honourable Rail Minister's announcement in the last budget that over Rs 35,000 crores worth of agricultural produce has suffered in- transit damage in 2009/10.

As the evolution of India's economy over the years has shown us, this enormous challenge which contributes directly and indirectly to the transaction costs of doing business in India, can be tackled by a combined, coordinated and proactive effort of the Public and the Private sector. Arshiya Rail Infrastructure through its endeavour has been one of the leading private enterprises to address this challenge and leverage this opportunity. Arshiya truly believes that the potential of Railway privatization has still not been harnessed completely and a lot more needs to be done for India to make Rail a preferred mode of freight movement, given the fact that Rail is 30% more economical and can carry in excess of 2,430 tonnes of cargo per rake, as compared to an average truck carrying not more than 27 tonnes. Arshiya believes that what India therefore needs is Rail to be able to take at least 60% of the domestic cargo movement by 2020 from its current 35% levels, which would mean that it needs to move over 3.6 billion MT of cargo in 10 years from the current 900 million MT level. The solution lies in a change in perspective. The answer lies not in the volume of rakes we can induct into the system but the efficiencies that can be created through strategic investments into the railway network. The average distance achieved by a train in India today is 300 km per day which is gross underutilization of our locomotives that could easily move upto 900 km per day (triple the speed). The slower speeds are not attributed to locomotive capacity – which can move up to 1,500 km per day – but poor core rail network infrastructure. By making investments towards better Signalling Systems, Doubling of Lines, Freight Corridors, Gauge Conversions, Sidings, Mechanical Testing Centers and finding creative ways to use underutilized or unutilized railway terminals currently in the system (e.g. – converting all private sidings as Container Rail Terminals {CRTs}), we could achieve this tripling of speed and therefore increased efficiency, drastically reducing transaction costs of freight movement across India.

Although Arshiya Rail Infrastructure entered the Rail space later than other private players in February 2009, we have achieved the following as a testament to its commitment in the space:

- Is the second largest Private Container Train Operator (PCTO) in India
- Over the last ten quarters Arshiya Rail has added 15 rakes, servicing customers pan-India towards domestic container rail movement, with a planned induction of 150 in the next five years
- Designed and implemented multipurpose customised containers, providing Rail as a solution to customers, thus increasing efficiency, lowering overheads and generating faster turnaround times
- Pan-India Rail Terminal network complementing each of Arshiya's logistics infrastructure - FTWZ and Domestic Distribution hubs 'Distriparks' thus accelerating cargo distribution through aggregation
- Provides unique and customized solutions to marquee customers with long term contracts

THE YEAR UNDER REVIEW

In the year gone by, Arshiya successfully launched Phase I of India's first FTWZ in Mumbai – Panvel Sai Village, in December 2010. Three warehouses as part of Phase I, are presently fully functional with 100 percent utilization. Arshiya's Mumbai FTWZ is presently servicing international as well India companies across industries such as Automobile, IT Hardware, Wines and Spirits, Shipping, Trading, Consumer Electronics, Retail, Chemicals, Glass, Cosmetics, Computers etc. Mumbai FTWZ also services customers such as 3PL service providers, Shipping Lines, CHAs. Arshiya's FTWZ in Khurja along with the first of the series of Domestic Distripark is also scheduled to start operations in the second quarter of calendar year 2011.

Arshiya's Rail Infrastructure has also seen impressive growth as the second largest Private Container Train Operator (PCTO). Arshiya Logistics has also witnessed consistent growth in terms of winning new customers and increasing business volumes.

Financial highlights 2010-11 - Based on Standalone Financials

- Total income increased by 65.57% from ₹273.61 crores in 2009-10 to ₹453.01 crores in 2010-11
- EBIDTA increased by 156.57% from ₹29.44 in 2009-10 to ₹75.53 crores in 2010-11
- Net Profits increased by 61.91% from ₹15.40 crores in 2009-10 to ₹24.93 crores in 2010-11

Segmental Performance

(Amt. In crores)

	Turnover 2009-10	Turnover 2010-11	Y-o-Y increase /(decrease)
Logistics	273.61	432.18	57.96%
FTWZ	-	20.84	-
Total Turnover	273.61	453.01	65.57%

Financial highlights 2010-11 - Based on Consolidated Financials

- Total income increased by 56.21% from ₹525.89 crores in 2009-10 to ₹821.52 crores in 2010-11
- EBIDTA increased by 26.59% from ₹128.02 crores in 2009-10 to ₹162.05 crores in 2010-11
- Net Profit at ₹82.01 crores in 2010-11 as against ₹98.31 crores (including extraordinary income of ₹38.89 crores from sale of software marketing rights) in 2009-10

Segment wise Performance Review

(Amt. In crores)

	Turnover 2009-10	Turnover 2010-11	Y-o-Y increase /(decrease)
Logistics	459.07	620.35	35.13%
Software	18.59	6.35	(65.87%)
Containerised rail transport operations	48.23	169.24	250.90%
FTWZ and related services	-	25.59	-
Total turnover	525.89	821.52	56.21%

THE YEAR THAT WILL FOLLOW

Arshiya International Ltd. will continue its focus on developing and operating integrated logistics infrastructure solutions across strategic locations in India. Through the coming financial year Arshiya is confident of setting an impressive benchmark in terms of revenue growth. Bringing forth the opportunity to unlock the potential of leveraging India's market, through FTWZs, Rail Infrastructure, Domestic Distripark, Transport & Handling, 3PL, 4PL and IT connectivity in the logistics space.

INTERNAL CONTROL SYSTEM & ITS ADEQUACY

The Company has instituted an adequate internal control system commensurate with the size of the Company and the nature of its business. The system also ascertains and ensures that transactions are authorized, recorded and reported correctly. The Internal Auditor constantly monitors adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines in respect of Company's businesses and support functions. The Audit Committee reviews the adequacy of these internal controls from time to time. All significant audit observations of the Internal Auditors and management follow up actions thereon are reported upon and discussed at the meetings of the Audit Committee.

The Company has all the necessary controls in place covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

RISK MANAGEMENT

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Corporate Governance philosophy is woven around its total commitment to ethical practices in the conduct of its business, while striving to enhance shareholder value. The interrelations between the Board, the management and its executives, and other functionaries are so configured as to have distinctly demarcated roles and improved corporate performance. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity and total commitment.

Arshiya is committed to following high disclosure standards and transparency in line with the best governance practices. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. At the highest level, your Company continuously endeavors to uphold the values of transparency, integrity, professionalism and accountability, and improve upon these aspects on an on going basis to help the Company move forward.

Plainly, Corporate Governance is the relation between Shareholders, Directors, Independent Directors, the Board and Management of the Company and the manoeuvring mantra which will visualise the dreams and expectations of the shareholders in the real world and also promote the enterprise to achieve its goals.

The Company has formed various Committees of the Board to monitor every aspect of the Company's business.

2. GOVERNANCE PRACTICES

The Company's Corporate Governance practices are driven by high level of accountability, high standards of transparency, timely disclosures / dissemination of price sensitive information, compliance with all applicable laws and regulations, independent monitoring of the Company's state of affairs and overall conduct of business in an ethical manner. Over the years, the Company's policies and procedures relating to Code of Conduct, Code for Prevention of Insider Trading, Whistle Blower Policy, Human Resource Development Equal Opportunity Employer and the like have been strengthened at Arshiya thus laying the foundation for strong governance which is integral to creating value on an overall basis.

Arshiya's Corporate Governance journey is one meant for constantly improving sustainable value creation and has always been an upward moving target for achieving business excellence. Your Company not only adheres to the prescribed corporate governance practices as per Clause 49 but is constantly striving to adopt emerging best practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives.

3. BOARD OF DIRECTORS

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman and Managing Director is assisted by the Joint Managing Director, the Executive Directors and senior managerial personnel in overseeing the functional matters of the Company.

(A) Composition of Board

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

As at 31st March, 2011, the Company has nine Directors on its Board with an Executive Chairman. Of the nine Directors five are non-executive independent Directors. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement.

Independent Directors' Materially Pecuniary or Business relationship with the Company

For a Director to be considered independent, the Board, in accordance with Clause 49 of the Listing Agreement relating to Independent Directors, determines that the Director does not have any direct or indirect material pecuniary relationship with the Company.

The Board has adopted guidelines which are in line with the applicable legal requirements.

As mandated by Clause 49, the Independent Directors on Arshiya's Board:

a) Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.
b) Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
c) Have not been an executive of the company in the immediately preceding three financial years.
d) Are not partners or executives or were not partners or an executives during the preceding three years of any of the:
   - Statutory audit firm or the internal audit firm that is associated with the company.
   - Legal firm(s) and consulting firm(s) that have a material association with the company.
e) Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Directors.
f) Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.
g) Are not less than 21 years of age.

(B) Non executive Directors' Compensation and Disclosures:

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

(C) Other Provisions as to Board and Committees:

None of the Director is a member of more than ten Committees or Chairman of more than five Committees, across all the Companies in which they are Directors. Necessary disclosures regarding committee positions in other public companies as on 31st March, 2011 have been received from the Directors.

Attendance at Board Meetings

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

23rd April, 2010, 11th August, 2010, 15th November, 2010, and 2nd February, 2011.

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

Sr. No.	Name of the Director	Category	Number of Board Meetings during the year 2010-11 & Director's Attendance		Directorships in other public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at A.G.M. held on 24th September, 2010
			Held	Attended		Chairman	Member	
1.	Mr. Ajay S Mittal	Executive	4	4	10	-	4	Present
2.	Mrs. Archana A Mittal	Executive	4	3	2	-	-	Present
3.	Mr. Ashish Bairagra	Independent	4	4	4	-	-	Present
4.	Mr. Rishabh P Shah	Independent	4	4	1	-	-	Present
5.	Mr. James Beltran	Independent	4	-	-	-	-	Absent
6.	Prof. G Raghuram	Independent	4	3	4	-	2	Absent
7.	Mr. Mukesh Kacker	Independent	4	3	-	-	-	Absent
8.	Mr. V Shivkumar	Executive	4	4	11	-	3	Present
9.	Mr. Sandesh R Chonkar	Executive	4	3	12*	-	2	Present

* Excluding foreign Companies

4. COMMITTEES OF THE BOARD:

In order to focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific c terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The Board of Directors and the Committees also take decisions by the circular resolutions which are noted at the next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting. The guidelines framed for Board/Board Committee meetings facilitate the decision making process at the meetings of the Board/Board Committees in an informed and efficient manner.

The Board has currently established the following Committees:

1. Audit Committee
2. Remuneration Committee (earlier named as Remuneration and Compensation Committee)
3. Compensation Committee (earlier named as Remuneration and Compensation Committee)
4. Share Transfer and Investor Relations Committee
5. Committee of Directors

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

AUDIT COMMITTEE

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

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies. The Committee, inter alia, performs the following functions:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Significant adjustments made in the financial statements arising out of audit findings.
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any related party transactions.
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds as and when raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults if any in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Carrying out any other function as is assigned to the Audit Committee.
15. Such other powers & duties as may be required to be included in terms of Listing Agreement amended from time to time.

The meetings of Audit Committee are also attended by Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Committee also invites such of the other Directors or Executives as it considers appropriate to be present at the meeting. The Company Secretary acts as the secretary to the Committee. Minutes of each Audit Committee meeting are placed before, and when considered appropriate, are discussed in the meeting of the Board. The Audit Committee, inter alia, reviews the adequacy of the internal control functions, and reviews the Internal Audit reports including those related to Internal Control weaknesses, if any. The Audit Committee is provided necessary assistance and information to carry out their functions effectively.

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

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Bairagra	5	5
2.	Mr. Rishabh P Shah	5	5
3.	Mr. Sandesh R Chonkar	5	4

Five meetings of the Audit Committee were held during the year on the dates given below:
23rd April, 2010, 11th August, 2010, 15th November, 2010, 24th November, 2010 and 2nd February, 2011. Mr. Ashish Bairagra is the Chairman of the Audit Committee.

M/s M.G.B. & Co., Chartered Accountants, Mumbai, (Firm Registration No. 101169W), the Company's independent Statutory Auditor, is responsible for performing an independent audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

REMUNERATION AND COMPENSATION COMMITTEE

The Company had a Remuneration and Compensation Committee till 15th November, 2010, whose broad terms of reference were as under:

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

The composition of the Remuneration and Compensation Committee and the details of meetings attended held till 15th November, 2010 are given below:

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

The Remuneration and Compensation Committee met twice during the period, i.e. on 23rd April, 2010 and 8th November, 2010 and Mr. Ashish Bairagra was its Chairman.

At the Board Meeting of the Company held on 15th November, 2010, the Remuneration and Compensation Committee was split and constituted into two separate Committees namely (i) Remuneration Committee and (ii) Compensation Committee

REMUNERATION COMMITTEE

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

To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, including recommendation for fixation and periodic revision of compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

The Committee comprises of Mr. Ashish Bairagra, Mr. Rishabh Shah and Prof G. Raghuram. Mr. Ashish Bairagra is the Chairman of the Committee, Two members shall be the quorum for the meeting of the said Committee. The Secretary of the Company shall be the Secretary of the Committee. The minutes of the Meeting of the Committee shall be placed at the meeting of Board of Directors. Each of the Non-executive Directors who are Members of the Committee shall be paid sitting fees of Rs.5,000/- for attending a meeting of the Committee.

No meeting of the reconstituted Remuneration Committee was held after the said reconstitution.

COMPENSATION COMMITTEE

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

i) Administration and superintendence of Arshiya Employees Stock Option Schemes (ESOS).
ii) Formation and review of the detailed terms and conditions of the ESOS.
iii) Grant of stock options
iv) To deal with and decide all matters pertaining to Arshiya ESOP adopted by the Board.
v) Allotment of shares on exercise of options by the Employees.

The Committee shall meet as and when required. Two Members shall be the quorum for the meeting of the said committee. The Secretary of the Company shall be the Secretary of the Committee. The minutes of the Meeting of the Committee shall be placed at the following meeting of the Board of Directors. No sitting fees shall be payable to the Members.

The Composition of the reconstituted Compensation Committee and details of meetings attended by its members after 15th November, 2010 are given below:

Sr. No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Rishabh P Shah	4	4
2.	Mr. Ashish Bairagra	4	4
3.	Mr. V Shivkumar	4	4

The reconstituted Compensation Committee met four times during year on 4th December, 2010, 23rd December, 2010, 24th January, 2011 and 11th February, 2011. Mr. Rishabh Shah is the Chairman of the reconstituted Compensation Committee.

Remuneration to Directors

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

Details of Sitting Fees/Remuneration paid to Non-executive and Executive Directors for the year ended March 31, 2011 are given below:

a) Non- executive Directors:

Sr. No.	Name of Director	Sitting Fees paid (₹)	No. of shares held (Face Value ₹ 2/- each)
1.	Mr. Ashish Bairagra	1,15,000	8,000
2.	Mr. Rishabh P Shah	1,15,000	6,095
3.	Prof. G Raghuram	65,000	-
4.	Mr. Mukesh Kacker	60,000	-
5.	Mr. James Beltran	Nil	-

b) Executive Directors:

Sr. No.	Name of Director	Salary, Perquisites, Allowances and Commission paid (₹)	No. of Shares held (excluding Stock Option)
1.	Mr. Ajay S Mittal - Chairman & Managing Director	11,041,320	Nil
2.	Mrs. Archana A Mittal - Joint Managing Director	9,025,320	2,54,14,710
3.	Mr. V Shivkumar	10,263,122	33,945
4.	Mr. Sandesh R Chonkar	10,263,122	32,500

Details of Stock Options Granted to & exercised by the Executive Directors under Arshiya Employee Stock Option Plan 2007:

Name	Initial Grant	Lapsed (35%)	Balance Entitlement	Options Exercised	Balance Option available
Mr. V Shivkumar	75,000	26,250	48,750	26,250	22,500
Mr. Sandesh R Chonkar	75,000	26,250	48,750	26,250	22,500

SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. The Company ensures that queries, complaints and suggestions are responded in a timely and consistent manner.

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

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

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

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

Sr. No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Rishabh P Shah	7	7
2.	Mr. Ashish Bairagra	7	7
3.	Mr. V Shivkumar	7	5

The meetings of the Share Transfer and Investor Relations Committee were held seven times during the year on 11th May, 2010, 25th June, 2010, 16th July, 2010, 18th August, 2010, 7th September, 2010, 18th November, 2010 and 10th February, 2011. Mr. Rishabh Shah is the Chairman of the Share Transfer and Investor Relations Committee.

Name and designation of compliance officer

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

Status of Investor complaints

The Company received eight letters/complaints relating to share transfers, non receipt of Annual Report, dividend etc. from the investors during the year ended 31.03.2011 and all of them were resolved satisfactorily.

COMMITTEE OF DIRECTORS

The Committee of Directors initially comprised of Mr. Ajay S Mittal, Mr. Ashish Bairagra, Mr. V Shivkumar and Mr. Sandesh Chonkar with Mr. Ajay S Mittal as the Chairman of the Committee. The Committee has been further broad based and Mr. Rishabh Shah, Independent Director of the Company has been appointed as a Member on the reconstituted Committee by the Board of Directors of the Company at their meeting held on 2nd February, 2011.

As regards quorum requirements for this Committee, any three members present, out of which at least one being an Independent Director, shall form the valid quorum for the Meeting of Committee of Directors.

The minutes of the Meetings of the said Committee are placed at the next meeting of the Board, but, however, if the Board Meeting is held on the same day after any Committee Meeting including Audit Committee Meeting, then Chairman of such Committee briefs the Board of the discussions and decisions at such Committee Meeting and the minutes are accordingly placed in subsequent Board Meeting.

The Committee of Directors met nineteen times during the year on 11th May, 2010, 7th June, 2010, 14th June, 2010, 12th July, 2010, 13th August, 2010, 24th September,2010, 1st October,2010, 6th October 2010, 23rd November, 2010, 1st December, 2010, 31st December, 2010, 5th January,2011, 10th January,2011, 24th January,2011, 31st January 2011, 11th February 2011, 11th March 2011, 25th March,2011, and 28th March 2011.

Sr. No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Ajay S Mittal	19	19
2.	Mr. Ashish Bairagra	19	19
3.	Mr. V Shivkumar	19	19
4.	Mr. Sandesh R Chonkar	19	19
5.	Mr. Rishabh P Shah	19	04*

* Inducted on the Committee w.e.f. 2nd February, 2011

The following is the scope, powers and functions of the reconstituted Committee of Directors:

(a) ISSUES THAT MAY BE DECIDED WITHOUT REFERENCE TO BOARD MEETING AT ALL FOR APPROVAL

(i) Opening and closing banking accounts of the Company, to issue operating instructions/changes in authorised signatories to alter the authority and operating instructions thereof.

(ii) In respect of securities held by the Company, opening and closing of dematerialization accounts with a depository / depository participant, and to alter the operating instructions thereof.

(iii) Granting of authority to, and / or issuing of Powers of Attorney in favour of employees / agents / legal counsel / consultants and other similar persons for the purpose of business of the Company including but not limited to delegating authority for filing/ defending in any legal proceedings before courts / tribunals /statutory, government and semi government authority.

(iv) Authorizing purchase/sale of moveable properties including but not limited to vehicles, office furniture, items of machinery.

(v) Confirmation and acknowledgement of Company's indebtedness, furnishing of Bond cum Legal Undertaking to Development Commissioner / any other Authority for FTWZ purposes.

(vi) Approving and authorising execution of various Agreements including their registration, Memorandum of Understanding, Leave and License agreements, Lease agreements, etc.

(vii) To consider and approve such other matters which are not statutorily required to be specifically considered and approved at the Board Meetings, such as making of application for getting power connections, telephone connections, pollution control related matters, making of applications before various authorities under Central / State Governments, and other regulatory bodies.

(b) ISSUES THAT SHOULD BE DECIDED IN BETWEEN TWO BOARD MEETINGS ONLY IN VIEW OF EXIGENCIES

(I) Identifying project opportunities for the business of the Company and approving project investments up to ₹100 Crores per project.

(ii) To invest, from time to time, the Company's surplus funds in units of Mutual Funds with least risk involved, and in subsidiaries of the Company, to the extent of ₹500 crores in the aggregate and also to dispose off the said investments.

(iii) To make loans to subsidiaries of the Company upto ₹500 crores in the aggregate and decide the terms thereof.

(iv) Furnishing of Corporate Guarantees, giving of undertakings in connection with the loans granted by Banks / Financial Institutions to subsidiary/group companies and pledging of shares held by the Company in Subsidiary Companies against such loans.

(v) To borrow money up to ₹200 crores per facility in respect of financing proposals.

(vi) To consider and approve medium term plans and annual budgets, and activities incidental thereto.

(vii) To approve write off of advances, accounts receivables, claims and dues to the Company upto ₹10 crores.

(viii) To approve donations to be made by the Company within the limits specified in Section 293(1) (e) of the Companies Act, 1956 (donation for political purposes excluded).

(ix) To approve and authorize transfer of land, buildings, and other infrastructure facilities from one project to another project among the Arshiya group companies.

(x) To approve and authorize purchase/sale/mortgage of immoveable properties, and other matters incidental thereto like appointment of Security Trustees as may be stipulated by Banks / Financial Institutions, etc. in their respective terms of sanction.

(c) ISSUES WHICH SHOULD BE CONSIDERED FOR RECOMMENDATION TO THE BOARD

i) Identifying project opportunities for the business of the Company and recommending to the Board for its approval various project investment proposals beyond ₹100 crores that are considered between two Board Meetings.

(ii) To consider and recommend business strategies and policies related to Mergers / acquisition and demergers.

5. BOARD PROCEDURE

The Company has defined guidelines and established framework for the meetings of the Board and Board Committees. These guidelines seek to systematize the decision-making process at the meeting of the Board and Board Committees in an informed and efficient manner. The Board critically evaluates strategic direction of the Company, management policies and their effectiveness. The agenda for Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the Board reviews financial reports from the CFO and business reports from each of the sector heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the future growth of the Company.

The Agenda for the Board/Committee meetings is generally accompanied by background notes and other material information which is circulated among the Directors in advance to facilitate discussion for taking an informed decision. Presentations are made on business operations to the Board on a regular basis. The minutes of the proceedings of the meetings of the Board of Directors are noted and the draft minutes are circulated amongst the members of the Board for their approval. Comments, if any, received from the Directors are also incorporated in the Minutes in consultation with the Chairman and Managing Director. The minutes of the Board Meetings are approved by the Members of the Board at the next meeting. Senior Management personnel are invited to provide additional inputs for the items being discussed by the Board as and when deemed appropriate and necessary.

Post Meeting internal communication system

The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions promptly for their immediate action and resultant feedback. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Board Committee for noting by the Board/Board Committee.

Information Supplied to the Board:

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

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.

- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

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

6. SUBSIDIARY COMPANIES:

All subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders.

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

The Company has twenty four subsidiary companies, including sixteen step down subsidiaries as on 31.03.2011. Further, it has a "Material non-listed Indian Subsidiary, and in compliance with the conditions specified in Clause 49 of the Listing Agreement, two Independent Directors on the Board of the Company, have been appointed as Directors on the Board of the Material non-listed Indian Subsidiary , as well as on its Audit Committee.

7. GENERAL BODY MEETINGS

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

Financial Year	Date & Time	Venue
2009-2010	24th September, 2010	6th Floor, Oricon House, Maharashtra Chambar of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai- 400001
2008-2009	29th September, 2009 at 3:00 p.m.	6th Floor, Oricon House, Maharashtra Chambar of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai- 400001
2007-2008	24th September, 2008 at 4:00 p.m.	6th Floor, Oricon House, Maharashtra Chambar of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai- 400001

In the last three AGMs, following special resolutions were passed

AGM held on	Special Resolution passed
24th September, 2010	• Appointment of Mrs. Archana A Mittal as Joint Managing Director of the Company and approval of remuneration
29th September, 2009	• Appointment of Mr. Ajay S Mittal as Chairman and Managing Director of the Company and approval of remuneration. • Appointment of Mrs. Archana A Mittal as Whole-time Director of the Company and approval of remuneration.
24th September, 2008	• Alteration of the Articles of Association of the Company by replacing existing clause 10 and by inserting new clause 61A.

b) Resolution passed through Postal Ballot

No resolution was passed through postal ballot during the year.

8. DISCLOSURES

a) Related Party Transactions

Transactions with related parties have been disclosed in Note No.16 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 provision8s of Clause 49 of the Listing agreement

b) Disclosure of Accounting Treatment

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

c) Disclosure of Risk Management

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

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

The Company has not received any proceeds from any issue during the year except through the issue of Equity Shares under the Company's Employee Stock option Scheme.

e) Management Discussion & Analysis:

Management Discussion & Analysis Report forms part of Annual Report.

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

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

9. CEO / CFO CERTIFICATION

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

10. COMPLIANCE BY THE COMPANY

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

11. MEANS OF COMMUNICATION

a) The quarterly, half-yearly and annual financial results are usually published in The Economic Times apart from the mandatory publications of the same in Free Press Journal and Navashakti.

b) The Company has its own website viz. www.arshiyainternational.com and the financial results and quarterly shareholding pattern along with other relevant information useful to the investors are uploaded on the website regularly.

c) The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to Analysts etc. A brief profile of Directors is also on the Company's website. Members also have the facility of raising their queries/complaints on share related matters through a facility provided 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.

12. ROLE OF THE COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS:

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters.

13. GENERAL SHAREHOLDER INFORMATION:

a)	Date Time and Venue of Annual General Meeting	**Date** : 20th September, 2011 **Time** : 3.30 p.m. **Venue** : MC Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001
b)	Financial Calendar - 2011-2012 (Tentative)	I) First Quarter Results - 10th August, 2011 ii) Second Quarter Results - On or before 15th November, 2011 iii) Third Quarter Results - On or before 15th February, 2012 iv) Fourth Quarter Results - On or before 15th May, 2012
c)	Date of Book Closure	13th September, 2011 to 20th September, 2011 (both days inclusive)
d)	Dividend payment date	On or after 27th September, 2011
e)	Listing on Stock Exchanges	Bombay Stock Exchange Limited. National Stock Exchange of India Limited (w.e.f. 14th December, 2009) The Company has paid the Listing fees for the year 2011-2012.
f)	Stock Code Symbol	BSE : 506074 NSE: ARSHIYA
g)	Demat ISIN Number For CDSL and NSDL	INE968D01022

h) Market Price Data:

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

Month	Bombay Stock Exchange (BSE)*			BSE Sensex*	
	Month's High Price (in ₹ Per Share)	Month's Low Price (in ₹ Per Share)	Month's Volume	Month's High	Month's Low
April 10	243.70	180.00	7,77,263	18,047.86	17,276.80
May 10	214.80	175.00	13,41,228	17,536.86	15,960.15
June 10	248.90	211.00	4,48,178	17,919.62	16,318.39
July 10	276.00	226.00	6,76,004	18,237.56	17,395.58
August 10	320.65	243.00	10,00,144	18,475.27	17,819.99
September 10	296.00	260.05	9,06,257	20,267.98	18,027.12
October 10	363.40	267.05	21,21,461	20,854.55	19,768.96
November 10	341.70	235.55	4,11,896	21,108.64	18,954.82
December 10	297.00	190.00	9,24,062	20,552.03	19,074.57
January 11	280.00	190.05	2,79,981	20,664.80	18,038.48
February 11	223.00	180.00	4,92,459	18,690.97	17,295.62
March 11	237.00	170.60	8,14,333	19,575.16	19,575.16

*Source: www.bseindia.com

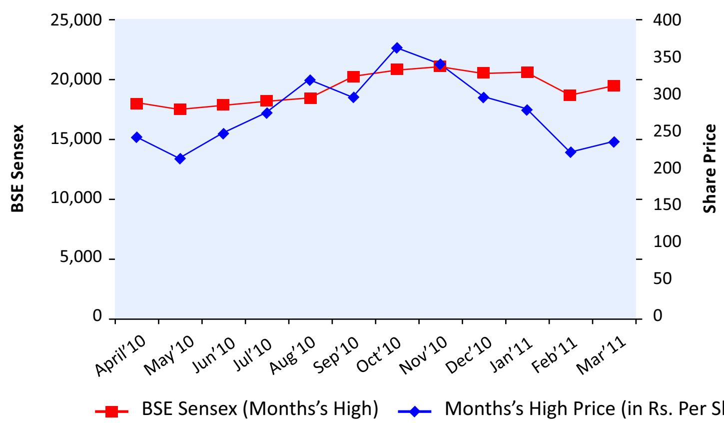
The monthly high and low quotations of shares traded on NSE and S&P CNX Nifty during each month in last financial year are as follows:

Month	National Stock Exchange (NSE)*			S&P CNX NIFTY Index*	
	Month's High Price (in ₹ Per Share)	Month's Low Price (in ₹ Per Share)	Month's Volume	Month's High	Month's Low
April 10	243.50	179.05	5,71,851	5,399.65	5,160.90
May 10	214.00	171.20	17,48,973	5,278.70	4,786.45
June 10	257.70	211.00	5,66,730	5,366.75	4,961.05
July 10	277.40	225.00	6,41,536	5,477.50	5,225.60
August 10	320.80	253.00	11,95,734	5,549.80	5,348.90
September 10	295.00	255.55	10,58,470	6,073.50	5,403.05
October 10	362.90	267.00	32,64,128	6,284.10	5,937.10
November 10	349.00	241.50	8,25,647	6,338.50	5,690.35
December 10	296.90	179.30	11,67,682	6,147.30	5,721.15
January 11	279.95	191.00	2,55,211	6,181.05	5,416.65
February 11	214.00	180.00	2,28,828	5,599.25	5,177.70
March 11	238.00	170.65	9,73,324	5,872.00	5,348.20

*Source: www.nseindia.com

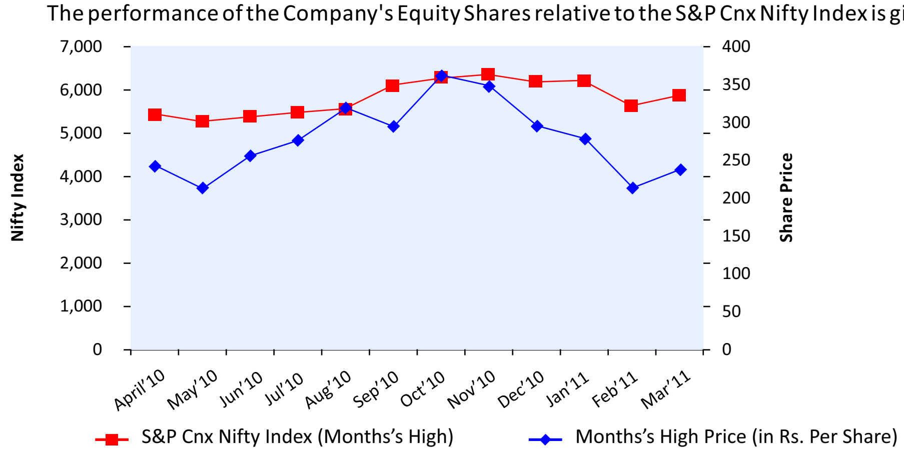
I) (1) Relative Performance of Arshiya International Limited's Shares Price Vs. BSE Sensex

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



I) (2) Relative Performance of Arshiya International Limited's Shares Vs. S&P Cnx Nifty Index

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



j) **Registrar and Share Transfer Agent:**
Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400 072
Tel.: 91-22-2847 0652/ 40430200 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 documents are found in order. All requests for dematerialization of shares are processed and the confirmation is given to the respective depository's i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

l) **(a) Category wise distribution of equity shareholding as at 31st March , 2011:**

Category	Number of shares held (₹ 2/- each)	Percentage of Shareholding (%)
Promoter and Promoter Group	2,54,14,710	43.20
Mutual Funds/ UTI	16,59,374	2.82
Financial Institutions/ Banks	500	0.00
Foreign Institutional Investors	95,35,568	16.21
Bodies Corporate	54,94,190	9.34
Individuals	90,02,893	15.30
Clearing Member	13,910	0.02
Directors/Relatives	1,32,040	0.23
Employee	43,814	0.07
NRI	6,70,707	1.14
Foreign National	11,45,000	1.95
Foreign Company	57,16,766	9.72
GRAND TOTAL	**58,829,472**	**100.00**

l) **(b) Distribution of shareholding as on 31st March 2011:**

Number of Equity shares held	Total Holders	% of total holders	Total Holding in ₹	% of Total Capital
0001 - 5000	4,637	93.50	29,08,768	2.47
5001 - 10000	113	2.27	8,42,390	0.71
10001 - 20000	85	1.71	12,87,300	1.09
20001 - 30000	19	0.38	4,75,606	0.40
30001 - 40000	13	0.26	4,71,392	0.40
40001 - 50000	13	0.26	5,86,186	0.49
50001 - 100000	23	0.46	18,68,132	1.58
100001 - 99999999	56	1.12	10,92,19,170	92.82
Total	**4,959**	**100.00**	**11,76,58,944**	**100.00**

m) **Dematerialization of shares and Liquidity:**
About 89.27% of the total number of shares are in dematerialized form as on 31st March 2011. The Equity shares of the Company are traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

n) **Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity.**
As on 31st March, 2011, there were no Outstanding ADRs or GDRs, Warrants or any convertible instruments.

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

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400 072.
Tel.: 91-22-2847 0652/ 40430200 Fax.: 91-22-2847 5207
E-mail: info@bigshareonline.com

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

Company Secretary
Arshiya International Ltd.
3rd Floor, Plot no. 61, Road No. 13,
M.I.D.C., Andheri (East), Mumbai- 400093
Email : grv.redressal@arshiyainternational.com

COMPLIANCE WITH THE CORPORATE GOVERNANCE FRAMEWORK

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

NON –MANDATORY REQUIREMENTS:-

(a) The Board:

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

(b) Remuneration Committee:

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

(c) Shareholder Rights:

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

(d) Training of Board Members:

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

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

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

(f) Whistle Blower Policy:

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

Annexure I:-

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited, to the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Company as applicable to them for the financial year ended on 31st March, 2011.

Date: 10th August, 2011
Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

Annexure II:-

CEO/CFO CERTIFICATION

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

(a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that:

(I) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2011 which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

d) During the year:
(I) There has not been any significant changes in internal control over financial reporting;
(ii) There have not been any significant changes in accounting policies except as disclosed in financial statements and
(iii) There have been no Instances of significant fraud of which we have become aware that involve management or other employee having significant role in the Company's internal control system over financial reporting.

Date: 10th August, 2011
Place: Mumbai

Ajay S Mittal
Chairman & Managing Director

Nitin Kolhatkar
Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
ARSHIYA INTERNATIONAL LIMITED

I have examined the records concerning Compliance of the conditions of Corporate Governance by **ARSHIYA INTERNATIONAL LTD.** for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreements entered into with the Bombay Stock Exchange Limited(BSE) and National Stock Exchange of India Limited (NSE).

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

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

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

P K B NAMBIAR
Company Secretary

Date: 10th August, 2011
Place : Mumbai

FCS No.1296
CP: 1090


FINANCIAL
SECTION

AUDITORS' REPORT

TO,
THE MEMBERS OF
ARSHIYA INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of Arshiya International Limited as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

4. Without qualifying our report, we draw attention to,

   i) Note 10(a) regarding change in policy of charging for depreciation from written down value method to straight-line method with retrospective effect and the said change has resulted a surplus of ₹ 16,111,279. Consequently, net profit for the year is higher by ₹ 10,883,975. Had the Company continued with the written down value method, the charge of depreciation would have been higher by Rs 48,767,509 and the deferred tax charge lower by Rs 15,822,618 and,

   ii) Note 10(b) regarding change in accounting policy for ancillary cost incurred during the year to amortise over the tenure of borrowings, in conformity with Accounting Standards, resulted in profit before tax is higher by ₹ 70,881,932.

5. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

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

   (e) On the basis of written representations received from the directors as at 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes to accounts as per Schedule 18, give the information required by the Act 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 31st March 2011;

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

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

Sanjay Kothari
Partner
Membership No 48215

Mumbai, 10th August 2011

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of Auditors' Report to the Members of Arshiya International Limited on the accounts for the year ended 31st March 2011.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.

   (b) According to the information and explanations given to us, the fixed assets physically verified by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

   (c) The Company has not disposed off substantial part of fixed assets during the year.

2. Considering the nature of business activity carried out by the Company, requirements of clause (ii) of paragraph 4 of the order regarding inventory are not applicable to the company.

3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain capital items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. The Company's operation does not involve purchase of inventories and sale of goods. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system except for capital items as stated above.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, entered in the register maintained under Section 301 of the Act, and exceeding the value of rupees five lacs, are of a special nature, for which comparative prices are not available. Hence, we are unable to comment on the reasonableness of the price or otherwise of such transactions.

6. The Company has not accepted any deposits from the public during the year.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act in respect of the Company's activities.

9. According to the information and explanations given to us and records of the Company examined by us;

   (a) Undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable have generally been regularly deposited with the appropriate authorities *except delay deposit of employee state insurance due to pending registration with the requisite authorities*. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.

   (b) There are no disputed amounts on account of sales tax, wealth tax, services tax, custom duty, excise duty and cess which have not been deposited except on account of income tax, details as under -

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

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks during the year. The Company has not obtained any borrowings from financial institution or by way of debenture.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantee for loan taken by subsidiaries from banks and financial institutions are prima facie not prejudicial to the interests of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans raised during the year has been applied for the purpose for which they were raised.
17. According to the information and explanations given to us, and the examination of the balance sheet of the Company and other records, on overall basis, we report that short-term funds have not been used for long-term investments.
18. During the year, the Company has made preferential allotment of shares under the ESOP scheme to the parties covered in the register maintained under section 301 of the Act. The price at which these shares were issued is prima facie not prejudicial to the interests of the Company.
19. The Company has not issued any secured debentures during the year.
20. The Company has not raised any money by way of public issues during the year.
21. Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Sanjay Kothari
Partner
Membership No 48215

Mumbai, 10th August 2011

BALANCE SHEET AS AT MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	117,658,944	117,505,644
Employee stock options outstanding		4,994,598	11,828,978
Reserves and Surplus	2	5,026,160,807	4,839,050,337
		5,148,814,349	**4,968,384,959**
Loan Funds			
Secured Loans	3	6,556,478,713	3,064,114,423
Unsecured Loans	4	240,000,000	529,994,803
		6,796,478,713	3,594,109,226
Deferred tax liabilities/(assets) (Refer Note 20)		55,080,160	(572,095)
Total		12,000,373,222	**8,561,922,090**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		3,431,767,234	233,705,031
Less: Depreciation/Amortization		123,231,122	57,800,929
Net block		3,308,536,112	175,904,102
Capital work in progress		4,901,329,637	6,058,121,669
		8,209,865,749	**6,234,025,771**
Investments	6	1,135,181,000	1,138,304,322
Current Assets, Loans and Advances			
Sundry Debtors	7	951,228,952	914,498,523
Cash and Bank Balances	8	694,868,268	433,056,935
Loans and Advances	9	3,485,859,575	1,937,528,894
		5,131,956,795	**3,285,084,352**
Less: Current Liabilities and Provisions			
Current Liabilities	10	2,636,545,781	2,011,082,958
Provisions	11	99,743,348	84,409,397
		2,736,289,129	**2,095,492,355**
Net Current Assets		2,395,667,666	**1,189,591,997**
Miscelleneous Expenditure (to the extent not written off or adjusted)			
Deferred Revenue Expenditure [Refer Note 10 (b)]		259,658,807	-
Total		12,000,373,222	**8,561,922,090**
Notes to accounts	18		

As per our attached report of even date
For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215
Mumbai, 10th August 2011

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman and Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Income from Operations	12	**4,530,135,085**	2,736,078,505
Other Income	13	**224,117,460**	93,297,704
Total		**4,754,252,545**	**2,829,376,209**
EXPENDITURE			
Operating Expenses	14	**3,485,580,275**	2,227,568,104
Personnel Cost	15	**242,332,299**	155,296,647
Administrative and Other Expenses	16	**271,001,016**	152,111,544
Financial Expenses	17	**315,608,593**	45,158,500
Depreciation / Amortisation	5	**69,609,633**	17,984,483
Total		**4,384,131,816**	**2,598,119,278**
Profit before exceptional items		**370,120,729**	**231,256,931**
Exceptional Items (Refer Note 11)			
Surplus on change in Depreciation policy		**16,111,279**	-
Charges for prematured repayment of loans		**(21,664,744)**	-
Profit Before Tax		**364,567,264**	**231,256,931**
Less : Provision for Taxation			
- Current tax - Current Year		**72,000,000**	76,000,000
- Earlier Years		**-**	118,242
- MAT Credit Entitlement		**(12,425,272)**	-
- Deferred tax charge		**55,652,255**	1,142,633
Net Profit After Tax		**249,340,281**	**153,996,055**
Balance brought forward		**290,917,982**	220,832,858
Amount available for Appropriation		**540,258,263**	**374,828,913**
Appropriations			
Proposed Dividend		**70,595,366**	58,752,822
Tax on Proposed Dividend		**11,452,333**	9,758,109
Transfer to General reserve		**25,000,000**	15,400,000
Balance carried to Balance Sheet		**433,210,564**	**290,917,982**
		540,258,263	**374,828,913**
Notes to accounts	18		
Earnings per Share - (Equity Shares par value ₹ 2 each) **Basic and Diluted Earning per share** (Refer Note 19)		**4.24**	**2.62**

As per our attached report of even date
For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215
Mumbai, 10th August 2011

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman and Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars		Year ended March 31, 2011	Year ended March 31, 2010
Cash Flow From Operating Activities			
Profit Before Tax		364,567,264	231,256,931
Adjustments for			
Depreciation/ Amortization		53,498,354	17,984,483
Interest expenses		333,433,807	45,158,500
Interest income		(215,818,111)	(83,195,356)
Loss on sale of fixed assets (net)		139,598	1,150,439
Dividend income		(4,039,263)	(223,323)
Ancillary cost written off		1,817,485	-
Exchange adjustment		434,282	6,524,841
Provision for doubtful debts		(4,576,020)	506,876
Employee compensation expenses		3,648,839	(2,569,808)
Operating Profit Before Working Capital Changes		533,106,235	216,593,583
Adjustments for :			
(Increase)/decrease in Trade and other receivables		(80,591,201)	(447,202,769)
Increase/(decrease) in Trade creditors and other payable		178,405,119	228,714,007
Cash Generated From / (Used In) Operations		630,920,153	(1,895,179)
Direct taxes paid		(61,781,591)	(91,895,189)
Net Cash Flow From/ (Used In) Operating Activities	**(A)**	569,138,562	(93,790,368)
Cash Flow From / (Used In) Investing Activities			
Purchase of fixed assets/ Capital Work in Progress		(2,019,661,940)	(2,357,146,892)
Proceeds from sale of fixed assets		488,983	4,238,140
Advance received from subsidiaries against land (net)		439,671,489	904,115,899
Investment of subsidiaries		(600,000)	(7,837,400)
Disposal of investments		-	7,000
Purchase of investments in units of mutual funds		(1,314,000,000)	(143,723,322)
Redemption of investments in units of mutual funds		1,317,723,322	140,000,000
Dividend received		4,039,263	223,323
Interest received		221,392,530	88,717,472
Net Cash Flow From / (Used In) Investing Activities	**(B)**	(1,350,946,353)	(1,371,405,780)
Cash Flow From / (Used In) Financing Activities			
Proceeds from issuance of shares		16,096,500	-
Ancillary Cost incured		(261,476,292)	-
Loan to subsidiaries		(2,693,392,966)	(1,865,029,067)
Loan repaid by subsidiaries		1,181,397,229	780,783,124

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars		Year ended March 31, 2011	Year ended March 31, 2010
Proceeds from long term borrowings		6,588,121,880	2,799,197,983
Repayment of long term borrowing		(3,510,027,491)	-
Proceeds from short term borrowings		3,142,497,612	729,994,803
Repayment of short term borrowing		(3,018,222,510)	(725,000,000)
Dividend paid		(68,501,251)	(55,083,428)
Interest Paid		(332,873,587)	(46,305,847)
Net Cash Flow from / (used in) Financing Activities	**(C)**	**1,043,619,124**	**1,618,557,568**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		**261,811,333**	**153,361,420**
Opening Cash and Cash Equivalents		**433,056,935**	**279,695,515**
Closing Cash and Cash Equivalents (Refer Note 1 below)		**694,868,268**	**433,056,935**

Notes to the Cash Flow Statement

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

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Cash in hand	1,754,208	1,244,003
Balance with scheduled banks:		
In current accounts	557,943,710	332,049,669
In fixed and margin deposits (against letter of credit and bank guarantees)	135,170,350	99,763,263
	694,868,268	**433,056,935**

2. The above Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3 (AS 3) Cash Flow Statements' as specified in Companies (Accounting Standard) Rules, 2006.

3. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to current years' classification.

As per our attached report of even date
For **MGB & Co**
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215
Mumbai, 10th August 2011

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman and Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 1 : Share Capital		
Authorised		
75,000,000 (75,000,000) Equity shares of ₹ 2 each	150,000,000	150,000,000
Issued, subscribed and paid up		
58,829,472 (58,752,822) Equity shares of ₹ 2 each, fully paid up	117,658,944	117,505,644
of the above:		
a) 22,627,500 (22,627,500) equity shares of ₹ 2 each (fully paid up) are issued as bonus shown by capitalization of Securities Premium		
b) 1,560,000 (1,560,000) equity shares allotted to shareholders of BDP (India) Private Limited, pursuant to the Scheme of Amalgamation		
Total	117,658,944	117,505,644
SCHEDULE 2 : Reserves and Surplus		
Securities Premium		
As per last balance sheet	4,480,309,197	4,480,309,197
Add: Received / Adjusted during the year	19,817,888	-
	4,500,127,085	4,480,309,197
Amalgamation Reserve *		
As per last balance sheet	12,480,000	12,480,000
General Reserve		
As per last balance sheet	55,343,158	39,943,158
Add: Transferred from Profit and Loss Account	25,000,000	15,400,000
	80,343,158	55,343,158
Profit and Loss Account	433,210,564	290,917,982
Total	5,026,160,807	4,839,050,337
* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Honorable High Court of Judicature at Bombay, Amalgamation reserve is free for all purposes.		
SCHEDULE 3 : Secured Loans [Refer Note 2]		
Term Loan from Banks	6,046,179,006	2,964,120,163
Short Term Loan from Banks	309,705,322	-
Working Capital Loan from Banks	198,672,152	93,227,672
Vehicle Loans	1,922,233	2,790,317
Interest accrued and due	-	3,976,271
Total	6,556,478,713	3,064,114,423
SCHEDULE 4 : Unsecured Loans [Refer Note 3]		
From Banks	-	299,994,803
Inter - Corporate Deposits	240,000,000	230,000,000
Total	240,000,000	529,994,803

SCHEDULE 5 - Fixed Assets

Sr No	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
		As at April 1, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	Up to March 31, 2010	Surplus on change in method of depreciation #	For the year	Deductions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
	a) Tangibles											
1	Freehold Land	**-**	634,470,915	-	**634,470,915**	**-**	-	-	-	**-**	**634,470,915**	-
2	Building	**17,015,200**	1,626,218,164	-	**1,643,233,364**	**4,329,499**	2,739,875	9,023,052	-	**10,612,676**	**1,632,620,688**	12,685,701
3	Leasehold Improvements	**140,481,803**	27,920,781	-	**168,402,584**	**25,348,404**	-	33,015,092	-	**58,363,496**	**110,039,088**	115,133,399
4	Plant and Machinery	**-**	414,270,296	-	**414,270,296**	**-**	-	6,523,308	-	**6,523,308**	**407,746,988**	-
5	Computers	**26,332,035**	35,259,739	72,293	**61,519,481**	**11,893,185**	4,633,286	7,056,115	41,889	**14,274,125**	**47,245,356**	14,438,850
6	Equipments	**16,497,761**	153,316,654	136,840	**169,677,575**	**3,342,343**	1,914,813	3,711,562	66,052	**5,073,040**	**164,604,535**	13,155,418
7	Vehicles (Refer Note 1)	**16,238,905**	4,232,767	988,953	**19,482,719**	**7,029,526**	3,782,591	1,889,819	461,564	**4,675,190**	**14,807,529**	9,209,379
8	Furniture and Fixtures	**16,415,767**	83,511,175	432,826	**99,494,116**	**5,680,683**	3,040,714	5,444,142	432,826	**7,651,285**	**91,842,831**	10,735,084
	b) Intangibles											
1	Softwares	**723,560**	220,258,924	-	**220,982,484**	**177,289**	-	15,806,761	-	**15,984,050**	**204,998,434**	546,271
2	Trade Mark and Patents	**-**	233,700	-	**233,700**	**-**	-	73,952	-	**73,952**	**159,748**	-
	Total	**233,705,031**	**3,199,693,115**	**1,630,912**	**3,431,767,234**	**57,800,929**	**16,111,279**	**82,543,803**	**1,002,330**	**123,231,122**	**3,308,536,112**	**175,904,102**
	Previous Year	126,493,189	114,770,636	7,558,794	233,705,031	29,979,939	-	29,991,205	2,170,215	57,800,929	175,904,102	

Notes:

1. Gross Block includes cost of vehicles taken on lease of ₹ 8,394,884 (₹ 8,394,884).
2. Depreciation for the year includes ₹ 12,934,170 (₹ 12,006,722) transferred to Pre-operative Expenses.
3. # Refer Note 10 (a)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6 : Investments (unquoted, unless otherwise stated)		
I. Long Term (at cost)		
In Subsidiary companies - Wholly Owned		
300,000 (300,000) Equity shares of Arshiya Hong Kong Limited of USD 1 each, fully paid up	53,250,000	53,250,000
2,500,000 (2,500,000) Equity shares of Cyberlog Technologies International Pte. Limited of SGD 0.10 each, fully paid up	60,500,000	60,500,000
100,000 (100,000) Equity shares of Arshiya International Singapore Pte. Limited of SGD 1 each, fully paid up	3,431,000	3,431,000
1,600,000 (1,600,000) Equity shares of Arshiya Supply Chain Management Private Limited of ₹ 10 each, fully paid up	16,000,000	16,000,000
50,000 (50,000) Equity shares of Arshiya FTWZ Limited of ₹ 10 each, fully paid up	500,000	500,000
50,000 (50,000) Equity shares of Arshiya Domestic Distripark Limited of ₹ 10 each, fully paid up	500,000	500,000
30,350,000 (30,350,000) Equity shares of Arshiya Rail Infrastructure Limited of ₹ 10 each, fully paid up	1,000,400,000	1,000,400,000
50,000 (NIL) Equity shares of Arshiya Transport and Handling Limited of ₹ 10 each, fully paid	500,000	-
10,000 (NIL) Equity Shares of Arshiya Technologies (India) Private Limited of ₹10 each, fully paid up	100,000	-
	1,135,181,000	**1,134,581,000**
II. Current Investments		
Units of Mutual Fund		
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Nil (162,583) units of ₹ 10 each	-	2,723,322
SBI Debt Fund Series - Growth Fund Nil (100,000) units of ₹ 10 each	-	1,000,000
	-	**3,723,322**
Total	1,135,181,000	**1,138,304,322**
Units of mutual funds bought and sold during the year (FV ₹ 10 each)	Units	**Cost**
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	28,010,078	**280,268,840**
SBI Magnum Insta Cash Fund - Daily Dividend	32,238,229	**540,000,000**
2031/ HDFC Cash Management Fund - Treasury Advantage Plan - Daily Dividend	13,956,038	**140,000,000**
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	21,957,183	**220,000,000**
LICMF Income Plus Fund - Daily Dividend Plan	2,400,000	**24,000,000**

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 7 : Sundry Debtors		
Debts outstanding for a period exceeding six months		
Considered good	9,740,823	55,412,192
Considered doubtful	689,090	5,265,110
	10,429,913	60,677,302
Other debts - considered good	941,488,129	859,086,331
	951,918,042	919,763,633
Less : Provision for doubtful debts	689,090	5,265,110
Total	951,228,952	914,498,523
SCHEDULE 8 : Cash and Bank Balances		
Cash in hand	1,754,208	1,244,003
Balances with scheduled banks:		
- in current accounts *	557,943,710	332,049,669
- in fixed deposits	-	6,111,348
- in margin money deposits	135,170,350	93,651,915
(against guarantees, letter of credit and cash credit facilities)		
* includes balance in unclaimed dividend accounts		
₹ 1,233,386 (₹ 1,181,190)		
Total	694,868,268	433,056,935
SCHEDULE 9 : Loans and Advances		
(Unsecured, considered good)		
Loans and advances to subsidiaries	3,300,277,176	1,788,281,438
Advances (recoverable in cash or in kind or for value to be received)	33,005,043	69,508,702
Advance Tax (net of provisions)	52,398,680	-
Deposits	100,178,676	79,738,754
Total	3,485,859,575	1,937,528,894
SCHEDULE 10 : Current Liabilities		
Sundry Creditors		
- Due to Micro and Small Enterprises (Refer Note 5)	-	-
- Capital Goods	367,856,292	357,551,319
- Others	568,085,498	389,778,568
Advance received from subsidiaries against land (Refer Note 22)	1,593,787,388	1,154,115,899
Other Liabilities	104,443,679	97,429,611
Trade Advance received	621,834	195,992
Book overdraft	-	10,830,379
Unclaimed dividend	1,190,870	1,181,190
Interest accrued but not due on loan	560,220	-
Total	2,636,545,781	2,011,082,958

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars		As at March 31, 2011	As at March 31, 2010
SCHEDULE 11 : Provisions			
Retirement Benefits		17,695,649	14,206,987
For Taxation (net of advance tax and tax deducted at source)		-	1,691,479
Proposed Dividend		70,595,366	58,752,822
Tax on Proposed Dividend		11,452,333	9,758,109
	Total	**99,743,348**	**84,409,397**
SCHEDULE 12 : Income From Operations			
Income from logistics operations and related services		4,321,773,459	2,736,078,505
Income from Free Trade Warehousing Zone operations and related services		208,361,626	-
	Total	**4,530,135,085**	**2,736,078,505**
SCHEDULE 13 : Other Income			
Interest income from subsidiaries [Tax Deducted at Source ₹ 20,087,977/- (₹ 12,696,035/-)]		200,879,323	77,912,531
Interest income from others [Tax Deducted at Source ₹ 1,469,189/- (₹ 757,719/-)]		14,938,788	5,282,825
Profit on redemption of units of mutual fund		4,039,263	223,323
Dividend from subsidiaries (Gross) [Tax deducted at source ₹ Nil (Nil)]		-	1,301,725
Gain on foreign exchange fluctuations		2,978,141	-
Balances written back		1,017,628	8,566,071
Miscellaneous Income		264,317	11,230
	Total	**224,117,460**	**93,297,704**
SCHEDULE 14 : Operating Expenses			
Cost of logistic operations		3,472,585,014	2,227,568,104
Cost of Free Trade Warehousing Zone operations		12,995,261	-
	Total	**3,485,580,275**	**2,227,568,104**
SCHEDULE 15 : Personnel Cost			
Salary, bonus and other allowances		211,027,965	129,180,349
Contribution to provident fund and other funds		14,228,397	13,172,372
Staff welfare		17,301,785	15,513,734
Employee compensation expenses (Refer Note 9)		(225,848)	(2,569,808)
	Total	**242,332,299**	**155,296,647**

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 16 : Administrative and Other Expenses		
Rent	56,934,127	16,329,585
Rates and taxes	18,789,413	2,366,724
Insurance	1,105,288	273,639
Electricity charges	7,279,132	4,312,501
Repairs and maintenance - Building	646,603	1,692,795
- Others	12,599,996	5,936,832
Communication expenses	13,267,396	11,787,182
Travelling and conveyance expenses	37,868,658	21,911,939
Vehicle expenses	15,811,930	12,775,332
Printing and stationery	4,036,779	4,139,651
Legal and Professional Charges	31,544,312	18,329,649
Security charges	11,354,409	590,156
Miscellaneous expenses	19,852,409	9,220,758
Auditors remuneration - Statutory audit fees	4,963,500	4,963,500
- Other matters	49,635	1,108,086
- Out of pocket expenses	42,190	-
Advertisement and business promotion expenses	31,885,477	13,721,567
Royalty paid	1,414,156	1,519,271
Loss on foreign exchange fluctuation (net)	-	19,363,412
Bad debts	5,992,028	111,650
Provision for doubtful debts	(4,576,020)	506,876
Loss on sale of fixed assets (net)	139,598	1,150,439
Total	**271,001,016**	**152,111,544**
SCHEDULE 17 : Financial Expenses		
Interest on		
- Fixed Loans	298,958,001	29,939,819
- Working Capital Loans	8,352,123	10,081,392
- Others	970,830	150,154
Bank and other financial charges	7,327,639	4,987,135
Total	**315,608,593**	**45,158,500**

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

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.

b. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. The difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

c. Fixed Assets

i) Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses except land which is carried at cost including lease premium. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

ii) Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet including advances for capital expenditure.

iii) The capitalized cost of software includes license fees, cost of implementation and system integration services. These costs are capitalized as intangible assets in the year in which related software is implemented.

d. Borrowing Costs

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

e. Depreciation and Amortization

i) Depreciation on fixed assets is provided on straight-line method at the rates and manner prescribed under Schedule XIV to the Companies Act, 1956. During the current year, the company has revised its accounting policy of providing for depreciation from written down value method to straight line method [Refer Note 10 (a)].

ii) Software (intangible asset other than (iii) below), is amortized on a straight-line basis over a period of three to six years from the date of its implementation based on management's estimate of useful life over which economic benefits will be derived from its use.

iii) Cost of Enterprise Resource Planning (ERP) software (intangible asset) including expenditure on implementation is amortized over a period of ten years based on management's estimate of useful life over which economic benefits will be derived from its use.

iv) Leasehold improvements are amortized over period of lease.

f. Leases

Finance lease

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

Operating lease

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

g. Investments

i) Investment intended to be held for more than a year, from the date of acquisition are classified as long term and are valued at cost. Provision for diminution, if any, in the value of long term investments is made to recognize a decline, other than temporary.

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

h. Revenue recognition

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

ii) Revenue from allotment of warehousing space and open yard area to units is accounted on accrual basis as per agreed terms.

iii) Revenue from value added services and other activities is recognized based on completion of agreed contracted services.

iv) Interest and other income is accounted on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

i. Employee benefits

i) Contributions to defined contribution scheme such as provident fund and State Plans viz Employees' State Insurance Fund are charged to the Profit and Loss Account as and when incurred.

ii) The Company's defined benefit plan comprises of gratuity. The gratuity plan is administered by Life Insurance Corporation of India. Liability for the gratuity fund is determined on the basis of an independent actuarial valuation.

iii) Liability for leave encashment entitlements is provided on the basis of independent actuarial valuation.

j. Foreign currency transactions

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

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

iii) Non-monetary foreign currency items are carried at cost 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.

k. Accounting for Taxes on Income

i) Provision for current tax is made, based on the tax payable under the Income-tax Act, 1961.

ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates

l. Impairment

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

m. Employee stock options

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

n. Contingent Liabilities

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

o. Earnings per Share

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

p. Miscellaneous Expenditure

Ancillary costs incurred in connection with the arrangement of long term borrowings are amortized over the tenure of borrowings.

2. Secured Loans:

a. Term Loans from Banks:

– ₹ 5,303,491,662 (₹ 1,923,660,728) Is secured by way of first charge on all the present and future movable and immovable assets including intangible assets, assignment of rights and benefits other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Second charge on current assets of the company other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project

– ₹ 40,000,000 **(**₹ 40,471,814) Is secured by way of hypothecation charge over the assets financed viz leasehold improvment, furniture and fixtures, office equipments at MIDC Office.

– ₹ 369,445,156 (₹ 499,987,621) Is secured by way of equitable mortgage of land at Khurja, near Noida, U.P.

All the above loans are secured by personal guarantee of the Promoter Directors.

– ₹ 333,242,189 (₹ 500,000,000) Is secured by way of equitable mortgage of land situated at village Buti Bori , District Nagpur. This loan is also secured by personal guarantee of one of the Promoter Director.

Term Loans repayable within one year - ₹ 629,445,156 (₹ 370,937,500).

b. Short Term Loans from Banks:

– ₹ 200,000,000 (₹ Nil) Is secured by first ranking pari passu charge by way of hypothecation of current assets of the company. Second pari passu charge on fixed assets of the company both present and future.

– ₹ 109,705,321 (₹ Nil) Is Secured by first charge on all the present and future movable and immovable assets including intangible assets, assignment of rights and benefits other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Second charge on current assets other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project

All the above loans are secured by personal guarantee of the Promoter Directors.

c. Working Capital loan from banks:

– ₹ 198,672,152 (₹ Nil) Is secured by first charge on entire current assets of the company other than current assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Second charge on all the present and future movable and immovable fixed assets including intangible assets, assignment of rights and benefits other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project.

– ₹ Nil (₹ 93,227,672) Is secured by first hypothecation charge on entire current assets of logistics division of the company, both present and future. Second hypothecation charge on the receivables arising out of the operations of the JNPT FTWZ project, both present and future. First pari passu charge by way of equitable mortgage on immovable property located at Andheri (East) Mumbai. Subservient charge on all the immovable properties pertaining to FTWZ project JNPT and pledge of fixed deposit of ₹ 50 Lacs.

All the above loans are secured by personal guarantee of Promoter Directors.

d. Vehicle Loans:

– ₹ 1,922,233 (₹ 2,790,317) are against hypothecation of specific vehicles.

3. Unsecured Loans

a. ₹ Nil (₹ 299,994,803) is against the personal guarantee of the Promoter Directors.

b. ₹ Nil (₹ 200,000,000) is against pledge of equity shares held by a promoter director.

4. a. Contingent liability not provided for in respect of:

Particulars	2011 ₹	2010 ₹
Disputed income tax demands	4,350,076	6,609,841
Claims against the Company not acknowledged as debts	268,373,394	29,702,022
Guarantess/ Letter of credit issued by banks (net of liabilities provided)	162,618,636	642,814,009
Guarantees given on behalf of wholly owned subsidiaries of the company. Loans outstanding against such guarantees is ₹ 7,621,991,123 (₹ 2,105,077,820)	11,282,075,240	4,358,800,000

b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) – ₹ 1,341,367,174 (₹ 3,362,495,327).

c. The Company has provided security and guarantee [included in 4(a) above] to the lenders for loan granted of ₹ 400 Crore to its wholly owned subsidiary viz Arshiya Rail Infrastructure Limited.

5. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the year end together with interest payable as required under the said Act have not been given.

6. **a.** In the opinion of the management, the current assets, loans and advances and current liabilities are approximately of the value stated, if realised / paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

b. Certain debit and credit balances are subject to confirmation/reconciliation.

7. **a.** Income from logistics operations and related services mainly comprises of freight and forwarding income, clearing and handling charges, other related income and also includes related commission income of ₹ 373,775,995 (₹ 285,593,810)

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

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

(Amount in ₹)

Particulars	**Year ended 31 March, 2011**	**Year ended 31 March, 2010**
Income from logistics operations and related services	2,111,166	,436,784
Cost / (Reversal of Cost) of logistic operations	4,060,221	(1,832,536)
Rent	—	202,500
Personnel Cost	—	110,364
Interest income reversed for earlier period	—	1,343,865
Net prior period expenses / (income)	**1,949,055**	**(1,612,591)**

9. **Employee Stock Option Plan (ESOP):**

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

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

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

Particulars	Employees of Arshiya International Limited	Employees of subsidiaries of Arshiya International Limited	Total
Option outstanding at the beginning of the year	173,155 (293,100)	127,485 (631,100)	300,640 (924,200)
Options granted / transferred during the year	— (9000)	— ((9000))	— (—)
Options forfeited / transferred during the year	5,200 (52,400)	43,680 (443,200)	48,880 (495,600)
Options exercised during the year	76,650 (—)	— (—)	76,650 (—)
Options expired/lapsed during the year	48,810 (76,545)	9,030 (51,415)	57,840 (127,960)
Options outstanding at the end of the year	42,495 (173,155)	74,775 (127,485)	117,270 (300,640)
Options exercisable at the end of the year	12,749 (57,454)	22,432 (47,770)	35,181 (105,224)

Out of the total employee stock compensation credit of ₹ 2,959,692 (₹ 18,075,573) recognized during the year, on account of the options outstanding at the end of the year, the Company has credited ₹ 225,848 (₹ 2,569,808) to the Profit and Loss account, reduced from project cost ₹ 890,478 (₹ 276,466) on account of options granted to employees employed exclusively for its new projects. The balance credit of ₹ 1,843,366 (₹ 15,229,299) pertaining to the options granted to the employees of the subsidiary companies has been transferred to these subsidiary companies.

10. Changes in Accounting Policy:

a. During the current year, the Company has revised its accounting policy of providing for depreciation from written down value method to straight-line method with retrospective effect and the said change has resulted in a surplus of ₹ 16,111,279 (disclosed as exceptional item) and a debit of ₹ 5,227,305 on account of deferred tax. Consequently, the net profit for the year ended March 31, 2011 is higher by ₹ 10,883,974. Had the Company continued with the written down value method of depreciation, the charge for the year ended March 31, 2011 would have been higher by ₹ 48,767,509 and the deferred tax charge would have been lower by ₹ 15,822,618.

b. Ancillary cost in connection with the arrangement of long term borrowing is amortized over the tenure of borrowings, in conformity with Accounting Standards, as against earlier practice of charging in the year of incurrence. As a result, profit before tax (after exceptional items) of the year ended 31st March 2011 is higher by ₹ 70,881,932.

11. Exceptional items

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Surplus on change in depreciation policy [Refer Note 10 (a) above]	16,111,279	—
Charges for prematured repayment of loan.	21,664,744	—

12. Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits
The disclosures as required as per the revised AS 15 are as follows:

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 and Employees State Insurance where the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees of the Company are also entitled to leave encashment as per the Company's policy.

b. Defined contribution plan

Amount of ₹ 11,367,806 (₹ 8,879,176) is recognized as expenses and included in Employees' Remuneration – Schedule 15 in the Profit and Loss Account

c. Defined benefit plan – Gratuity (Funded):

Particulars	As at 31 March, 2011	As at 31 March, 2010
I. Actuarial assumptions:		
Discount rate	8.25%	7.5%
Rate of return on plan assets	8%	8%
Future salary rise	7%	7%
Attrition rate	10%	10%
II. Change in defined benefit obligations:		
Liability at the beginning of the year	8,483,251	2,883,748
Interest cost	636,244	304,696
Current service cost	4,831,475	1,987,037
Liability Transfer in	—	110,364
Liability Transfer out	(1,818,417)	—
Past service cost (vested and non vested benefits)	—	—
Benefits paid	—	(1,035,970)
Actuarial (gain) / loss on obligations	245,896	4,233,376
Liability at the end of the year	12,378,449	8,483,251
III. Fair value of plan assets:		
Fair value of plan assets at the beginning of the year	4,613,401	2,751,217
Expected return on plan assets	369,072	387,358
Contributions	3,355,676	2,608,741
Benefits paid	—	(1,035,970)
Actuarial gain / (loss) on plan assets	294,484	(97,945)
Fair value of plan assets at the end of the year	8,632,633	4,613,401
Total Actuarial gain / (loss) to be recognized	(48,588)	4,331,321
IV. Actual return on plan assets:		
Expected return on plan assets	369,072	387,358
Actuarial gain / (loss) on plan assets	294,484	(97,945)
Actual return on plan assets	663,556	289,413
V. Liability recognized in the Balance Sheet:		
Liability at the end of the year	12,378,449	8,483,251
Fair value of plan assets at the end of the year	8,632,633	4,613,401
Difference	(3,745,816)	(3,869,850)
Unrecognized past service cost	—	—
Liability recognized in the Balance Sheet	(3,745,816)	(3,869,850)
VI. Percentage of each category of plan assets to total fair value of plan assets:		
Insurer managed funds	100%	100%

VII.	**Expenses recognized in the Profit and Loss Account:**		
	Current service cost	4,831,475	1,987,037
	Interest cost	636,244	304,696
	Expected return on plan assets	(369,072)	(387,358)
	Net actuarial (gain) / loss to be recognized	(48,588)	4,331,321
	Past service cost (vested and non vested benefits)		-
	Expense recognized in Profit and Loss Account ##	5,050,059	6,235,696
VIII.	**Balance Sheet reconciliation:**		
	Opening net liability	3,869,850	407,910
	Expenses as above	5,050,059	6,235,696
	Employers contribution		(2,884,120)
	Net transfers from other company	—	110,364
	Net transfers to other company	(1,818,417)	—
	Closing net liability	3,745,816	3,869,850
IX.	**Expected employers contribution in next year:**		
	As per actuarial valuation report	6,118,376	2,285,250
X.	**Experience adjustments:**		
	On plan liability (gain) / loss	608,776	4,482,066
	On plan asset (loss) / gain	294,484	(97,945)

Expense recognized is net of transfer to group company for its contribution towards LIC fund amounting to ₹ 1,818,417 (₹ 929,240) and amount transferred from group companies is ₹ NIL (₹ 93,100). During the year Gratuity of ₹ 2,420,619 (₹ 1,167,450) related to project employees have been capitalized.

d. Leave Encashment (unfunded)

Particulars		As at 31st March, 2011	As at 31st March, 2010
I.	**Actuarial assumptions:**		
	Discount rate	8.25%	7. 5%
	Rate of return on plan assets	0%	0%
	Future salary rise	7%	7%
	Attrition rate	10%	10%
II.	**Change in defined benefit obligations:**		
	Liability at the beginning of the year	10,337,137	3,033,634
	Interest cost	775,285	288,367
	Current service cost	3,980,862	1,686,433
	Liability Transfer in	—	708,650
	Liability Transfer out	(3,310,907)	(566,899)
	Past service cost (vested and non vested benefits)	—	—
	Benefits paid	(2,805,326)	(1,201,077)
	Actuarial (gain) / loss on obligations	4,972,780	6,388,029
	Liability at the end of the year	13,949,831	10,337,137
III.	**Fair value of plan assets:**		

	Fair value of plan assets at the beginning of year	—	—
	Expected return on plan assets	—	—
	Contributions	2,805,326	1,201,077
	Transfer from other company	—	(708,650)
	Benefits paid	(2,805,326)	(1,201,077)
	Actuarial gain / (loss) on plan assets	—	—
	Fair value of plan assets at the end of the year	—	—
	Total Actuarial gain / (loss) to be recognized	(4,972,780)	(6,388,029)
IV.	**Actual return on plan assets:**		
	Expected return on plan assets	—	—
	Actuarial gain / (loss) on plan assets	—	—
	Actual return on plan assets	—	—
V.	**Liability recognized in the Balance Sheet:**		
	Liability at the end of the year	13,949,831	10,337,137
	Fair value of plan assets at the end of the year	—	—
	Difference	(13,949,831)	(10,337,137)
	Unrecognized past service cost	—	—
	Liability recognized in the Balance Sheet	(13,949,831)	(10,337,137)
VI.	**Expenses recognized in the Profit and Loss Account:**		
	Current service cost	3,980,862	1,686,433
	Interest cost	775,285	288,367
	Expected return on plan assets	—	—
	Net actuarial (gain) / loss to be recognized	4,972,780	5,768,969
	Past service cost (vested and non vested benefits)		
	Expense recognized in Profit and Loss Account @	9,728,927	8,362,829
VII.	**Balance Sheet reconciliation:**		
	Opening net liability	10,337,137	3,033,634
	Expenses as above	9,728,927	8,362,829
	Employers contribution	(2,805,326)	(1,210,77)
	Net transfers from other company	—	708,650
	Net transfers out	(3,310,907)	(566,899)
	Closing net liability	13,949,831	10,337,137
VIII.	**Experience adjustments:**		
	On plan liability (gain) / loss	5,564,029	6,677,557
	On plan asset (loss) / gain	—	—

@The Company has capitalized leave encashment of ₹ 5,602,554 (₹ 4,261,767) during the year towards leave salary of projects employees.

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

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

e. The Company made necessary application to the ESI authorities in June 2010 for registration under ESI Act when the same became applicable to it. However, the authorities suggested to use the registration number alloted to a company which got merged with this Company. The deposits were made accordingly. In this process, there was some delay. However, the authorities have not levied any penalty or interest for such delay as the company's application for registrations had been filed on time.

13. Segment Information:

Primary Segment Information

The Company operates in two primary reportable business segments, i.e. “Logistics operations and related services” and “Free Trade Warehousing Zone (‘FTWZ’) operations” as per Accounting Standard 17 – “Segment Reporting”.

(Amount in ₹)

Particulars	**Logistics operations and related services**	**FTWZ operations and related services**	**Unallocated**	**Total**
SEGMENT REVENUE				
External sales	4,321,773,459 (2,736,078,505)	208,361,626 (—)	— (—)	4,530,135,085 (2,736,078,505)
Other income	3,926,685 (6,395,679)	— (—)	4,372,664 (—)	8,299,349 (6,395,679)
Total revenue	4,325,700,144 (2,742,474,184)	208,361,626 (—)	4,372,664 (—)	4,538,434,434 (2,742,474,184)
SEGMENT RESULT				
Segment result	743,321,587 (403,928,327)	119,494,968 (—)	4,372,664 (—)	867,189,219 (403,928,327)
Unallocated corporate expenses (net of other income)	— (—)	— (—)	404,605,647 (215,695,387)	404,605,647 (215,695,387)
Operating profit	— (—)	— (—)	— (—)	462,583,572 (188,232,940)
Interest expenses	— (—)	— (—)	— (—)	308,280,954 (40,171,365)
Interest income	— (—)	— (—)	— (—)	215,818,111 (83,195,355)
Exceptional Items:				
Surplus on change in Depreciation policy				16,111,279 (—)
Charges for prematured repayment of loans				(21,664,744) (—)
Income taxes (Including deferred tax)	— (—)	— (—)	— (—)	115,226,983 (77,260,875)
Net Profit After Tax	— (—)	— (—)	— (—)	249,340,281 (153,996,055)

Other Information				
Segment assets	1,072,459,762 (954,141,816)	8,861,151,632 (6,039,184,201)	4,803,050,956 (3,665,065,907)	14,736,662,350 (10,658,391,924)
Segment liabilities	710,112,515 (497,409,603)	6,170,053,289 (2,285,188,318)	2,707,682,196 (2,907,409,043)	9,587,848,000 (5,690,006,964)
Capital expenditure	2,847,708 (1,758,654)	1,913,740,520 (2,592,846,530)	126,312,855 (131,949,450)	2,042,901,083 (2,726,554,634)
Depreciation	(4,596,157) (4,120,027)	31,794,117 (1,20,06,722)	26,300,394 (13,864,456)	53,498,354 (2,99,91,205)
Non-cash expenses other than depreciation	1,416,008 (24,904,825)	— (-2,76,466)	— (-1,097,017)	1,416,008 (23,531,342)

Secondary segment information:

(Amount in ₹)

Particulars	India	Outside India	Total
Revenue	4,173,602,626 (2,378,978,022)	364,831,808 (357,100,483)	4,538,434,434 (2,736,078,505)
Carrying amount of assets	14,498,685,630 (10,356,350,574)	237,976,720 (302,041,350)	14,736,662,350 (10,658,391,924)
Capital expenditure	2,042,901,083 (2,726,554,634)	— (—)	2,042,901,083 (2,726,554,634)

Notes:

i) Geographical segment and its composition are as follows:

Geographical segments
India
Rest of the World

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

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

14. Capital Projects

i) Three Warehouses and related common infrastructure of Free Trade and Warehousing Zone Project at Sai Village, Panvel commenced commercial operations from December 1, 2010.

ii) Capital work-in-progress includes capital advances of ₹ 861,988,961 (₹ 999,427,581) and Preoperative Expenses ₹ 593,102,313 (₹ 645,036,509).

iii) Borrowing costs capitalised or transferred to capital work-in-progress ₹ 401,928,537 (₹ 172,232,539)

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

Nature of expenses	As at 31st March, 2011	As at 31st March, 2010
Expenditure upto Previous year	645,036,509	144,021,145
Personnel Cost	276,221,394	125,908,791
Electricity charges	12,311,913	1,189,332
Rent	52,040,247	42,426,535
Rates and taxes	25,769,455	6,542,626
Recruitment expenses	1,554,670	2,166,618
Travelling and conveyance expenses	27,866,901	10,501,599
Vehicle expenses	1,457,363	126,0494
Legal and professional charges	49,503,438	93,445,129
Miscellaneous expenses	18,791,480	24,933,808
Security Expenses	16,459,351	7,060,726
Bank and other financial charges	22,785,786	13,830,404
Interest on Fixed loans	384,851,476	164,929,028

Less: Interest earned on capital advances	—	(1,340,444)
Less: Interest on Fixed Deposits	(5,708,725)	(5,186,449)
Depreciation/Amortization	12,934,170	12,006,722
Sub Total	**1,541,875,428**	**645,036,509**
Trial run Income	7,546,111	—
Less: Trial run Expenses	28,306,506	—
Net loss during trial run	20,760,395	—
Less : Expenses transfer to Subsidiaries	294,865,264	—
Less : Amount allocated to assets capitalized during the year	633,147,456	—
Balance carried to balance sheet	**593,102,313**	**645,036,509**

15. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

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

Name of the Company	Country of Incorporation	Proportion of interest (including beneficial interest)/ voting power (either directly/indirectly or through subsidiaries)
Arshiya Hong Kong Limited	Hong Kong	100% (100%)
Cyberlog Technologies International Pte Limited	Singapore	100% (100%)
Arshiya Supply Chain Management Private Limited	India	100% (100%)
Arshiya Rail Infrastructure Limited	India	100% (100%)
Arshiya Domestic Distripark Limited	India	100% (100%)
Arshiya FTWZ Limited	India	100% (100%)
Arshiya International Singapore Pte Limited	Singapore	100% (100%)
Arshiya Logistics LLC, Dubai *	United Arab Emirates	100% (100%)
Arshiya Logistics WLL, Qatar *(Ceased to be subsidiary w.ef. 08 January 2011)	Qatar	— (60%)
Arshiya Logistics LLC Oman * (Ceased to be subsidiary w.ef. 06 December 2010)	Oman	— (51%)
Cyberlog Technologies Inc. # (Business discontinued and under process of dissolution)	United States of America	100% (100%)
Cyberlog Technologies (UAE) FZE #	United Arab Emirates	100% (100%)
Cyberlog Technologies Hong Kong Limited #	Hong Kong	100% (100%)
Arshiya Technologies (India) Private Limited # (100% w.e.f 07 October 2010)	India	100% (90%)
Arshiya Northern Domestic Distripark Limited ##	India	100% (100%)

Arshiya Southern Domestic Distripark Limited ##	India	100% (100%)
Arshiya Eastern Domestic Distripark Limited ##	India	100% (100%)
Arshiya Western Domestic Distripark Limited ##	India	100% (100%)
Arshiya Central Domestic Distripark Limited ##	India	100% (100%)
Arshiya Northern FTWZ Limited @	India	100% (100%)
Arshiya Eastern FTWZ Limited @	India	100% (100%)
Arshiya Western FTWZ Limited@	India	100% (100%)
Arshiya Exim Trading Limited@	India	100% (100%)
Arshiya Central FTWZ Limited @	India	100% (100%)
Arshiya Rail Siding & Infrastructure Limited.$	India	100% (—)
Arshiya Transport and Handling Limited (w.e.f. 31 March 2011)	India	100% (—)

* Subsidiary Companies of Arshiya Hong Kong Limited
# Subsidiary Companies of Cyberlog Technologies International Pte Limited
Subsidiary Companies of Arshiya Domestic Distripark Limited
@ Subsidiary Companies of Arshiya FTWZ Limited.
$ Subsidiary Company of Arshiya Rail Infrastructure Limited.

a. Key Management Personnel

Mr. Ajay S Mittal – Chairman and Managing Director
Mrs. Archana A Mittal – Joint Managing Director
Mr. V Shivkumar – Executive Director
Mr. Sandesh R Chonkar - Executive Director

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

Bhushan Steels Limited
Arshiya Realty Limited

Note:

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

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

(Amount in ₹)

Particulars	Related Parties			
	Subsidiary companies	Key management personnel	Enterprise owned or significantly influenced by key management personnel or their relatives	Total
Income from operations	219,443,170 (6,852,418)	— (—)	531,964,351 (371,105,257)	751,407,521 (377,957,675)
Purchases and operating expenses - Cost of logistic operations	636,489 (2,157,565)	— (—)	— (—)	636,489 (2,157,565)
Interest Income	200,879,323 (77,912,531)	— (—)	— (—)	200,879,323 (77,912,531)
Remuneration paid	— (—)	38,386,348 (25,087,528)	— (—)	38,386,348 (25,087,528)
Loans and advances given (including expenses incurred for related party)	2,492,513,607 (1,459,041,403)	— (—)	26,000,000 (—)	2,518,513,607 (1,459,041,403)
Loans and advances repayment received (including expenses incurred by related party)	1,161,229,135 (454,495,305)	— (—)	26,000,000 (—)	1,187,229,135 (454,495,305)
Loans and advances received	1,474,012,790 (1,164,115,899)	— (—)	— (—)	1,474,012,790 (1,164,115,899)
Loans and advances repaid	1,026,775,771 (10,000,000)	— (—)	— (—)	1,026,775,771 (10,000,000)
Fixed assets transferred	— (30,274,630)	— (—)	— (—)	— (30,274,630)
Issue of equity shares (includes securities premium)	— (—)	11,025,000 (—)	— (—)	11,025,000 (—)
Investments made	600,000 (7,840,000)	— (—)	— (—)	600,000 (7,840,000)
Corporate guarantees/securities given	6,923,275,240 (3,750,000,000)	— (—)	— (—)	6,923,275,240 (3,750,000,000)
Balances as on March 31, 2011				
Receivables	3,467,200,295 (1,790,348,656)	— (—)	44,539,026 (38,695,208)	3,511,739,321 (1,829,043,864)
Payables	1,601,352,918 (1,154,780,501)	— (—)	— (—)	1,601,352,918 (1,154,780,501)
Corporate guarantees/securities given	11,282,075,240 (4,358,800,000)	— (—)	— (—)	11,282,075,240 (4,358,800,000)
Investments	1,135,181,000 (1,134,581,000)	— (—)	— (—)	1,135,181,000 (1,134,581,000)

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

(Amount in ₹)

Type of the transaction	Name of the Party	Year ended March 31, 2011	Year ended March 31, 2010
Income from operations	Bhushan Steels Limited	531,964,351	371,105,257
	Arshiya Supply Chain Management Private Limited	215,362,653	—
Purchases and operating expenses			
- Cost of logistic operations	Arshiya Logistics LLC, Dubai	138,673	475,593
	Cyberlog Technologies International Pte Limited, Singapore	—	769,034
	Arshiya Logistics LLC, Oman	—	277,280
	Arshiya Logistics WLL, Qatar	445,701	635,658
Interest received	Arshiya Rail Infrastructure Limited	80,310,823	69,093,291
	Arshiya FTWZ Limited	36,312,050	—
	Arshiya Domestic Distripark Limited	79,730,285	—
Remuneration paid	Mr. Ajay S Mittal	10,130,752	8,915,026
	Mrs. Archana A Mittal	8,114,752	7,403,026
	Mr. Sandesh R Chonkar	10,236,238	4,382,211
	Mr. V Shivkumar	9,904,606	4,387,265
Loans and advances given to related party	Arshiya Rail Infrastructure Limited	698,511,158	234,892,596
	Arshiya Domestic Distripark Limited	1,209,822,463	5,050,000
	Arshiya Central FTWZ Limited	—	201,100,000
	Arshiya FTWZ Limited	554,660,363	86,16,16,521
	Arshiya Realty Limited	26,000,000	–
Loans and advances repayment received from related party	Arshiya Domestic Distripark Limited	488,800,000	—
	Arshiya Rail Infrastructure Limited	396,150,916	—
	Arshiya Central FTWZ Limited	—	304,963,233
	Arshiya FTWZ Limited	159,850,000	—
	Arshiya Realty Limited	26,000,000	–
Loans and advances given by related party	Arshiya Northern FTWZ Limited	200,000,000	750,000,000
	Arshiya Rail Infrastructure Limited	208,956,549	—
	Arshiya Northern Domestic Distripark Limited	420,000,000	—
	Arshiya Central FTWZ Limited	636,500,000	304,963,233
Loans repaid to related party	Arshiya Central FTWZ Limited	918,305,723	10,000,000
Issue of equity shares	Mr. Sandesh R Chonkar	5,512,500	—
	Mr. V Shivkumar	5,512,500	—
Fixed assets transferred	Arshiya Northern FTWZ Limited	—	30,274,630
Investments made	Arshiya Transport and Handling Limited	500,000	—
	Arshiya Technologies (India) Private Limited	100,000	—

	Arshiya Supply Chain Management Private Limited	—	7,840,000
Corporate guarantees/ securities given	Arshiya Northern FTWZ Limited	2,553,700,000	—
	Arshiya Rail Infrastructure Limited	–	3,500,000,000
	Arshiya Northern Domestic Distripark Limited	4,132,600,000	—

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

a. Loans and Advances to Subsidiary companies:

Name of the Subsidiary company (including subsidiary of subsidiary)	**Amount outstanding as on March 31, 2011**	**Maximum amount outstanding during the year**
Arshiya Supply Chain Management Private Limited	60,844,731 (27,472,212)	60,845,455 (35,887,627)
Arshiya Domestic Distripark Limited *	915,519,431 (122,739,711)	1,299,872,602 (122,739,711)
Arshiya FTWZ Limited **	1,295,836,068 (868,344,862)	1,304,842,655 (868,344,862)
Cyberlog Technologies International Pte Limited ***	163,651 (323,550)	350,142 (11,979,104)
Arshiya Rail Infrastructure Limited****	1,027,594,178 (652,954,198)	1,027,594,178 (771,827,308)
Arshiya Central FTWZ Limited	— (—)	— (100,000,000)
Arshiya Eastern Domestic Distripark Limited	— (—)	— (231,772)
Arshiya Eastern FTWZ Limited	— (—)	— (231,787)
Arshiya Northern Domestic Distripark Limited	— (—)	— (237,962)
Arshiya Northern FTWZ Limited	— (104,745,290)	200,780,968 (104,745,290)
Arshiya Southern Domestic Distripark Limited	— (—)	— (231,752)
Arshiya Western FTWZ Limited	— (8,143,543)	8,143,543 (8,143,543)
Arshiya Exim Trading Limited	— (1,477,252)	1,477,252 (1,477,252)
Arshiya Logistics LLC, Dubai	319,116 (974,281)	974,281 (974,281)
Cyberlog Technologies India Private Limited	— (—)	— (13,179,953)
Arshiya Logistics LLC, Oman	— (174,717)	368,582 (293,922)
Arshiya Logistics WLL, Qatar	— (931,822)	982,882 (1,362,368)

b. Though there is no stipulated repayment schedule for the above loans given to the subsidiary companies, all the loans are repayable on demand.

c. All loans and advances in the nature of loans are given in terms within the limits specified under section 372A of the Companies Act, 1956.

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

Sr. No.	Name of the Company	No of Shares As at 31st March,2011	No of Shares As at 31st March,2010
(i)	Arshiya Central Domestic Distripark Limited	50,000	50,000
(ii)	Arshiya Western Domestic Distripark Limited	50,000	50,000
(iii)	Arshiya Eastern Domestic Distripark Limited	50,000	50,000
(iv)	Arshiya Northern Domestic Distripark Limited	7,147,450	50,000
(v)	Arshiya Southern Domestic Distripark Limited	50,000	50,000

** Arshiya FTWZ Limited has made the following investments in its subsidiaries

Sr. No.	Name of the Company	No of Shares As at 31st March,2011	No of Shares As at 31st March,2010
(i)	Arshiya Central FTWZ Limited	11,050,000	11,050,000
(ii)	Arshiya Western FTWZ Limited	50,000	50,000
(iii)	Arshiya Eastern FTWZ Limited	50,000	50,000
(iv)	Arshiya Northern FTWZ Limited	1,925,000	1,925,000
(v)	Arshiya Exim Trading Limited	50,000	50,000

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

Name of the Company	No of Shares As at 31st March,2011	No of Shares As at 31st March,2010
Arshiya Technologies India Private Limited (Formerly known as Cyberlog Technologies India Private Limited)	91,158	91,158

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

Name of the Company	No of Shares As at 31st March,2011	No of Shares As at 31st March,2010
Arshiya Rail Siding & Infrastructure Limited	50,000	—

18. Disclosure pursuant to Accounting Standard 19 – Leases

Finance Lease

The Company has acquired vehicles under finance leases. Details of lease rentals payable are as follows:

(Amount in ₹)

Particulars	Not later than one year	Later than one year but not later than five year	Later than five year
Minimum lease payments	1,097,522 (1,097,520)	1,057,651 (2,155,170)	— (—)
Less: Finance charges payable	140,390 (229,435)	92,550 (232,940)	— (—)
Present value of lease rentals	957,132 (868,085)	965,101 (1,922,230)	— (—)

Notes:

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, 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.

Operating Lease

a. In respect of assets given on non-cancelable operating lease:

The company has entered into an agreement with its subsidiary company Arshiya Supply Chain Management Private Limited for allotment of part of the pallet positions at its FTWZ Sai Village Panvel- Maharashtra.

Particulars	Year Ended 31.03.2011 (₹)	Year Ended 31.03.2010 (₹)
Lease income recognized #	203,465,652	—
Future Lease Income		
(a) Not later than one year.	604,560,000	—
(b) Later than one year but not later than five years.	2,115,960,000	—

Includes ₹ 7,175,652 (₹ Nil) pertaining to projects.

b. In respect of assets taken on non-cancelable operating lease:

The Company has entered into operating lease arrangements for 6 months to 5 years renewable at the option of the lessor and lessee. The lease arrangement provides escalations clause for increase in rent during the tenure of the lease. Under certain arrangements, refundable interest free deposits have been given.

(Amount in ₹)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Lease obligations		
Future minimum lease rental payments		
- not later than one year	124,918,433	55,865,573
- later than one year but not later than five years	263,650,174	166,564,879
Total	**388,568,607**	**222,430,452**

Lease rental payments in respect of operating leases for the year are ₹ 108,890,374 (₹ 16,329,585) and during the year ₹ 51,956,247 (₹ 55,755,942) is capitalized.

19. Earnings per share has been computed as under:

(Amount in ₹)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Profit after tax for the year (Rupees)	249,340,281	153,996,055
Weighted average number of shares for basic (Nos)	58,781,427	58,752,822
Weighted average number of shares for diluted (Nos)	58,800,190	58,752,822
Nominal value per share (₹)	2	2
Earnings per share – Basic (₹)	4.24	2.62
– Diluted (₹)	4.24	2.62

20. Taxation:

a. Current tax is provided as per the provisions of the Income Tax Act, 1961.

b. Following are the major components of deferred tax liabilities/(asset):

(Amount in ₹)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Deferred tax liabilities		
Related to Fixed Assets	55,465,960	(336,892)
Total deferred tax liabilities (A)	**55,465,960**	**(336,892)**
Deferred tax assets		
Disallowances under the Income-tax Act, 1961	162,225	66,831
Provision for doubtful debt.	223,575	168,372
Total deferred tax assets (B)	**385,800**	**235,203**
Net deferred tax liability / (assets) (A)-(B)	**55,080,160**	**(572,095)**

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

(Amount in ₹)

Particulars	Chairman and Managing Director		Joint Managing Director		Executive Directors	
	31-Mar-11	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**
Salaries & Allowance	9,000,000	7,800,000	7,200,000	6,450,000	18,040,008	8,118,204
Commission	18,654	164,187	18,654	164,187	—	—
Perquisites/ Contribution to Provident Fund	1,112,098	950,839	896,098	788,839	2,100,837	651,272
Total	**10,130,752**	**8,915,026**	**8,114,752**	**7,403,026**	**20,140,844**	**8,769,476**

Notes:

i) Salaries and allowances include basic salary, house rent allowance and leave travel allowance.

ii) Provision for post retirement benefits which is based on actuarial valuation done on an overall company basis and is excluded from the above calculation.

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

(Amount in ₹)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Profit before Tax as per Profit and Loss Account	364,567,264	231,256,931
Add:		
Directors' remuneration (excluding amount capitalized ₹ 15,091,410)#	23,294,938	17,684,503
Directors' sitting fees	355,000	215,000
Provision for doubtful debts	(4,576,020)	506,876
Loss on sale of fixed assets	139,598	1,150,439
Wealth Tax	82,698	61,532
Depreciation / Amortization (Net)	53,498,354	17,984,483
	437,361,832	268,859,764
Less:		
Depreciation as per Section 350 of the Companies Act	53,498,354	17,984,483
Net Profit as per Section 309 of the Companies Act, 1956	**383,863,478**	**250,875,281**
Commission @ 0.50%	1,909,769	941,398
Remuneration payable as per service agreement	40,258,810	25,700,553
Managerial Remuneration as per section 198 of the Companies Act, 1956 @ 10% of the profits computed above	38,386,348	25,087,528
Remuneration to Directors restricted to	38,386,348	25,087,528

During the year, Joint Managing Director and Executive Directors of the Company were involved in the new projects of the Company and hence managerial remuneration has been taken to pre-operative expenses (included in personnel cost) ₹ 15,091,410 (₹ 7,403,026)

22. Current Liabilities include advances received from subsidiaries for transfer/sale of land, details as under:

(Amount in ₹)

Name of Company	As at 31st March 2011	As at 31st March 2010
Arshiya Rail Infrastructure Limited	304,714,173	109,152,666
Arshiya Central FTWZ Limited	931,463,233	294,963,233
Arshiya Northern Domestic Distripark Limited	325,915,705	—
Arshiya Northern FTWZ Limited	31,694,277	750,000,000
Total	**1,593,787,388**	**1,154,115,899**

23 **a.** Derivative contracts (forward contracts for hedging purposes) entered into by the Company and outstanding as at:

Particulars	Foreign currency amount			Equivalent amount (in ₹)	
Balances	**Currency**	**As at March 31, 2011**	**As at March 31, 2010**	**As at March 31, 2011**	**As at March 31, 2010**
Accounts payable	USD	2,457,006	—	109,705,322	—

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

Particulars	Foreign currency amount			Equivalent amount (in ₹)	
Balances	**Currency**	**As at March 31, 2011**	**As at March 31, 2010**	**As at March 31, 2011**	**As at March 31, 2010**
Bank balances	USD	18,922	57,831	827,873	2,541,664
Accounts receivable	USD EUR	2,706,398 —	4,707,483 2,734,015	120,191,172 —	210,212,656 167,202,641
Accounts Payable	USD	221,845	157,211	9,941,418	7,083,517
	AUD	—	1,999	—	83,216
	DKK	—	6,563	—	53,783
	SGD	1,031	—	36,853	—
	GBP	674	404	48,876	27,757
	EUR	107,104	75,916	6,820,355	4,633,717
	JPY	187,433	6,204,610	101,982	3,010,942
	NOK	—	40,624	—	307,057
	NZD	—	1,452	—	46,694
	CHF	223	—	10923	—
	HKD	188,571	—	1,093,717	—

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

a. Earnings in foreign currency:

(Amount in ₹)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Income from logistics operations and related services	364,831,808	357,100,483
Dividend	—	1,301,725
Total	**364,831,808**	**358,402,208**

b. i) Expenditure in foreign currency:

(Amount in ₹)

Particulars	**Year ended March 31, 2011**	**Year ended March 31, 2010**
Cost of logistics operations	92,694,266	72,526,292
Advertisement and Business promotion	6,741,267	2,403,180
Travelling expenses	8,696,754	4,404,103
Legal and Professional Charges	—	4,467,192
Miscellaneous expenses	489,511	1,125,893
Total	**108,621,798**	**84,926,660**

ii) Remittances in Foreign Currency:

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

(Amount in ₹)

For the year	**Nature of Dividend**	**No. of Equity Shares**	**Year ended 31 March, 2011**	**Year ended 31 March, 2010**
2008 – 2009	Final Dividend	6,436,420	—	5,149,136
2009 – 2010	Final Dividend	6,439,177	6,439,177	—

c. Value of Imports on CIF basis:

(Amount in ₹)

Particulars	**Year ended 31st March, 2011**	**Year ended 31st March, 2010**
Capital goods	298,460,400	33,769,354
Total	**298,460,400**	**33,769,354**

25. The Company has long term investment of ₹ 500,000 each in Arshiya Domestic Distripark Limited, Arshiya FTWZ Limited (₹ 500,000) and Arshiya Transport and Handling Limited, subsidiaries of the company. As at balance sheet date, Net Worth of these subsidiaries is eroded. The company has also given loans and advances of ₹ 1,295,836,068 and ₹ 915,519,431 to Arshiya FTWZ Limited and Arshiya Domestic Distripark Limited respectively. These investments are strategic in nature and having regard to the future business plan and projected profitability, management perceives the erosion in the value of investment in subsidiary as only a temporary in value. Hence, no provision for diminution in value of these investment is considered necessary.

26. The figures for the previous year have been regrouped where necessary to conform to current year classification. The figures of the current year are not comparable with that of previous year in view of the commencement of commercial operations of the Free Trade Warehousing Zone at Sai Village, Panvel [Refer note 14 (i)]. Figures in bracket pertains to previous year.

Signature to Schedule “1 to 18”

As per our attached report of even date

For **MGB & Co.**	For and on behalf of the Board of Directors	
Chartered Accountants	**Ajay S Mittal**	**Archana A Mittal**
Firm Registration No. 101169W	*Chairman and Managing Director*	*Joint Managing Director*
Sanjay Kothari	**Nitin Kolhatkar**	**Rahul Neogi**
Partner	*Chief Financial Officer*	*Company Secretary*
Membership No. 48215		

Mumbai, 10th August 2011

INFORMATION REGARDING SUBSIDIARY COMPANIES AS ON 31-03-2011

	Subsidiary Companies	Arshiya Hongkong Ltd.	Arshiya International Singapore Pte Ltd	Cyberlog Technologies International Pte Ltd	Arshiya Supply chain Management Pvt. Ltd.	Arshiya Rail Infrastructure Ltd	Arshiya Logistics LLC. Dubai	Cyberlog Technologies UAE(FZE)	Cybgerlog Technologies Hongkong Ltd
	Reporting Currency	HKD	SGD	USD	INR	INR	AED	AED	HKD
	Country	Hong kong	Singapore	Singapore	India	India	UAE	UAE	Hongkong
	Exchange Rate	5.81	35.88	45.29			12.33	12.33	5.81
		₹	₹	₹	₹	₹	₹	₹	₹
1	Capital	13,515,398	3,587,620	18,147,797	16,000,000	303,500,000	3,698,340	1,849,170	58,143
2	Share Application Money	-	-	-	-	-	-	-	-
3	Reserves	908,587,649	2,577,597	209,306,865	(13,913,253)	741,891,969	748,725,777	592,848,895	18,802,969
4	Total Assets	1,289,115,152	27,949,174	254,916,815	258,672,301	5,685,607,834	1,183,712,373	915,993,929	19,099,499
5	Total Liabilities	367,012,105	21,783,957	27,462,153	256,585,554	4,640,215,866	431,288,256	321,295,864	238,386
6	Investments other than Investments in Subidiaries	805,253,583	-	-	-	150,530,985	-	-	-
7	Turnover	-	34,579,921	48,908,232	336,157,091	1,692,379,344	1,476,147,057	13,591,400	-
8	Profit Before Taxation	461,658,443	6,120,049	1,752,273	2,405,545	52,890,554	650,550,457	3,572,720	(293,116)
9	Provision for Taxation	-	259,259	7,305,214	1,052,264	10,541,350	-	-	-
10	Profit After Taxation	461,658,443	5,860,790	(5,552,941)	1,353,281	42,349,204	650,550,457	3,572,720	(293,116)
11	Proposed Dividend	-	-	-	-	-	443,800,800	-	-

	Subsidiary Companies	Arshiya Technologies (India) Pvt. Ltd.	Arshiya Domestic Distripark Ltd.	Arshiya Central Domestic Distripark Ltd.	Arshiya Eastern Domestic Distripark Ltd.	Arshiya Northern Domestic Distripark Ltd.	Arshiya Southern Domestic Distripark Ltd.	Arshiya Western Domestic Distripark Ltd.	Arshiya FTWZ Ltd.
	Reporting Currency	₹	INR	INR	INR	INR	INR	INR	INR
	Country	India	India	India	India	India	India	India	India
	Exchange Rate								
		₹	₹	₹	₹	₹	₹	₹	₹
1	Capital	1,011,580	500,000	500,000	500,000	74,106,830	500,000	500,000	500,000
2	Share Application Money	-	-	-	-	432,881,821	-	-	-
3	Reserves	301,338	(79,665,561)	(270,054)	(251,189)	773,790,143	(253,363)	(266,012)	(38,934,767)
4	Total Assets	2,340,348	844,393,979	270,023	271,950	3,568,124,456	270,436	256,830	1,261,273,398
5	Total Liabilities	1,027,430	923,559,539	40,076	23,139	2,287,345,661	23,798	22,842	1,299,708,165
6	Investments other than Investments in Subidiaries	-	-	-	-	-	-	-	-
7	Turnover	-	775,000	-	-	-	-	-	1,450,000
8	Profit Before Taxation	(433,555)	(78,645,325)	(46,008)	(29,498)	(344,545)	(31,837)	(29,601)	(34,537,655)
9	Provision for Taxation	(140,949)	55,000	-	-	-	-	-	(1,318,458)
10	Profit After Taxation	(292,606)	(78,700,325)	(46,008)	(29,498)	(344,545)	(31,837)	(29,601)	(33,219,197)
11	Proposed Dividend	-	-	-	-	-	-	-	-

	Subsidiary Companies	Arshiya Central FTWZ Ltd.	Arshiya Eastern FTWZ Ltd.	Arshiya Northern FTWZ Ltd.	Arshiya Exim Trading Ltd.	Arshiya Western FTWZ Ltd.	Arshiya Rail Siding and Infrastructure Ltd.	Arshiya Transport and Handling Ltd.	
	Reporting Currency	INR	INR	INR	INR	INR	INR	INR	
	Country	India	India	India	India	India	India	India	
	Exchange Rate								
		₹	₹	₹	₹	₹	₹	₹	
1	Capital	213,840,230	500,000	19,250,000	500,000	500,000	500,000	500,000	
2	Share Application Money	-	-	200,000,000	-	-	-	-	
3	Reserves	718,673,885	(251,212)	730,636,526	(2,024,874)	(693,690)	(62,881)	(1,154,057)	
4	Total Assets	932,832,699	258,531	3,709,533,379	301,686	6,789,693	588,356	1,953,539	
5	Total Liabilities	318,584	9,743	2,759,646,853	1,826,560	6,983,383	151,237	2,607,596	
6	Investments other than Investments in Subidiaries	-	-	-	-	-	-	-	
7	Turnover	-	-	-	-	-	-	-	
8	Profit Before Taxation	(89,515)	(31,058)	(188,680)	(136,326)	(466,624)	(62,881)	(1,708,322)	
9	Provision for Taxation	-	-	-	-	-	-	(554,265)	
10	Profit After Taxation	(89,515)	(31,058)	(188,680)	(136,326)	(466,624)	(62,881)	(1,154,057)	
11	Proposed Dividend	-	-	-	-	-	-	-	

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE:

I Registration details :

Registration number	24747	State Code	11
Balance Sheet date	31 03 11 (Date Month Year)		

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

Public Issue	NIL	Right Issue	NIL
Preferential Issue of Share Warrants	NIL	Bonus Issue	NIL
Prefrential Issue of Share	NIL	Issue of Shares pursuant to Scheme of Amalgamation	NIL
Private placement	NIL	Qualified Institutional Buyers	NIL
Employee Stock Option	153		

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

Total liabilities	12000373	Total assets	12000373
Sources of funds			
Paid-up Capital	117659	Reserves and Surplus	5026161
Secured loans	6556479	Unsecured loans	240000
Deferred tax liability (Net)	55080		
Applications of funds			
Net Fixed assets	8209866	Deferred Tax Asset	NIL
Investment	1135181	Net current asets	2395668
Misc. expenditure	259659	Accumulated losses	NIL

IV Performance of Company : (Amount in Thousands)

Total income	4754253	Total expenditure	4389685
Profit before tax	364568	Profit after tax	249340
Earnings per share in ₹ Basic	4.24	Earnings per share in Rupees Diluted	4.24
Dividend rate %	60		

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

Item code no (ITC Code):	985299
Product description:	LOGISTICS SERVICES

Auditors' Report on Consolidated Financial Statements

To,
The Board of Directors of
Arshiya International Limited

1. We have audited the attached Consolidated Balance Sheet of **Arshiya International Limited** ('the Company') and its subsidiaries (collectively referred to as 'the Group') as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (a) The financial statements of subsidiaries, with total assets of ₹ 13,809,378,710 as at 31st March 2011 and total revenues of ₹ 3,659,264,747 for the year ended on that date, have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, are based solely on the report of the other auditors.

   (b) The financial statement of a subsidiary with total assets and total revenues of ₹ 82,792,107 and ₹ 237,591,486 respectively have been consolidated based on the management estimates.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (AS 21), Consolidated Financial Statements as notified in the Companies (Accounting Standards) Rules 2006 and on the basis of separate financial statements of the company and its subsidiaries.

5. Without qualifying our report, we draw attention to,

   (a) Note 9 (a) regarding change in policy by parent company and one of its subsidiary of charging for depreciation from written down value method to the straight-line method with retrospective effect and the said change has resulted a surplus of ₹ 16,578,251. Consequently, net profit for the year is higher by ₹ 11,195,818. Had the parent Company/subsidiary continued with the written down value method, the charge of depreciation would have been higher by ₹ 49,465,365 and the deferred tax charge lower by ₹ 16,049,072 and,

   (b) Note 9 (b) regarding change in accounting policy for ancillary cost by parent company incurred during the year to amortise over the tenure of borrowings, in conformity with Accounting Standards, resulted in profit before tax is higher by ₹ 70,881,932.

6. Based on our audit as aforesaid and on the consideration of the reports of other auditors on separate audited financial statements of the subsidiaries and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

   (b) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **MGB & Co**

Chartered Accountants

Firm Registration Number 101169W

Sanjay Kothari

Partner
Membership Number 48215

Mumbai, 10th August, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	117,658,944	117,505,644
Employee stock options outstanding		4,994,598	11,828,978
Reserves and Surplus	2	7,333,057,476	6,569,906,514
		7,455,711,018	6,699,241,136
Minority Interests		-	28,279,936
Loan Funds			
Secured loans	3	14,180,757,083	5,185,125,963
Unsecured loans	4	240,000,000	529,994,803
		14,420,757,083	5,715,120,766
Deferred Tax Liabilities (Assets) [Refer Note 19]		47,226,642	(11,825,244)
Total		**21,923,694,743**	**12,430,816,594**
APPLICATION OF FUNDS			
Goodwill on consolidation		59,898,246	59,898,246
Fixed Assets	5		
Gross block		6,697,314,060	2,597,095,588
Less: Depreciation / Amortization		287,240,202	125,120,073
Net block		6,410,073,858	2,471,975,515
Capital work in progress		12,560,023,966	7,291,960,215
		18,970,097,824	9,763,935,730
Investments	6	150,030,985	5,443,161
Current Assets, Loans and Advances			
Inventories	7	1,280,641	-
Sundry Debtors	8	2,291,045,506	2,714,000,878
Cash and Bank balances	9	1,518,268,031	717,987,792
Loans and Advances	10	708,339,967	547,031,780
		4,518,934,145	3,979,020,449
Less: Current liabilities and provisions			
Current liabilities	11	1,908,335,974	1,285,746,129
Provisions	12	126,589,290	91,734,863
		2,034,925,264	1,377,480,992
Net Current Assets		2,484,008,881	2,601,539,457
Miscelleneous Expenditure (to the extent not written off or adjusted)	13	259,658,807	-
Deferred Revenue Expenditure [Refer Note 9(b)]			
Total		**21,923,694,743**	**12,430,816,594**
Notes to Accounts	20		

As per our attached report of even date
For MGB & Co
Chartered Accountants
Firm Registration No. 101169W
Sanjay Kothari
Partner
Membership No. 48215

Mumbai, 10th August 2011

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman and Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Income from Operations	14	8,215,201,175	5,258,939,600
Other income	15	28,381,316	419,252,985
Total		**8,243,582,491**	**5,678,192,585**
EXPENDITURE			
Operating Expenses	16	5,748,209,163	3,829,067,041
Personnel Cost	17	433,748,381	298,616,745
Administrative and Other Expenses	18	441,082,551	270,310,325
Financial Expenses	19	473,680,323	130,766,616
Depreciation / Amortization	5	179,805,125	96,309,615
Total		**7,276,525,542**	**4,625,070,342**
Profit before exceptional items		**967,056,949**	**1,053,122,243**
Exceptional Items (Refer Note 10)			
Surplus on change in Depreciation policy		16,578,251	-
Charges for prematured repayment of loans		(21,664,744)	-
Profit before Tax		**961,970,456**	**1,053,122,243**
Less : Provision for Taxation			
- Current tax - Current year		90,680,499	78,062,750
- Earlier years		2,646,618	7,849
- MAT Credit Entitlement		(12,766,673)	-
- Deferred tax		59,108,515	(4,492,465)
Net profit for the year before minority interest		**822,301,497**	**979,544,109**
Less: Share of Profit transferred to minority intrest		**2,236,419**	**(3,589,627)**
Net profit for the year after minority interest		**820,065,078**	**983,133,737**
Balance brought forward		2,056,045,748	1,156,822,942
Amount available for appropriation		**2,876,110,825**	**2,139,956,679**
Appropriations			
Proposed Dividend		70,595,366	58,752,822
Tax on Proposed Dividend		11,452,333	9,758,109
Transfer to General Reserve		25,000,000	15,400,000
Balance carried to Balance sheet		2,769,063,125	2,056,045,748
		2,876,110,825	2,139,956,679
Notes to Accounts	20		
Earnings per share - Basic		13.95	16.73
- Diluted		13.95	16.73
(Refer Note 18 of Schedule 20)			

As per our attached report of even date
For MGB & Co
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No. 48215

Mumbai, 10th August 2011

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman and Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

PARTICULARS		Year ended March 31, 2011	Year ended March 31, 2010
Cash Flow From Operating Activities			
Profit Before Tax		961,970,456	1,053,122,243
Adjustments for :			
Depreciation / Amortisation		176,425,077	108,316,337
Interest Expenses		473,680,323	130,766,616
Interest income		(18,907,467)	(9,523,456)
Loss (Profit) on sale of fixed assets (net)		1,889,613	2,414,829
Loss on sale of subsidiaries		4,475,949	-
Dividend income		(4,080,424)	(443,161)
Miscellaneous expenditure written off during the year		-	2,188,366
Provision for doubtful debts		(1,636,983)	(286,469)
Employee compensation expenses		1,833,036	(17,308,743)
Exchange Adjustments		3,949,828	(167,298,017)
Investments written off		-	2,600
Operating Profit Before Working Capital Changes		1,599,599,406	**1,101,951,145**
Adjustments for :			
(Increase)/decrease in Inventory		(1,280,641)	-
(Increase)/decrease in Trade and other receivables		198,009,311	(1,597,028,668)
Increase/(decrease) in Trade creditors and other payable		671,351,594	818,928,273
Cash Generated From / (Used In) Operations		2,467,679,671	**323,850,750**
Direct taxes paid		(80,560,444)	(110,558,894)
Net Cash Flow From/ (Used In) Operating Activities	**(A)**	2,387,119,227	**213,291,855**
Cash Flow From / (Used In) Investing Activities			
Purchase of fixed assets/Capital Work in Progress		(9,396,565,739)	(4,498,899,665)
Proceeds from sale of fixed assets		9,203,973	100,268,751
Disposal of investments		-	7,000
Purchase of investments in units of mutual funds		(1,464,038,486)	(245,443,161)
Redemption of investments in units of mutual funds		1,319,450,662	240,000,000
Sale of investments in subsidiaries		39,053,886	-
Dividend received		4,080,424	443,161
Interest received		18,907,467	18,660,773
Net Cash Flow From / (Used in) Investing Activities	**(B)**	(9,469,907,813)	**(4,384,963,141)**
Cash Flow From / (Used in) Financing Activities			
Proceeds from issuance of shares		16,096,500	-
Proceeds from Long term borrowings		12,238,651,831	4,400,105,887
Repayment of Long Term Borrowings		(3,729,679,685)	-

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

PARTICULARS		Year ended March 31, 2011	Year ended March 31, 2010
Proceeds from Short term borrowings		3,233,011,288	729,994,803
Repayment of Short term borrowings		(3,022,065,987)	(725,000,000)
Dividend paid		(68,501,251)	(55,083,428)
Ancillary cost incurred		(259,658,807)	-
Interest paid		(483,697,696)	(117,632,833)
Net Cash Flow From / (Used In) Financing Activities	**(C)**	**7,924,156,193**	**4,232,384,428**
Net Increase / (Decrease) In Cash and Cash Equivalents (A + B + C)		**841,367,606**	**60,713,143**
Opening Cash and Cash Equivalents		**717,987,792**	**657,274,656**
Less: Transferred on sale of subsidiaries		**41,087,367**	**-**
Closing Cash and Cash Equivalents (Refer Note 1 below)		**1,518,268,031**	**717,987,792**

Notes to the Cash Flow Statement

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

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Cash on hand	4,286,494	3,426,905
Balance with scheduled banks:		
In current accounts	1,220,074,720	596,114,898
In fixed and margin deposits (against term loans, cash credit facilities, letter of credit and bank guarantees)	293,906,817	118,445,988
	1,518,268,031	717,987,792

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

As per our attached report of even date

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

Sanjay Kothari
Partner
Membership no. 48215

Mumbai, 10th August 2011

For and on behalf of the Board of Directors

Ajay S Mittal
Chairman and Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 1 : Share Capital		
Authorised		
75,000,000 (Previous year 75,000,000) Equity shares of ₹ 2 each	**150,000,000**	**150,000,000**
Issued, Subscribed and Paid up		
58,829,472 (58,752,822) Equity shares of ₹ 2 each, fully paid up	**117,658,944**	117,505,644
Of the above,		
a) 22,627,500 (22,627,500) equity shares of ₹ 2 each (fully paid up) are issued as bonus shown by capitalisation of Securities premium.		
b) 1,560,000 (1,560,000) equity shares allotted to shareholders of BDP (India) Private Limited, pursuant to the Scheme of Amalgamation.		
Total	**117,658,944**	**117,505,644**
SCHEDULE 2 : Reserves and Surplus		
Securities Premium		
As per last balance sheet	**4,480,309,197**	4,480,309,197
Add : Received/Adjusted during the year	**19,817,887**	-
	4,500,127,084	**4,480,309,197**
Statutory Reserve		
As per last balance sheet	**877,648**	877,648
Less: Transferred on sale of subsidiary	**877,648**	-
	-	**877,648**
Amalgamation Reserve *		
As per last balance sheet	**12,480,000**	12,480,000
General Reserve		
As per last balance sheet	**55,343,158**	39,943,158
Add: Transferred from Profit and loss account	**25,000,000**	15,400,000
	80,343,158	**55,343,158**
Foreign Currency Translation Reserve	**(28,955,892)**	**(35,149,236)**
Profit and loss account	**2,769,063,125**	**2,056,045,748**
Total	**7,333,057,476**	**6,569,906,514**
* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Honorable High Court of Judicature at Bombay, Amalgamation reserve is free for all purposes.		
SCHEDULE 3 : Secured Loans (Refer Note 2)		
From Banks		
Term loan from banks	**13,578,170,129**	5,069,197,983
Short Term loan from banks	**309,705,321**	-
Working Capital loan from banks	**289,185,829**	93,227,672
Vehicle Loans	**3,695,804**	8,419,178
Interest accured and due	**-**	14,281,130
Total	**14,180,757,083**	**5,185,125,963**
SCHEDULE 4 : Unsecured Loans [Refer Note 3]		
From Banks	**-**	299,994,803
Inter - Corporate Deposits	**240,000,000**	230,000,000
Total	**240,000,000**	**529,994,803**

SCHEDULE ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 5: FIXED ASSETS

(Amount in ₹)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	Up to March 31, 2010	Surplus on change in method of depreciation #	For the year	Deductions/ Adjustments	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
a) Tangibles											
Freehold Land	**584,342,863**	584,599,757	-	**1,168,942,620**	**-**		-	-	**-**	**1,168,942,620**	584,342,863
Building	**45,358,581**	1,626,218,164	-	**1,671,576,745**	**4,482,651**	2,739,875	9,485,049	-	**11,227,825**	**1,660,348,920**	40,875,930
Leasehold Improvements	**143,138,430**	28,355,834	738,163	**170,756,101**	**27,312,073**		33,695,867	1,150,338	**59,857,603**	**110,898,498**	115,826,357
Rake	**925,952,844**	664,411,852	6,101,652	**1,584,263,044**	**26,754,530**		69,593,642	439,236	**95,908,936**	**1,488,354,108**	899,198,314
Containers	**269,874,130**	301,654,494	584,641	**570,943,983**	**6,832,347**		20,183,119	2,002	**27,013,464**	**543,930,519**	263,041,783
Plant & Machinery		415,582,050	-	**415,582,050**			6,550,759	-	**6,550,759**	**409,031,292**	-
Furniture and Fixtures	**23,505,709**	84,435,080	2,866,039	**105,074,751**	**9,117,628**	3,040,715	6,768,347	1,810,131	**11,035,130**	**94,039,621**	14,388,081
Computers	**35,476,544**	76,618,525	3,698,651	**108,396,417**	**16,288,741**	5,057,666	12,567,734	2,869,940	**20,928,869**	**87,467,548**	19,187,803
Vehicles (Refer Note 1)	**32,155,545**	4,232,813	11,452,120	**24,936,238**	**13,869,298**	3,782,591	3,627,096	6,933,975	**6,779,828**	**18,156,410**	18,286,247
Equipments	**30,404,241**	156,473,287	2,225,712	**184,651,816**	**14,655,917**	1,957,405	4,813,660	482,891	**17,029,281**	**167,622,535**	15,748,324
b) Intangibles											
Trade Mark & Patents	**-**	233,700	-	**233,700**	**-**		73,952	-	**73,952**	**159,748**	-
Software	**6,886,701**	185,686,447	-	**192,573,148**	**1,703,898**		2,519,502	-	**4,223,401**	**188,349,747**	5,182,802
Rail Licence Fees	**500,000,000**	-	-	**500,000,000**	**4,102,989**		23,124,600	-	**27,227,589**	**472,772,411**	495,897,011
Total	**2,597,095,588**	**4,128,502,003**	**27,666,977**	**6,697,930,614**	**125,120,073**	**16,578,251**	**193,003,328**	**13,688,513**	**287,856,636**	**6,410,073,977**	**2471,975,515**
Previous Year	1,312,581,537	1,584,789,679	300,275,628	2,597,095,588	214,395,784	-	108,316,337	197,592,048	125,120,073	2,471,975,515	

Note:

1. Gross Block includes cost of vehicles taken on lease of ₹ 13,848, 392(₹ 23,677,328).
2. Depreciation for the year includes ₹ 13,198,228 (12,006,722)transferred to Pre-operative Expenses.
3. Deductions / Adjustments during the year to Gross block and depreciation includes ₹ 181,180 (₹ 36,883,852) and ₹ 178,499 (₹ 9,886,602) on account of translation reserve.
4. # Refer Note 9 (a)

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6 : Investments (unquoted, unless otherwise stated)		
Current Investments		
Units of Mutual Fund		
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Nil (162,583) units of ₹ 10 each	-	2,723,322
SBI Debt Fund Series - Growth Fund Nil (100,000) units of ₹ 10 each	-	1,000,000
SBI Magna Insta Cash Fund 8,956,913 (13,125) units of ₹ 10 each	150,030,985	219,839
SBI Debt Fund Series Nil (150,000) units of ₹ 10 each	-	1,500,000
Total	**150,030,985**	**5,443,161**
Units of mutual funds bought and sold during the year (FV ₹ 10 each)	**Units Bought**	**Cost**
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	28,010,078	280,268,840
SBI Magnum Insta Cash Fund - Daily Dividend	32,238,229	540,000,000
2031/ HDFC Cash Management Fund - Treasury Advantage Plan - Daily Dividend	13,956,038	140,000,000
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	21,957,183	220,000,000
LICMF Income Plus Fund - Daily Dividend Plan	2,400,000	24,000,000
SCHEDULE 7 : Inventory		
Inventory Packing Material	1,280,641	-
Total	1,280,641	-
SCHEDULE 8 : Sundry Debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	173,465,689	204,479,775
Considered doubtful	3,289,156	8,890,495
	176,754,845	213,370,269
Other debts - considered good	2,117,579,817	2,509,521,105
	2,294,334,662	2,722,891,374
Less : Provision for doubtful debts	3,289,156	8,890,496
Total	2,291,045,506	**2,714,000,878**

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars		As at March 31, 2011	As at March 31, 2010
SCHEDULE 9 : Cash and Bank Balances			
Cash on hand		**4,286,494**	3,426,905
Balances with scheduled banks:			
- in current accounts *		**1,220,074,720**	596,114,898
- in fixed deposits		**27,130,807**	11,855,693
- in margin money deposits		**266,776,010**	106,590,296
(against guarantees, letter of credit and cash credit facilities)			
* Includes balance in unclaimed dividend account ₹ 1,233,306 (₹ 1,181,190)			
	Total	**1,518,268,031**	**717,987,792**
SCHEDULE 10 : Loans and Advances			
(Unsecured, considered good)			
Loans and advances to other companies		**50,799,228**	52,179,642
Advances recoverable in cash or in kind or for value to be received		**495,692,152**	381,800,723
Advances Tax (net of provisions)		**40,303,841**	11,191,573
Deposits		**121,544,745**	101,859,841
	Total	**708,339,967**	**547,031,780**
SCHEDULE 11 : Current Liabilities			
Sundry creditors			
- Capital Goods		**810,621,048**	357,551,319
- Others		**1,091,295,435**	911,289,158
Trade Advance received		**964,865**	4,894,084
Book overdraft		**-**	10,830,379
Unclaimed dividend		**1,190,870**	1,181,190
Interest accrued but not due on loan		**4,263,757**	-
	Total	**1,908,335,974**	**1,285,746,129**
SCHEDULE 12 : Provisions			
Retirement Benefits		**44,271,907**	22,953,884
For Taxation (net of advance tax and tax deducted at source)		**269,684**	270,048
Proposed dividend		**70,595,366**	58,752,822
Tax on Proposed dividend		**11,452,333**	9,758,109
	Total	**126,589,290**	**91,734,863**
SCHEDULE 13 : Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Deffered Revenue Expenditure		**259,658,807**	-
(Refer to Note 9 b)			
	Total	**259,658,807**	**-**

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 14 : Income From Operations		
Logistics operations and related services	6,203,472,912	4,590,717,233
Sale of software and related services	63,466,120	185,931,681
Rail freight and related services	1,692,379,344	482,290,686
Free Trade Warehousing Zone operations and related services	255,882,799	-
Total	**8,215,201,175**	**5,258,939,600**
SCHEDULE 15 : Other Income		
Interest income	18,907,467	9,523,456
Income from current investments:	4,080,424	443,161
Provision no longer required written back	2,237,448	9,728,182
Sale of software Marketing Right (Refer Note 11)	-	399,069,241
Miscellaneous income	3,155,976	488,944
Total	**28,381,316**	**419,252,985**
SCHEDULE 16 : Operating Expenses		
Cost of Logistic operations	4,548,088,687	3,478,944,505
Purchase of software and related services	9,126,336	30,351,062
Rail freight and other operating charges	1,174,807,304	319,771,474
Cost of Free Trade Warehousing Zone operations	16,186,836	-
Total	**5,748,209,163**	**3,829,067,041**
SCHEDULE 17 : Personnel Cost		
Salary, bonus and other allowances	392,281,044	283,640,154
Contribution to provident and other funds	21,469,877	14,927,649
Staff welfare	22,039,111	17,357,686
Employee compensation expenses (Refer Note 8)	(2,041,651)	(17,308,743)
Total	**433,748,381**	**298,616,745**
SCHEDULE 18 : Administrative and Other Expenses		
Rent	94,057,666	35,716,426
Rates and taxes	20,556,151	3,448,510
Insurance	11,147,672	6,787,667
Electricity charges	8,592,107	5,417,996
Repairs and maintenance - Building	646,603	1,692,795
- Others	17,796,082	8,895,264
Communication expenses	20,514,950	22,010,907
Travelling and conveyance	68,047,785	38,680,201
Vehicle expenses	17,558,533	15,308,133
Printing and stationery	5,372,058	5,343,520

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Legal and professional Charges	65,307,142	32,798,517
Security Charges	11,354,410	590,156
Miscellaneous expenses	39,933,726	27,451,594
Auditors remuneration - Statutory audit fees	7,445,400	6,987,450
- Other matters	254,015	1,564,434
- Out of pocket expenses	46,995	-
Advertisement and business promotion expenses	32,247,444	15,443,964
Royalty Paid	2,441,751	3,472,584
Loss on foreign exchange fluctuations (Net)	4,487,908	31,250,236
Bad debts	8,110,447	3,491,599
Provision for doubtful debts (Net)	(1,636,983)	(286,469)
Loss on sale of fixed assets (Net)	1,889,613	2,414,829
Sundry balances written off	74,583	1,830,012
Loss on sale of subsidiaries	4,836,493	-
Total	**441,082,551**	**270,310,325**
SCHEDULE 19 : Financial Expenses		
- Fixed loans	450,310,269	112,222,287
- Others	11,255,244	11,053,654
Bank and other financial charges	12,114,810	7,490,675
Total	**473,680,323**	**130,766,616**

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 20: NOTES TO CONSOLIDATED ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Arshiya International Limited (hereinafter referred to as "the Parent Company", "the Company" or "AIL") together with its subsidiaries (collectively referred to as "Group") is flagship company of the Arshiya group and is an India headquartered, integrated supply chain and logistics solution provider. The company has multinational operations in the logistics and supply chain management space. The company also commenced commercial operation of Free Trade Warehousing Zone from 1st December 2010 and started three warehouses and related infrastructure operations.

b. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006.

c. Basis of Consolidation

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

ii) In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard 21 (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.

iii) The excess of cost to the Company of its investment in the Subsidiary Company over the Company's share of equity and reserves of the subsidiary Company is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserves of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve.

iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except that:

a) In case of Cyberlog Technologies International Pte Limited, Arshiya International Singapore Pte Limited and Arshiya Logistics LLC Dubai liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis. In case of Cyberlog Technologies International Pte Limited, Arshiya International Singapore Pte Limited and Arshiya Logistics LLC Dubai, liability on account of gratuity is provided on arithmetical basis instead of actuarial basis. These liabilities represent 0.99 % of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

b) In case of Parent Company, ancillary cost in connection with the arrangement of long term borrowings are amortized over the tenure of borrowings, in conformity with Accounting Standards, as against earlier practice of charging out in the year of incurrence. As a result, net profit before tax for the year is higher by ₹ 70,881,932. However such ancillary costs incurred by subsidiaries pertaining to projects are capitalized ₹ 33,574,457.

d. Subsidiaries considered in Consolidated Financial Statements

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

Name of the Company	Country of Incorporation	Proportion of interest (including beneficial interest)/ voting power (either directly/indirectly or through subsidiaries)
Arshiya Domestic Distripark Limited	India	100% (100%)
Arshiya FTWZ Limited	India	100% (100%)
Arshiya International Singapore Pte Limited	Singapore	100% (100%)
Arshiya Logistics LLC, Dubai *	United Arab Emirates	100% (100%)
Arshiya Logistics WLL, Qatar *(Ceased to be subsidiary w.ef. 8 January 2011)	Qatar	- (60%)
Arshiya Logistics LLC Oman * (Ceased to be subsidiary w.ef. 6 December 2010)	Oman	- (51%)
Cyberlog Technologies Inc. # (Business discontinued and under process of dissolution)	United States of America	100% (100%)
Cyberlog Technologies (UAE) FZE #	United Arab Emirates	100% (100%)
Cyberlog Technologies Hong Kong Limited #	Hong Kong	100% (100%)
Arshiya Technologies (India) Private Limited # (100% w.e.f 7 October, 2010)	India	100% (90%)
Arshiya Northern Domestic Distripark Limited ##	India	100% (100%)
Arshiya Southern Domestic Distripark Limited ##	India	100% (100%)
Arshiya Eastern Domestic Distripark Limited ##	India	100% (100%)
Arshiya Western Domestic Distripark Limited ##	India	100% (100%)
Arshiya Central Domestic Distripark Limited ##	India	100% (100%)
Arshiya Northern FTWZ Limited @	India	100% (100%)
Arshiya Exim Trading Limited @	India	100% (100%)
Arshiya Eastern FTWZ Limited @	India	100% (100%)
Arshiya Western FTWZ Limited@	India	100% (100%)
Arshiya Central FTWZ Limited@	India	100% (100%)
Arshiya Rail Siding and Infrastructure Limited (w.e.f. 1 April, 2010) $	India	100% (--)
Arshiya Transport and Handling Limited (w.e.f. 31 March, 2011)	India	100% (--)

* Subsidiary Companies of Arshiya Hong Kong Limited

\# Subsidiary Companies of Cyberlog Technologies International Pte Limited

\## Subsidiary Companies of Arshiya Domestic Distripark Limited

@ Subsidiary Companies of Arshiya FTWZ Limited

$ Subsidiary Company of Arshiya Rail Infrastructure Limited

e. Use of estimates

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

f. Fixed assets

i) Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses except land which is carried at cost including lease premium. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

ii) Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet including advances for capital expenditure.

iii) The capitalized cost of software includes license fees, cost of implementation and system integration services. These costs are capitalized as intangible assets in the year in which related software is implemented.

g. Borrowing Costs

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

h. Depreciation and Amortization

In case of the Parent Company and Indian subsidiaries

Logistics operations and related services

i) Depreciation on fixed assets is provided on straight-line method at the rates and manner prescribed under Schedule XIV to the Companies Act, 1956. During the current year, the Parent Company and a Indian subsidiary has revised its accounting policy of providing for depreciation from written down value method to straight line method [Refer Note 9 (a)].

ii) Software (intangible asset other than (iii) below), is amortized on a straight-line basis over a period of three to six years from the date of its implementation based on the management's estimate of useful life over which economic benefits will be derived from its use.

iii) Cost of Enterprise Resource Planning (ERP) software (intangible asset) including expenditure on implementation is amortised over a period of ten years based on the management's estimate of useful life over which economic benefits will be derived from its use.

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

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

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

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

In case of certain overseas subsidiary companies

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

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

The Group

Leasehold improvements are amortised over the period of the lease.

i. Investments

i) Investments intended to be held for more than a year, from the date of acquisition are classified as long term and are valued at cost. Provision for diminution, if any, in the value of long term investments is made to recognise a decline, other than temporary.

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

j. Inventories

Packing Material is valued at lower of cost and net realizable value. Cost of packing material is determined on weighted average basis.

k. Revenue recognition

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

ii) Revenue from allotment of warehousing space and open yard area to units is accounted on accrual basis as agreed terms.

iii) Revenue from value added services and other activities is recognized based on completion of agreed contracted services.

iv) Revenue from sale of user licenses for software application is recognized on transfer of the title of the user licenses.

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

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

vii) Consultancy Fees are recognized as revenue on completion of service based on the respective terms with the clients.

viii) Interest and 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.

l. i) Foreign currency transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the date of the transaction. Realized gains and losses on settlement of foreign currency transactions are recognized in the Profit and Loss Account.

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

Non-monetary foreign currency items are carried at cost 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.

ii) Accounting of translation

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

m. Employee benefits

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

n. Leases

Finance lease

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

Operating lease

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

o. Accounting for taxes on income

i) Provision for current tax comprises of taxes on income from operations in India and in foreign jurisdictions. Provision for current tax payable in India made based on the tax payable under the Income-tax Act, 1961.

ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

p. Impairment

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

q. Contingent Liabilities

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

r. Earnings per Share

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

s. 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.

t. Miscellaneous Expenditure

Ancillary cost in connection with the arrangement of long term borrowings are amortized over the tenure of borrowings.

2. Secured Loans

In case of Parent company

a. Term Loans from Banks

– ₹ 5,303,491,662 (₹ 1,923,660,728) is secured by way of first charge on all the present and future movable and immovable assets including intangible assets, assignment of rights and benefits other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Second charge on current assets other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project

– ₹ 40,000,000 (₹ 40,471,814) is secured by way of hypothecation charge over the assets financed viz leasehold improvements, furniture and fixtures, office equipments at MIDC Office.

– ₹ 369,445,156 (₹ 499,987,621) is secured by equitable mortgage of land at Khurja, near Noida, U.P.

All the above loans are secured by personal guarantee of the Promoter Directors.

– ₹ 333,242,189 (₹ 500,000,000) is secured by equitable mortgage of land situated at village Buti Bori , District Nagpur. This loan is also secured by personal guarantee of one of the Promoter Director.

In case of Subsidiaries

– ₹ 3,205,951,927 (₹ 1,855,089,941) is secured by way of first charge and hypothecation of all movable and immovable assets including intangible assets, both present and future held by subsidiaries, and further secured by Corporate Guarantee/Security provided by the Holding Company and personal guarantees by Managing Director and his relative.

– ₹ 2,099,820,011 (₹ Nil) is secured by way of first pari passu charge on all the movable and immovable fixed assets of the Company both present and future and first pari passu hypothecation charge on current assets including receivables of the subsidiaries both present and future. Further secured by pledge of 51% of total equity capital of the subsidiary and 64.45 acres of Land at Khurja. Loan is collaterally secured by personal guarantee of the Promoter Directors and corporate guarantee of holding company.

– ₹ 2,226,219,185 (₹ 249,987,879) is secured by way of first pari passu charge on all the movable and immovable fixed assets of the subsidiaries both present and future and first pari passu hypothecation charge on current assets including receivables of the subsidiary both present and future .Further secured by pledge of 51% of total equity capital of subsidiary. Loan is collaterally secured by personal guarantee of Promoter Directors and corporate guarantee of holding company.

Term Loan repayable within one year ₹ 1,239,445,156 (₹ 722,537,500)

b. Short Term Loans from Banks:

In case of Parent Company

– ₹ 200,000,000 (₹ NIL) is secured by first ranking pari passu charge by way of hypothecation of current assets of the company. Second pari passu charge on entire fixed assets of the company both present and future.

– ₹ 109,705,321 (₹ NIL) is secured by first charge on all the present and future movable and immovable assets including intangible assets, assignment of rights and benefits other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Second charge on current assets other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project

All the above loans are secured by personal guarantee of the Promoter Directors.

c. Working Capital loan from banks:

In case of Parent Company

– ₹ 198,672,152 (₹ NIL) is secured by first charge on entire current assets of the company other than current assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Second charge on all the present and future movable and immovable fixed assets including intangible assets, assignment of rights and benefits other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project.

– ₹ NIL (₹ 93,227,672) is secured by first hypothecation charge on entire current assets of logistics division of the company, both present and future. Second hypothecation charge on the receivables arising out of the operations of the JNPT FTWZ project, both present and future. First parri passu charge by way of equitable mortgage on immovable property located at Andheri (East) Mumbai. Subservient charge on all the immovable properties pertaining to FTWZ project JNPT and pledge of fixed deposits of ₹ 50 Lacs.

All the above loans are secured by personal guarantee of Promoter Directors.

In case of subsidiary

– ₹ 90,000,000 (₹ Nil) is secured by first charge on entire current assets of subsidiary mainly consisting of receivables and also land admeasuring 4.583 acres owned by the company along with land admeasuring 24.998 acres of Holding company at Khurja (U.P.)

d. Vehicle Loans:

– ₹ 3,695,804 (₹ 8,419,178) are against hypothecation of specific vehicles.

3. Unsecured Loans

a. ₹ Nil (₹ 299,994,803) is against the personal guarantee of the Promoter Directors.

b. ₹ Nil (₹ 200,000,000) is against pledge of equity shares held by a Promoter Director.

4. a. Contingent liability not provided for in respect of :

Particulars	**2011** ₹	**2010** ₹
Disputed income tax demands	4,350,076	6,609,841
Claims against the Company not acknowledged as debts	280,080,924	29,702,022
Guarantess/ Letter of credit issued by banks (net of liabilities provided)	594,761,231	702,138,918
Costom duty on pending export obligation against import of capital goods.	284,202,230	138,482,185

b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) ₹ 6,971,424,290 (₹ 7,096,479,288)

c. The parent company has provided security and guarantee to the lenders for loan granted of ₹ 400 Crore to wholly owned subsidiary viz Arshiya Rail Infrastructure Limited.

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 and other related income and also includes related commission income of ₹ 373,775,995 (₹ 285,593,810)

   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	Year ended March 31, 2011	Year ended March 31, 2010
Income from logistics operations and related services	2,111,166	1,436,784
Cost / (Reversal of Cost) of logistic operations	4,060,221	(1,832,536)
Rent	-	202,500
Personnel Cost	-	110,364
Interest received reversed during the period	-	1,343,865
Preliminary and other Expenses	-	4,520,854
Net prior period expenses / (income)	**1,949,055**	**2,908,263**

8. **Employee Stock Option Plan (ESOP)**

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

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

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

Particulars	No. of options
Option outstanding at the beginning of the year	300,640 (924,200)
Options forfeited/transferred during the year	48,880 (495,600)
Options exercised during the year	76,650 (--)
Options expired/lapsed during the year	57,840 (127,960)
Options outstanding at the end of the year	117,270 (300,640)
Options exercisable at the end of the year	35,181 (105,224)

Out of the total employee stock compensation credit of ₹ 2,932,129 (₹ 17,585,209) recognized during the year, on account of the option outstanding at the end of the year, the group has credited ₹ 2,041,651 (₹ 17,308,743) to the Profit and Loss account in relation to the options granted to the non project employees and reduced from project cost ₹ 890,478 (₹ 276,466) on account of options granted to employees employed exclusively for its new projects.

9. Change in Accounting Policy

a. During the year to align with the group accounting policy, the Parent Company and one subsidiary has revised its policy of charging for depreciation from the written down value method to the straight-line method with retrospective effect and the said change has resulted in a surplus of ₹ 16,578,251 (disclosed as exceptional item as above) and a debit of ₹ 5,382,433 on account of deferred tax. Consequently, the net profit for the year ended 31st March, 2011 is higher by ₹ 11,195,818. Had the parent Company and subsidiary continued with the written down value method of depreciation, the charge for the year ended 31st March, 2011 would have been higher by ₹ 49,465,365 and the deferred tax charge would have been lower by ₹ 16,049,072.

b. In case of the Parent Company, ancillary cost in connection with the arrangement of long term borrowings, in conformity with Accounting Standards, as against earlier practice of charging in the year of incurrence. As a result, profit before tax for the year ended 31 March, 2011 is higher by ₹ 70,881,932. However such ancillary cost of ₹ 33,574,457 incurred by subsidiaries pertaining to projects are capitalized.

10. Exceptional items in profit and loss account includes as under:

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Surplus on change in depreciation policy [Refer Note 9 (a) above]	16,578,251	--
Charges for premature repayment of loans	21,664,744	--

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

12. During the year some claims were lodged by the company for damage of certain wagons, containers and goods with the Indian Railways and Insurance company. The claims are under process as on the closure of the financial year.

13. Segment Information

Primary Segment Information

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

Particulars	Logistics and related services	FTWZ / Distripark Operations and related services	Rail Transport Operations	Software	Unallocated	Total
SEGMENT REVENUE						
External sales	6,203,472,912 (4,590,717,233)	255,882,799 (--)	1,692,379,344 (482,290,686)	63,466,120 (185,931,681)	-- (--)	8,215,201,175 (5,258,939,600)
Other income	3,886,023 (7,047,746)	1,499,975 (1,103)	41,161 (219,839)	7,427 (400,279,219)	4,039,263 (2,181,622)	9,473,849 (409,729,529)
Total revenue	6,207,358,935 (4,597,764,979)	257,382,774 (1,103)	1,692,420,505 (482,510,525)	63,473,547 (586,210,900)	4,039,263 (2,181,622)	8,224,675,024 (5,668,669,129)
SEGMENT RESULT						
Segment result	1,385,066,772 (824,765,366)	140,406,388 (-4,673,484)	279,272,491 (81,940,992)	5,535,731 (482,062,290)	(400,566,385) (-217,220,435)	1,409,714,998 (1,166,874,729)
Operating profit						1,409,714,998 (1,166,874,729)

Particulars	Logistics and related services	FTWZ / Distripark Operations and relates services	Rail Transport Operations	Software	Unallocated	Total
Interest expenses						461,565,513 (123,275,941)
Interest income						18,907,467 (9,523,456)
Exceptional items: Surplus on change in Depreciation accounting policy Charges for premature repayment of loans						 16,578,251 (--) (21,664,744) (--)
Income taxes (Including deferred tax and **MAT Credit Entitlement**) *						139,668,959 (73,578,134)
Net profit after taxation						822,301,500 (979,544,110)
Less: Minority interest						2,236,419 (3,589,627)
Net profit for the year						820,065,081 (983,133,737)
OTHER INFORMATION						
Segment assets	2,071,151,416 (2,366,620,575)	15,975,851,377 (6,476,709,494)	5,145,135,152 (3,444,869,529)	186,712,785 (730,195,940)	579,769,277 (801,727,291)	23,958,620,008 (13,820,122,829)
Total assets						23,958,620,008 (13,820,122,829)
Segment liabilities	1,027,160,430 (1,172,404,454)	9,164,522,254 (2,189,651,989)	3,601,124,694 (1,968,582,692)	2,419,414 (13,776,485)	2,707,682,195 (1,776,466,074)	16,502,908,988 (7,120,881,694)
Total Liabilities						16,502,908,988 (7,120,881,694)
Capital expenditure	7,386,315 (4,412,928)	7,774,055,340 (2,962,453,029)	1,497,541,923 (1,533,500,297)	- (56,816)	117,582,177 (-1,523,405)	9,396,565,755 (4,498,899,665)
Depreciation	8,568,039 (12,001,715)	31,825,189 (-)	102,497,814 (36,946,630)	1,295,674 (33,496,814)	39,233,570 (13,864,456)	183,420286 (96,309,615)
Non-cash expenses / (income) other than depreciation	8,119,236 (9,330,777)	- (1,103)	- -	1,880,823 (11,031,456)	- (1,097,017)	10,000,059 (21,460,353)

Secondary segment information:

Particulars	India	Outside India	Total
Revenue	5,999,099,419 (2,897,155,545)	2,225,575,605 (2,361,784,055)	8,224,675,024 (5,258,939,600)
Carrying amount of assets	22,450,571,266 (11,414,409,913)	1,508,048,742 (2,405,712,916)	23,958,620,008 (13,820,122,829)
Capital expenditure	9,396,033,567 (4,498,899,665)	532,188 (--)	9,396,565,755 (4,498,899,665)

Notes:

a. Geographical segment and its composition are as follows:

Geographical segments
India
Rest of world

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

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

14. Capital Projects

a. Three Warehouses and related common infrastructure of Free Trade Warehousing Zone Project at Sai Village, Panvel of the Group commenced commercial operations from December 1, 2010.

b. Capital work-in-progress includes capital advances of ₹ 3,156,655,019 (₹ 1,837,258,683) and preoperative expenses ₹ 1,784,519,433 (₹ 879,588,474).

b. Borrowing cost capitalised or transferred to capital work in progress ₹ 913,032,344 (₹ 299,675,753)

15. The details of pre-operative expenses are as under:

Nature of expenses	As at 31st March, 2011	As at 31st March, 2010
Expenditure upto Previous year	879,588,474	281,870,364
Personnel Cost	363,659,813	144,531,574
Electricity charges	14,159,979	1,152,746
Rent	57,889,969	43,986,259
Rates and taxes	72,781,535	6,542,626
Recruitment expenses	809,641	2,166,618
Travelling and conveyance	36,729,677	12,777,935
Vehicle expenses	6,045,801	1,165,581
Legal and professional charges	94,928,760	93,486,113
Miscellaneous expenses	16,755,059	23,375,656

Nature of expenses	As at 31st March, 2011	As at 31st March, 2010
Security Expenses	16,459,351	7,060,726
Bank and other financial charges	52,615,194	47,377,648
Interest on Fixed loans	818,033,087	270,591,992
Less: Interest earned on capital advances	(574,507)	-
Less: Interest on Fixed Deposits	(4,652,776)	(5,391,929)
Depreciation/Amortization	13,198,228	12,006,722
Sub Total	**2,438,427,285**	**942,700,631**
Trial run Income	7,546,111	--
Less: Trial run Expenses	28,306,506	--
Net loss during trial run	20,760,395	--
Less : Amount allocated to fixed assets capitalized/transferred during the year	633,147,456	63,112,157
Balance carried to Balance sheet	**1,784,519,433**	**879,588,474**

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

- **List of entities where control exists**
  The list of subsidiary companies is disclosed in note 1(d) above.

- **Key management personnel**
  Mr. Ajay S Mittal – Group Chairman and Managing Director
  Mrs. Archana A Mittal – Joint Managing Director
  Mr. V Shivkumar – Executive Director
  Mr. Sandesh R Chonkar - Executive Director

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

  Bhushan Steels Limited,
  Arshiya Realty Limited

Note:

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

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

(Amount in ₹)

Particulars	Related parties		Total
	Key Management Personnel	Enterprise owned or significantly influenced by Key Management Personnel or their relatives	
Income from operations	--- (--)	531,964,351 (371,105,257)	531,964,351 (371,105,257)
Managerial Remuneration (Refer note 21)	38,386,348 (25,087,528)	-- (--)	38,386,348 (25,087,528)
Loans and advances given		26,000,000 (--)	26,000,000 (--)
Loans and advances repayment received		26,000,000 (--)	26,000,000 (--)
Issue of equity shares	11,025,000 ---	--- (--)	11,025,000 ---
Outstanding balances			
Receivables	--- (--)	44,539,026 (38,695,208)	44,539,026 (38,695,208)

Note:

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

(Amount in ₹)

Type of the transaction	Name of the Party	Year ended March 31, 2011	Year ended March 31, 2010
Income from operations	Bhushan Steels Limited	531,964,351	371,105,257
Managerial Remuneration	Mr. Ajay S Mittal	10,130,752	8,915,026
	Mrs. Archana A Mittal	8,114,752	7,403,026
	Mr.Sandesh R Chonkar	10,236,239	4,382,211
	Mr. V Shivkumar	9,904,606	4,387,266
Loans and advances given	Arshiya Realty Limited	26,000,000	---
Loans and advances repayment received	Arshiya Realty Limited	26,000,000	---
Issue of equity shares	Mr. Sandesh R Chonkar	5,512,500	---
	Mr. V Shivkumar	5,512,500	---

17. Disclosure Pursuant to Accounting Standard - 19 Leases

Finance Leases

The Group has acquired assets under finance leases. Details of lease rentals payable are as follows:

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payment	3,076,421 (4,549,512)	1,155,422 (5,493,683)	-- (--)
Less: Finance charges payable in future	442,129 (788,691)	93,911 (835,326)	-- (--)
Present value of the lease rentals	2,634,292 (3,760,821)	1,061,511 (4,658,357)	-- (--)

Notes:

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.

Operating Leases

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

In respect of assets taken on non cancelable operating lease:

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Lease obligations		
Future minimum lease rental payments		
- not later than one year	150,779,033	76,598,882
- later than one year but not later than five years	292,577,234	216,281,613
- later than five years	NIL	NIL
Total	**443,356,267**	**292,880,495**

Lease rental payment in respect of operating leases for the year are ₹ 134,881,672 (₹ 19,139,915) and during the year ₹ 5,50,23,372 (₹ 55,755,942) was capitalized.

18. Earnings per share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax and minority interest for the year	820,065,078	983,133,737
Weighted average number of shares for basic	58,781,427	58,752,822
Weighted average number of shares for diluted	58,800,190	58,752,822
Nominal value per share (₹)	2	2
Earnings per share (₹)		
Basic	13.95	16.73
Diluted	13.95	16.73

19. Taxation

a. Current tax is calculated on results of individual companies in accordance with local accounting practices and tax regulations.

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

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred tax liabilities		
Related to Fixed Assets	56,259,469	91,284
Total deferred tax liabilities (A)	56,259,469	91,284
Deferred tax assets		
Disallowances under Tax Laws	394,293	352,295
Unabsorbed business loss / depreciation	8,636,913	6,988,379
Others	1,621	4,575,854
Total deferred tax assets (B)	9,032,827	11,916,528
Net deferred tax (assets)/liability (A)-(B)	47,226,,642	(11,825,244)

20. a. Derivative contracts (forward contracts for hedging purposes) entered into by the Company and outstanding as at:

Particulars	**Foreign currency amount**			**Equivalent amount (in ₹)**	
Balances	**Currency**	**As at March 31, 2011**	**As at March 31, 2010**	**As at March 31, 2011**	**As at March 31, 2010**
Accounts Payable	USD	2,457,006	-	109,705,322	-

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

Particulars	**Foreign currency amount**			**Equivalent amount (in ₹)**	
Balances	**Currency**	**As at 31-Mar-11**	**As at 31-Mar-10**	**As at 31-Mar-11**	**As at 31-Mar-10**
Bank balances	EUR	216	5,442	13,805	329,749
	SGD	4,242	1,410	152,187	45,399
	USD	1,847,171	768,670	83,649,887	34,550,803
Accounts receivable	USD	18,439,603	31,974,751	835,044,798	1,438,060,459
	EUR	-	2,747,839	-	168,040,230
	SGD	142,899	1,592,315	5,126,314	51,269,199
	GBP	-	77	-	5,226

Particulars	Foreign currency amount			Equivalent amount (in ₹)	
Accounts payable	USD	765,414	1,568,023	34,662,079	70,612,521
	AUD	-	1,999	-	83,216
	DKK	-	6,563	-	53,783
	SEK	-	7,170	-	44,415
	GBP	674	3,607	48,891	245,120
	EUR	108,106	304,676	6,909,054	18,494,162
	JPY	187,433	6,204,610	101,982	3,010,942
	NOK	-	40,624	-	307,057
	SAR	-	3,890	-	46,770
	NZD	-	1,452	-	46,694
	CHF	223	--	10,971	--
	HKD	188,571	--	1,096,408	--
	SGD	9,514	--	341,326	--

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

	Managing Director		Joint Managing Director		Executive Directors	
Particulars	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**
Salaries and allowances	9,000,000	7,800,000	7,200,000	6,450,000	18,040,008	8,118,204
Commission	18,654	164,187	18,654	164,187	-	-
Perquisites/ Contribution to Provident Fund	1,112,098	950,839	896,098	788,839	2,100,837	651,272
Total	**10,130,752**	**8,915,026**	**8,114,752**	**7,403,026**	**20,140,845**	**8,769,476**

Notes:

a. Salaries and allowances include basic salary, house rent allowance and leave travel allowance.

b. Provision for post retirement benefits which is based on actuarial valuation done on an overall company basis is excluded from the above calculation.

22. The figures for the previous year have been regrouped where necessary to conform to current year classification. The figure of the current year are not comparable with that of previous year in view of the commencement of commercial operations of the Free Trade Warehousing Zone at Sai Village, Panvel and subsidiaries diverted during the year. Previous year figures are given in bracket.

Signature to Schedule "1 to 22"

As per our attached report of even date

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

Sanjay Kothari
Partner
Membership no. 48215

Mumbai, 10th August 2011

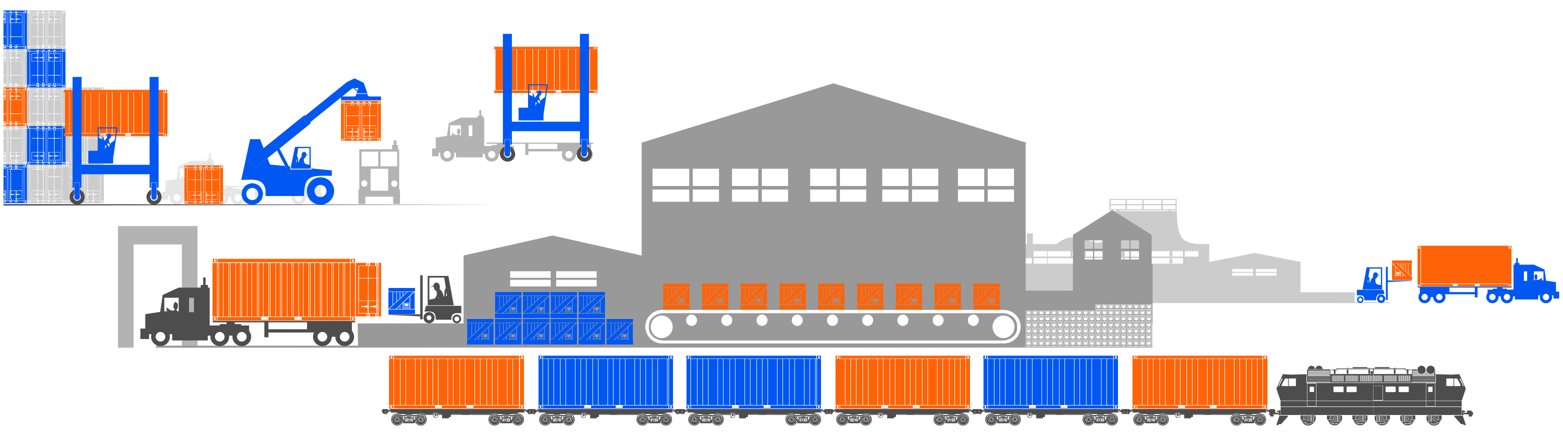
For and on behalf of the Board of Directors

Ajay S Mittal
Chairman & Managing Director

Archana A Mittal
Joint Managing Director

Nitin Kolhatkar
Chief Financial Officer

Rahul Neogi
Company Secretary



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The Annual Report can also be accessed at www.arshiyainternational.com