

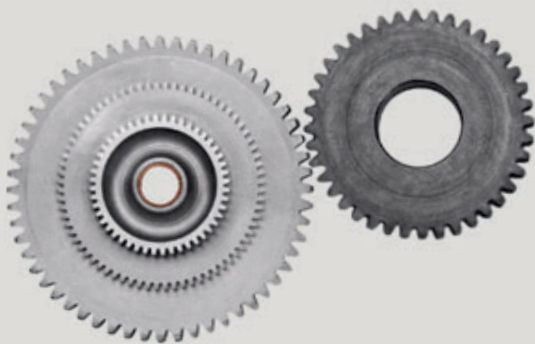
# 2012

THE YEAR WE  
UNIFY THE  
SUPPLY CHAIN





Free Trade  
& Warehousing  
Zones



Forwarding

## **Forwarding**

Integrated international freight management and project logistics services for greater efficiency.

## **Free Trade & Warehousing Zones**

World-class mega logistics park and deemed foreign territory for exports, imports and re-exports (the first of its kind in India).

Transport  
& Handling



Industrial  
& Distribution  
Hubs

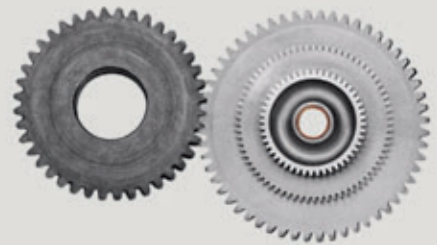
## **Industrial & Distribution Hubs**

Strategically located domestic hubs that allow for fast and efficient consolidation and deconsolidation, and accelerate movement of goods through rail and road.

## **Transport & Handling**

Specialised transportation and handling services for first and last mile connectivity.

Supply Chain  
Technology  
& Management



Rail & Rail  
Infrastructure

### **Rail & Rail Infrastructure**

Pan-India dedicated rail freight services and sidings, connected seamlessly with our Industrial & Distribution Hubs and Free Trade & Warehousing Zones.

### **Supply Chain Technology & Management**

Services that unify all of Arshiya's supply chain infrastructure and services to provide world-class solutions.





It's been an eventful year at Arshiya. As events unfold, 2012 will be the year all the links of the supply chain come together to give global businesses in India what they need most: a truly Unified Supply Chain, both in terms of infrastructure as well as solutions. It will also go down as the year Arshiya, as a Company, changed the rules of the game.

Over the last decade, we've been re-imagining and rebuilding every link of the supply chain, one piece at a time. We started off with end-to-end freight management, forwarding, and supply chain management solutions. Our next step was to build the country's first Free Trade & Warehousing Zone. We followed that up with our pan-India Private Container Train Operations, offering dedicated rakes along with customised containers.

Now with unveiling of our next FTWZ and collocated Industrial & Distribution Hub in Khurja (near New Delhi) and connecting rail siding, Arshiya is all set to take on the role of being India's only Unified Supply Chain and Infrastructure Group to provide a complete supply chain backbone to the country. And get the country geared to become the next global trade hub.







## 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 Thirty-first Annual General Meeting of the Members of **ARSHIYA INTERNATIONAL LIMITED** will be held on Tuesday, 18<sup>th</sup> September, 2012 at 2.30 p.m. at Hall of Harmony (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Ashish Bairagra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rishabh P Shah, 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 of the Institute of Chartered Accountants of India, be and are hereby appointed as 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 the provisions of Sections 198, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the Act”, which includes any statutory modification or re-enactment thereof) and subject to approval of Central Government, if required, consent of the Company be and is hereby accorded to the revision in remuneration payable to Mr. Ajay S Mittal, Chairman & Managing Director of the Company w. e. f. 01<sup>st</sup> October, 2011 till the remaining period of his appointment i.e. 18<sup>th</sup> April, 2014, as detailed below:

##### Components of Remuneration

Salary (Basic) : ₹ 35.00 Lacs per month.

Perquisites:

- a) Contribution to Provident Fund : @12% of basic salary.
- b) Gratuity : As per rules of the Company (which is 15 days' basic salary for every completed year of service).
- c) Medical Expenses incurred in India & Abroad for self & family : Reimbursement upto maximum of ₹ 5 lacs p.a. (to be incurred in India/abroad for self and family).
- d) Insurance premium (comprising of Life, Mediclaim, Group Personal Accident Policy) : Up to a limit of ₹ 1 lac premium payable p.a.
- e) Leave : 30 days per annum (calendar year).

- f) Commission : Not exceeding 1 % of net profits calculated in accordance with the provisions of the Companies Act, 1956.
- g) Car : Chauffeur driven Car for official use.
- h) Telephone / facsimile / computer : Provision for use of telephone / facsimile / computer / internet at the residence.
- i) Club Fees : Subject to a maximum of two clubs. This will not include admission and life membership fees.
- j) Leave Travel : For self, spouse and dependent children for travel once in a year to any place in India / abroad.

**RESOLVED FURTHER THAT** aggregate of the salary and perquisites as mentioned above, to the extent the same is taxable under the Income Tax Act, shall not exceed ₹ 5 crores per annum in any financial year during the remaining tenure of Mr. Ajay S Mittal holding office as Chairman & Managing Director.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of appointment of the Chairman & Managing Director, the Company has no profits or the profits are inadequate, the remuneration aforementioned shall be paid to him as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) be and is hereby authorised to alter and vary the terms and conditions of appointment including remuneration referred hereinabove."

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)(b) and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby grants its approval and consent to the appointment of Mr. Ananya Mittal, who is related to Mr. Ajay S Mittal, Chairman & Managing Director and Mrs. Archana A Mittal, Joint Managing Director of the Company, being their son as General Manager Business Development on an all inclusive remuneration of ₹ 2,08,333/- p.m. with liberty to the Board to grant any promotion and such annual increments or increase subject to the condition that the total annual remuneration inclusive of increments, allowances and perquisites as aforesaid shall not at any time exceed ₹ 30 lakhs per annum.

**RESOLVED FURTHER THAT** the Board (which shall also include any Committee thereof) be and is hereby authorized to do all such acts, deeds and things, as may be necessary, to settle any question or doubts that may arise in this regard."

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

**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applications, provisions, if any, of the Companies Act, 1956 and Rules framed thereunder and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing Articles of Association of the Company be amended as under:

#### **Participating through Electronic Mode**

- i) The following Article be inserted after the existing Article 72(3):

72(4): Notwithstanding anything contrary contained in the Articles of Association, the company may send any communication including Notice of General Meeting, Annual Reports, etc to any person(s) by electronic mode, as may be permitted by applicable law.

- ii) The following Article be inserted after the existing Article 94:

94A: Notwithstanding anything contrary contained in the Articles of Association, the Company may provide Video Conference facility and/or other permissible electronic or communication facilities to enable the Shareholders of the Company to participate in General Meetings of the Company. Such participation by the Shareholders at General Meetings of the Company through Video Conference facility and/or use of other permissible electronic or communication facilities shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

- iii) The following proviso be inserted as a Para after the existing Article 133:

Provided that a Director participating in a Meeting through use of Video Conference or any other permissible electronic or other mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in the Articles of Association.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee or any person which the Board may constitute/nominate to exercise its powers, including the powers by this Resolution), be authorised to take all such steps as may be necessary to give effect to this Resolution.”

**By order of the Board of Directors**  
**G.Hariharan**  
**Group Legal Counsel & Head Corporate Governance**

**Registered Office:**

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

Dated: 13<sup>th</sup> August, 2012

**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 Business 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 Exchange(s), 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 Monday, the 10<sup>th</sup> September, 2012 to Tuesday, the 18<sup>th</sup> September, 2012 (both days inclusive).
10. The shareholders, whose names appear on the Company's Register of Members on 18<sup>th</sup> September, 2012 will be entitled to receive dividend, if declared at the 31<sup>st</sup> AGM. In respect of shares held in demat form, the dividend will be payable to all beneficial owners based on the data as may be made available by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on 18<sup>th</sup> September, 2012. 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 its/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 immediately of the following:
  - a. The change in the residential status upon return to India for permanent 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 6**

Mr. Ajay S Mittal was appointed by the Board as Chairman & Managing Director, for a period of five (5) years from 19<sup>th</sup> April, 2009 to 18<sup>th</sup> April, 2014, on a basic salary of ₹ 7.5 Lac per month duly approved by the members at the Annual General Meeting held on 29<sup>th</sup> September, 2009.

The Board at its meeting held on 7<sup>th</sup> February, 2012 revised the remuneration payable to Mr. Ajay S Mittal, Chairman & Managing Director with effect from 1<sup>st</sup> October, 2011 on the basis of recommendation of the Remuneration Committee of the Board subject to approval of members at the ensuing Annual General Meeting. The revised remuneration payable to Mr. Ajay S Mittal for his remaining tenure of appointment as Chairman & Managing Director is set out in the Special Resolution under Item No.6 of the Notice convening the Annual General Meeting.

The proposed revision in remuneration to the Chairman & Managing Director is comparable with that prevailing in the industry and commensurate with the size of the organization coupled with multifarious business activities.

The approval of the Members at the Annual General Meeting by way of Special Resolution is required for the revision in the remuneration to the Managing Director.

The above revision in terms of appointment of Mr. Ajay S Mittal as Chairman & Managing Director may be treated as the abstract of the terms of contract pursuant to Section 302 of the Companies Act, 1956.

Mrs. Archana A Mittal being related to Mr. Ajay S Mittal (spouse) and Mr. Ajay S Mittal himself being the appointee may be treated as concerned or interested in the said Special Resolution.

None of the other Directors of the Company is concerned or interested in the said resolution.

### **ITEM 7**

Mr. Ananya Mittal represents India's next generation, son of Mr. Ajay S Mittal – Chairman & Managing Director & Mrs. Archana A Mittal, Joint Managing Director of Arshiya International Limited. Mr. Ananya Mittal is a graduate of Brown University, USA, wherein he studied Mechanical Engineering with a focus on Aerospace Engineering. It is proposed to appoint him as General Manager – Business Development to spearhead Arshiya's vision for unified supply chain infrastructure & services in India and in the creation of Arshiya's Pan-India foot print of Free Trade Warehousing Zones (FTWZ), Domestic Distriparks & Industrial Hubs and Rail & Rail Infrastructure. It is proposed to appoint him at a remuneration of ₹ 25.00 lakhs p.a w.e.f 6<sup>th</sup> August, 2012. Pursuant to section 314(1)(b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011, the said appointment should have the consent of the Members of the Company accorded by a special resolution in the general meeting.

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. Ajay S Mittal and Mrs. Archana A Mittal, are in any way concerned or interested in the Special Resolution.

**ITEM 8**

The Ministry of Corporate Affairs ("MCA"), Government of India, New Delhi vide General Circulars No. 27/2011 and 28/2011 dated 20<sup>th</sup> May, 2011 and Circular No. 35/2011 dated 6<sup>th</sup> June, 2011 has permitted Companies to hold Board Meetings and Shareholders Meetings through Video Conference facility, as part of the Green Initiative under Corporate Governance. Further, MCA vide Circular No. 72/2011 made the Video Conference facility at the Shareholders Meetings optional to the listed companies.

Section 53 of the Companies Act, 1956 and Article 72 of Articles of Association of the Company provide for modes of service of documents on a Member of the Company. The MCA has vide Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 stated that a Company would have complied with Section 53 if the service of a document has been made through electronic mode, provided the Company has obtained e-mail addresses of its members for sending Notice/ Documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address with the Company. Clause 32 of the Listing Agreement of the Stock Exchange also permits a Company to send soft copies of full Annual Reports, Balance Sheet, Profit & Loss Account and Directors' Report to all shareholders who have registered their e-mail address for this purpose. It is proposed to carry out necessary amendments in the existing Articles of Association of the Company by inserting appropriate enabling provisions as set out in the Special Resolution under Item No. 8 to give effect to the above Circulars of MCA.

In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of Special Resolution is required to amend the Articles of Association of the Company. A copy of the existing Memorandum and Articles of Association of the Company along with the proposed draft amendments to the Articles of Association is available for inspection by any member at the Registered Office of the Company between 10:00 a.m. and 12:00 noon on all working days (except Saturdays, Sundays and Public Holidays).

The Directors recommend the passing of the Resolution at Item No. 8 as a Special Resolution.

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

**By order of the Board of Directors**  
**G.Hariharan**  
**Group Legal Counsel & Head Corporate Governance**

**Registered Office:**

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

Dated: 13<sup>th</sup> August, 2012

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

<b>Name of the Director</b>	<b>Mr. Ashish Bairagra</b>	<b>Mr. Rishabh Shah</b>
Date of Birth	10/02/1979	17/02/1971
Qualification	B. Com., C.A.	B.A., L.L.B.
Date of Appointment	31/12/2005	31/12/2005
Profile and expertise	<p>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 &amp; 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</p>	<p>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 18 years of experience representing major corporations as legal counsel.</p>
Directorship held in other companies	<ol style="list-style-type: none"> <li>1. Arshiya Rail Infrastructure Ltd</li> <li>2. Mauve Consultancy Services Ltd</li> <li>3. Morison Bairagra Consulting Ltd</li> <li>4. ACM Shipping India Ltd</li> <li>5. Ashvik Real Estate Pvt. Ltd.</li> <li>6. Aquarius Financial Consultants Pvt. Ltd.</li> <li>7. Bairagra Properties &amp; Investments Pvt. Ltd</li> <li>8. Shrikant Real Estates Pvt. Ltd.</li> </ol>	Arshiya Rail Infrastructure Ltd
Committee position held in other companies	Member of Audit Committee of Arshiya Rail Infrastructure Ltd	Member of Audit Committee of Arshiya Rail Infrastructure Ltd
Shareholding (No. of equity shares)	Nil	7406





**ARSHIYA INTERNATIONAL LIMITED**

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

**ATTENDANCE SLIP THIRTY FIRST ANNUAL GENERAL MEETING**

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

No. of Shares.....

I / We hereby record my / our presence at the 31st Annual General Meeting of the Company to be held on Tuesday the 18<sup>th</sup> September, 2012 at 2.30 p.m. at Hall of Harmony (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai – 400 018.

Name & 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**

**THIRTY FIRST ANNUAL GENERAL MEETING**

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

No. of Shares.....

I/We.....

.....resident of .....

.....being a Member/Members of ARSHIYA INTERNATIONAL LIMITED 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 31<sup>st</sup> Annual General Meeting of the Company to be held on Tuesday the 18<sup>th</sup> September, 2012 and any adjournment thereof.

Signature.....

Signed this.....day of.....2012

Affix a 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 Registered Office of the Company not less than 48 hours before the commencement of the meeting.



**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 physical form)

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

Dear Sirs,

**FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND**

Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK  wherever is applicable.

ESC. Ref. No. .... FOR OFFICE USE ONLY <div style="border: 1px solid black; height: 40px; width: 100%; margin-top: 5px;"></div>
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Folio No. 

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Name of First Holder																
Bank Name																
branch Name																
Branch code	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td> </tr> </table> (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 <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td></tr></table>		Current <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td></tr></table>		Cash Credit <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td></tr></table>	

A/c No. (as appearing in the cheque book)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td> </tr> </table>																			

Effective date of this mandate	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td> </tr> </table>													

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, <b>ARSHIYA INTERNATIONAL LIMITED</b> 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 in whom all rights of transfer and/or amount payable in respect of Equity Shares shall rest 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.	

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Ajay S Mittal**

Chairman & Managing Director

### **Archana A Mittal**

Joint Managing Director

### **Sandesh R Chonkar**

Executive Director

### **Ashish Bairagra**

Independent Director and Chairman of the Audit Committee

### **Prof. G Raghuram**

Independent Director

### **James Beltran**

Independent Director

### **Rishabh P Shah**

Independent Director

### **Mukesh Kacker**

Independent Director

## GROUP LEGAL COUNSEL & CHIEF COMPLIANCE OFFICER

### **G. Hariharan**

## REGISTERED OFFICE

3rd Floor, Plot No. 61, Road No .13,  
M.I.D.C., Andheri(East), Mumbai- 400093  
Maharashtra, India.  
Ph: +91 22 40485300 Ph:+91 22 40485300  
Fax: +91 22 4048 5199/5299/ 5399  
Website:www.arshiyainternational.com

## CORPORATE OFFICE

301 Ceejay House, Level 3, Shiv Sagar Estate,  
F- Block, Dr. Annie Besant Road, Worli,  
Mumbai 400018, Maharashtra, India.  
Ph: +91 22 42305500/1/2 FAX: +91 22 42305555

## BANKERS

Axis Bank Limited  
Bank of India  
Bank of Baroda  
Corporation Bank  
Dena Bank  
Indian Overseas Bank  
ING Vysya Bank  
Karur Vysya Bank  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of India  
State Bank of Mysore  
State Bank of Travancore  
State Bank of Patiala  
State Bank of Hyderabad  
Syndicate Bank  
The South Indian Bank  
Tamilnad Mercantile Bank  
UCO Bank

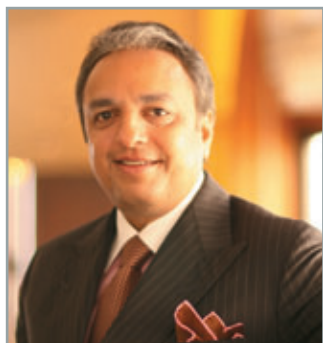
## AUDITORS

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

## REGISTRAR & SHARE TRANSFER AGENT

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

# BOARD OF DIRECTORS



## AJAY S MITTAL

**Chairman & Managing Director**

**Education: M.BA (USA), Bachelor of Commerce (India)**

**Experience:** Mr. Mittal represents the driving force behind Arshiya in its vision of being India's first Unified Supply Chain & Infrastructure Group. With 21 years of entrepreneurial career, over the last decade Mr. Mittal has successfully scaled Arshiya International by adding Free Trade & Warehousing Zones (FTWZs), Rail & Rail Infrastructure, Industrial & Domestic Hub, Forwarding, Supply Chain Technology & Management and Transport & Handling to its unified business portfolio. Today, Arshiya stands at the helm of being not just the first developer and operator of India's first of its kind two FTWZs, 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 pioneering unified supply chain infrastructure across India's strategic locations. Arshiya presently operates state-of-the-art FTWZs, one in the West (Mumbai – Panvel) spanning 165 acres and another in North (Khurja – In the state of UP near New Delhi) spanning 135 acres, near the confluence of the planned eastern and western freight corridors. Arshiya's Khurja zone is part of the 315 acres mega logistics hub which also includes a 50 acres rail siding and 130 acres Industrial & Distribution Hub. Mr. Mittal also plans to have additional zones across Central, South and East of India. Complementing each FTWZ will be Industrial & Distribution Hubs, Rail operations connectivity and Rail terminals. Under Mr. Mittal's guidance, Arshiya International has also received national as well as international awards and accolades for its initiatives in the supply chain 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 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. Archana A Mittal, Joint Managing Director represents Arshiya as one of the Board of Directors while also leading the charter of Projects & Procurement for Arshiya's intensive CAPEX deployment into developing Unified Supply Chain & Infrastructure. Mrs. Mittal brings with her extensive experience and leadership towards implementation, budgeting & adherence for Arshiya's consolidated infrastructure projects including the development and operations of Free Trade & Warehousing Zones (FTWZ), Rail & Rail Infrastructure, Industrial & Distribution Hubs, Forwarding, Supply Chain Technology & Management and Transport & Handling across India. Mrs.

Mittal is also a key member of Arshiya's executive management team involved with strategic decision-making towards Arshiya's growth & development. Under Mrs. Mittal's guidance, Arshiya International presently operates India's first of its kind state-of-the-art two FTWZs, one in the West (Mumbai – Panvel) spanning 165 acres and another in North (Khurja – In the state of UP near New Delhi) spanning 135 acres, near the confluence of the planned eastern and western freight corridors. Arshiya's Khurja zone is part of the 315 acres mega logistics hub which also includes India's largest private Rail terminal spanning 50 acres and 130 acres Industrial & Distribution Hub.

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 especially in the field of girl child education and women empowerment.



## SANDESH CHONKAR

### Executive Director & CFO

**Education: Chartered Accountant, Bachelor of Commerce (India)**

**Experience:** Mr. Chonkar has over 21 years of senior management experience including international assignments. He has spent over 15 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 & 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: PhD (Northwestern University), PGDM (IIMA) and BTech (IITM)**

**Experience:** Prof Raghuram is the Vice Chancellor of Indian Maritime University, a central university by the Government of India. This university integrates into its fold the existing seven maritime academic institutions across the nation. He is also a former professor of the Indian Institute of Management (IIM), Ahmedabad. His specialization comprises Transportation Policy and Management, Infrastructure and Service Systems, Supply Chain and Logistics Management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations. He is also authored four books on Logistics and Supply

Chain Management, Infrastructure Development and Financing - Towards a Public-Private Partnership and Shipping Management. He was also the President of Operational Research Society of India 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. He has been visiting faculty at universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several institutions across India.



## 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 18 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 32 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, He 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).



# DIRECTORS REPORT

To  
The Members of  
**Arshiya International Ltd.**

Your Directors are pleased to present the 31st Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2012.

## A) SUMMARIZED FINANCIAL RESULTS- ARSHIYA INTERNATIONAL LTD

	(₹ in Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
Income from operations and other Income	<b>63,000.80</b>	47,542.53
Expenditure	<b>54,438.59</b>	43,145.22
Profit Before Depreciation & Tax	<b>8,562.20</b>	4,397.30
Depreciation	<b>1,642.79</b>	696.10
Profit Before Tax & Exceptional Items	<b>6,919.41</b>	3,701.21
Prior period Items(Net)	<b>(11.10)</b>	19.49
Provision for Taxation	<b>2,168.23</b>	1,152.27
Profit After Tax	<b>4,751.18</b>	2,493.40
Balance B/f	<b>4,332.11</b>	2,909.18
Amount available for Appropriation	<b>9,083.29</b>	5,402.58
Proposed Dividend	<b>823.61</b>	705.95
Dividend tax	<b>133.61</b>	114.52
Transfer to General Reserve	<b>480.00</b>	250.00
Balance Carried to Balance Sheet	<b>7,646.06</b>	4,332.11

### FINANCIAL PERFORMANCE

Income from Operations, along with other income has increased by more than 32.51% as compared to the previous year. The Profit before Tax has recorded increase of 86.95% over that of the previous year and the Profit After Tax has increased by 90.55% as against the previous financial year.

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

	(₹ in Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
Income from Operations and other Income	<b>106,487.38</b>	82,435.82
Expenditure	<b>92,300.74</b>	72,765.25
Profit Before Tax & Exceptional Items	<b>14,186.63</b>	9,670.57
Profit After Tax before Minority Interest	<b>12,079.98</b>	8,223.01
Less Minority Interest	-	22.36
Net Profit for the year	<b>12,079.98</b>	8,200.65

On a Consolidated basis your Company has recorded a 29.18% increase in income and 47.31% increase in profit after tax over the previous year.

## DIVIDEND

The Directors recommend a dividend @ 70%. i.e. ₹ 1.40 per equity share of ₹ 2 for the financial year ended 31<sup>st</sup> March, 2012. The Dividend on Equity Shares, if approved by the Members, would involve a cash outflow of ₹ 957.22 Lacs including dividend tax.

## TRANSFER TO RESERVES

Your Directors propose to transfer a sum of ₹ 480 Lacs to the General Reserve Account for the year ended 31<sup>st</sup> March, 2012.

## BUSINESS AND FUTURE OUTLOOK

Your Company has over the past few years continuously and steadily strived to improve the logistics landscape in our country. Beginning with a strong foothold in the asset light logistics services industry, your Company embarked on a journey to create world class logistics infrastructure on a pan India basis which would provide natural integration to its core logistics business and revolutionize the logistics space in India.

Arshiya plans to capitalize on India's mammoth logistics opportunity by being India's only Unified Supply Chain Infrastructure and Solutions Group. With 11 year legacy in the logistics and supply chain industry in India servicing over 1,500 customers including over 275 at Arshiya's FTWZs alone, Arshiya's unique business model makes it a pioneering company, not just in India but world over. With a planned 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.

The Mumbai FTWZ has seen phenomenal growth over the year gone by and the Khurja FTWZ near New Delhi too has seen a strong traction of customers. In the rail space, your Company has signed a long term deal with GATX India to lease its rakes to Arshiya Rail. This move will help Arshiya Rail migrate its business to a capex lean model, resulting in lower gearing and improved margins. With this development and the commissioning of our logistics hub in Khurja, your Company extremely positive about the coming year.

### (I) Arshiya Free Trade & Warehousing Zones (FTWZ):

The FTWZ regulatory framework has given 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 developed by Arshiya, 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, industrial & distribution hubs, transport & 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 & Rail Infrastructure:

Arshiya Rail Infrastructure started its operations in February 2009. As at 31<sup>st</sup> March, 2012, Arshiya Rail has 20 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 Industrial & Distribution Hub Ltd.

Arshiya Industrial & Distribution Hub 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 Industrial & Distribution Hub 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 Rail Terminal developed by Arshiya Rail infrastructure and Arshiya's 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.

### (IV) Arshiya Forwarding

With a decade of lineage in integrated logistics solution Arshiya forwarding 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

Arshiya Supply Chain Management provides end-to-end supply & demand chain solutions and is committed to evolving end-to-end strategic solutions across supply chain management by using innovative technology.

## Group Subsidiary Companies and Consolidated Financial Results

The Company has following subsidiaries as on 31<sup>st</sup> March, 2012.

### Arshiya Domestic Distripark Ltd

Arshiya Industrial & Distribution Hub Limited (formerly known as Arshiya Northern Domestic Distripark Limited)

### Arshiya FTWZ Limited

Arshiya Central FTWZ Limited  
Arshiya Northern FTWZ Limited

### Arshiya Rail Infrastructure Ltd

Arshiya Rail Siding & Infrastructure Limited

### 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

Cyberlog Technologies Hongkong Limited  
Arshiya Technologies (India) Pvt. Limited  
Cyberlog Technologies (UAE) FZE

The Group also include Ajay & Archana Mittal Family Private Trust as defined in erstwhile MRTP Act, 1969.

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 dated 8<sup>th</sup> February, 2012, 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 31<sup>st</sup> March, 2012, and 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 /review, seven step down subsidiaries of the Company, viz. Arshiya Southern Domestic Distripark Ltd., Arshiya Eastern Domestic Distripark Ltd., Arshiya Western Domestic Distripark Ltd., Arshiya Central Domestic Distripark Ltd., Arshiya Exim Trading Ltd., Arshiya Eastern FTWZ Ltd., Arshiya Western FTWZ Ltd. have ceased to be step down subsidiaries of your Company. Further, another step-down subsidiary of your Company, Cyberlog Technologies Inc., USA has been dissolved.

### AMALGAMATION OF SUBSIDIARY COMPANIES

The wholly owned subsidiaries of your Company viz. Arshiya FTWZ Limited (AFTWZL) and Arshiya Domestic Distripark Limited (ADDL) are in the process of getting merged with your Company and necessary petitions have been presented before the Bombay High Court.

### 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 this Annual Report.

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

### DIRECTORS

Mr. Ashish Bairagra and Mr. Rishabh P. Shah, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. V. Shivkumar opted for retirement from the Board w.e.f. 14<sup>th</sup> May, 2012. The Board acknowledges and places on record its deep appreciation of the valuable contributions made by Mr. V. Shivkumar as an Executive Director of the Company.

### ARSHIYA EMPLOYEE STOCK OPTION PLAN 2007

Employee Stock Option Plan 2007 is now administered by the Compensation Committee of the Board. The applicable disclosures required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as at 31<sup>st</sup> March, 2012, are set out in Annexure I to this Report.

Your Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The certificate would be placed at the Annual General Meeting for inspection by members.

### DIRECTORS RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;
- the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012, and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

### SECRETARIAL AUDIT REPORT

Your Company had engaged Mr. P.K.B. Nambiar, Practising Company Secretary, to review Secretarial Compliance for the financial year ended 31<sup>st</sup> March, 2012. The Secretarial Compliance Certificate addressed to the Board of Directors of the Company forms part of this 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, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Secretarial Compliance Certificate, although not mandatory, is also obtained on a quarterly basis 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 focuses 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 at pan-India level.

Your Company has implemented several proactive measures towards ensuring its logistics infrastructures especially the FTWZ in Mumbai and Khurja, along with the Industrial & Distribution hub 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 7000 trees in the FTWZ
- Conservation of top soil by removing and storing it before the digging/ piling work. The top soil was re-used for developing the green areas
- Developed water bodies as natural storage and utilizing the water from it, throughout the year.
- Provision provided in the storm water drainage system to allow ground water recharging
- Sewage treatment plant in all the facilities – Mumbai FTWZ, Khurja FTWZ as well as the Khurja Industrial and Distribution Hub. Water treated in these plants is being re-utilized for watering of the landscaping.

## 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.

### Electricity Distribution Facility:

At the Mumbai FTWZ at Sai Village, Panvel, your Company has created additional capacity in its electrical infrastructure to enable supply of electricity to the surrounding villages.

### 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 and 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 2011-12. A separate declaration to this effect is annexed to the Corporate Governance Report.

### Junoon – Celebrity Charity Cricket Match:

Your Company supported EVE in a celebrity charity cricket match Junoon which was organized for the benefit of the physically challenged. The ticket proceeds of this match were used to provide artificial limbs to the physically handicapped living in the rural district of Satara, Maharashtra.

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

Information as required under section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out as under:

**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 warehouses at our FTWZs and Industrial & Distribution Hubs have been designed with MR24 standards. A provision of installation of solar panels has been made on the roofs to generate renewable energy.
- Orientation of the warehouse 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 – ₹ 878,065,074/-
- Foreign Exchange incurred – ₹ 198,609,328/-

## PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about employees, may write to the Company at Registered Office of the Company.

## AUDITORS REPORT

The observations in the Auditors Report are self explanatory and need no further explanations.

## 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, would be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

## ACKNOWLEDGEMENT

Your Directors would like to express their gratitude for the assistance, support and co-operation received from the Government of India, the State Governments and the other Government agencies and their departments, investors, bankers, financial institutions and all other stakeholders.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the company.

For and on behalf of the Board of Directors

**Ajay S Mittal**  
*Chairman & Managing Director*

Place: Mumbai.  
Dated: 07<sup>th</sup> July, 2012.

# ANNEXURE - I TO THE DIRECTORS REPORT

The details of Options granted under The Arshiya Employee Stock Option Plan, 2007, (herein after referred as The ESOP Plan-2007 ) as at March 31, 2012.

Particulars	ESOP Plan-2007
Options outstanding at the beginning of the year	117,270
Options granted during the year	NIL
The Pricing Formula	The Stock Options granted at ₹ 210/- per Option as determined by Compensation Committee
Options vested	
Options exercised	NIL
The Total number of shares arising as result of exercise of option	NIL
Options lapsed and forfeited during the year.	102,810
Variation of terms of options	NIL
Money realised by exercise of options	NIL
Total number of options in force at the end of the year	14,460
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 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. ]	₹ 8.08
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

## Notes:

- 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.

- No options were granted during the year.

For and on behalf of the Board of Directors

**Ajay S Mittal**  
Chairman & Managing Director

Place: Mumbai.

Dated: 07<sup>th</sup> July, 2012.



# 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 31<sup>st</sup> March, 2012 (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 Stock 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:

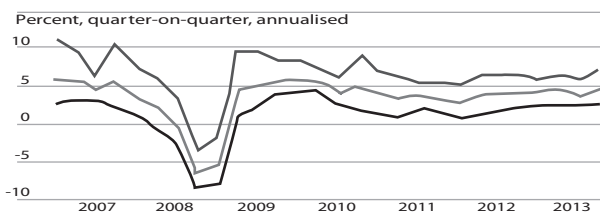
1. the Company has kept and maintained registers as per the provisions of the Act and the rules made there under and the entries therein have been duly recorded.
2. the Company has filed the forms, returns and documents required to be filed with the Registrar of Companies and Central Government under 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 31<sup>st</sup> March, 2011 was held on 20th September, 2011 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 has obtained approval of the Board of Directors and Members, as may be required, pursuant to Section 314 of the Act.
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 not invited/accepted any deposit including any unsecured loan falling within the purview of Section 58A of the Act.
17. the total borrowings by the Company from the financial institutions, banks and others are within the borrowing limits of the Company as laid down under Section 293(1)(d) of the Act.
18. the loans and investments made and guarantee or securities provided to other bodies corporate by the Company are within the limits and legal parameters .
19. the Company has generally complied with the provisions of the Act and Rules made thereunder, where applicable.

Place: Mumbai  
Dated: 4<sup>th</sup> July, 2012

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

# MANAGEMENT DISCUSSION & ANALYSIS

Global GDP growth



## GLOBAL MARKET OUTLOOK

Overall the global economy has entered a challenging new phase. Global activity has weakened and become more uneven, confidence has fallen sharply recently, and downside risks are growing. Against a backdrop of unresolved structural fragilities, a barrage of shocks hit the international economy last year. Japan was struck by the devastating Great East Japan earthquake and tsunami, and unrest swelled in some oil-producing countries in the Middle East. This has led to a downward revision in the world's economic growth projections by the International Monetary Fund (IMF). As per the IMF world economic outlook update 2012, the IMF has projected that the global economy will grow to about 3.3 percent a year in 2012, with developed economies growing at only 1.2% while emerging and developing economies expected to grow at a much higher 5.4%.

So the most immediate challenges for developed economies is to restore confidence and put an end to the crisis in the euro area by supporting growth, while sustaining adjustment, containing deleveraging, and providing more liquidity and monetary accommodation. In other major advanced economies, the key policy requirements are to address medium term fiscal imbalances and to repair and reform financial systems, while sustaining the recovery. In emerging and developing economies, the near-term policy focus will be on responding to moderating domestic growth and to slowing external demand from advanced economies.

Despite emerging & developing economies showing a slow growth compared to developed economies they have performed relatively well.

## INDIA'S MACRO ECONOMIC OVERVIEW

Though India has shown a remarkable growth over the past few years; the year 2011 was marked by a phase of high inflationary pressures, high interest rates in the domestic economy, rising uncertainty on the global growth front, increased crude oil prices and the deteriorating business confidence and consumer sentiment. The persistence of high inflation in the domestic economy, at a time when India was on the verge of achieving its pre-crisis growth levels, emerged as the key area of concern for the common man and the government authorities alike. The sources of price pressures which shifted from food articles to primary non-food articles and then to manufactured non-food products had highlighted the pressure of managing inflation by the Government and the RBI.

The prospect of buoyancy in the growth of the Indian economy which was expected during the beginning of 2011 began to fade by the middle of the year and then remained clouded by heightened uncertainty. As a result the gross domestic product (GDP) growth slowed to 6.5% in the current fiscal (FY 2011-12) from 8.4% in the previous two fiscals.

Despite the slow growth figure of 6.5%, India remains one of the fastest growing economies in the world as all major countries (including some of the emerging economies) are witnessing a significant slowdown. As per the IMF, India is expected to contribute 12.4% to the world GDP growth in 2012 i.e. it is the 2nd highest contributor apart from China which is expected to contribute 37.4%. China and India are going to contribute nearly around 50% of the total world GDP growth in 2012.

India's economic growth is expected to remain robust in 2012 and 2013, despite a likely headwind of double-dip recessions in Europe and the US, according to a United Nations annual economic report - World Economic Situation and Prospects 2012. In the Union Budget 2012-13, Finance Minister has projected that the Indian economy is expected to grow at around 7.6%.

Currently, the economy is facing a slowdown due to weak industrial production, weak global economy, rising inflation, rise in fuel prices, weakening rupee, etc. Though India's growth rate has slowed down marginally when compared with other western economies they are either contracting or showing only anaemic expansion. Other major Asian economies are also slowing down. China's economy grew 8.1% in the first quarter from a year earlier, its weakest pace in almost three years.

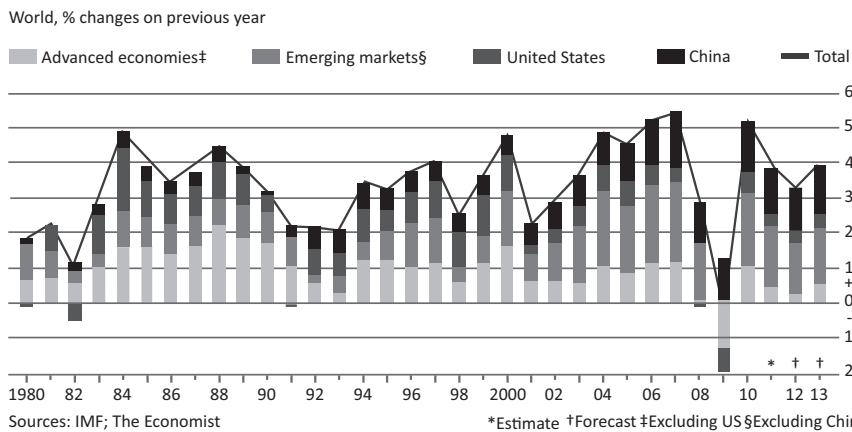
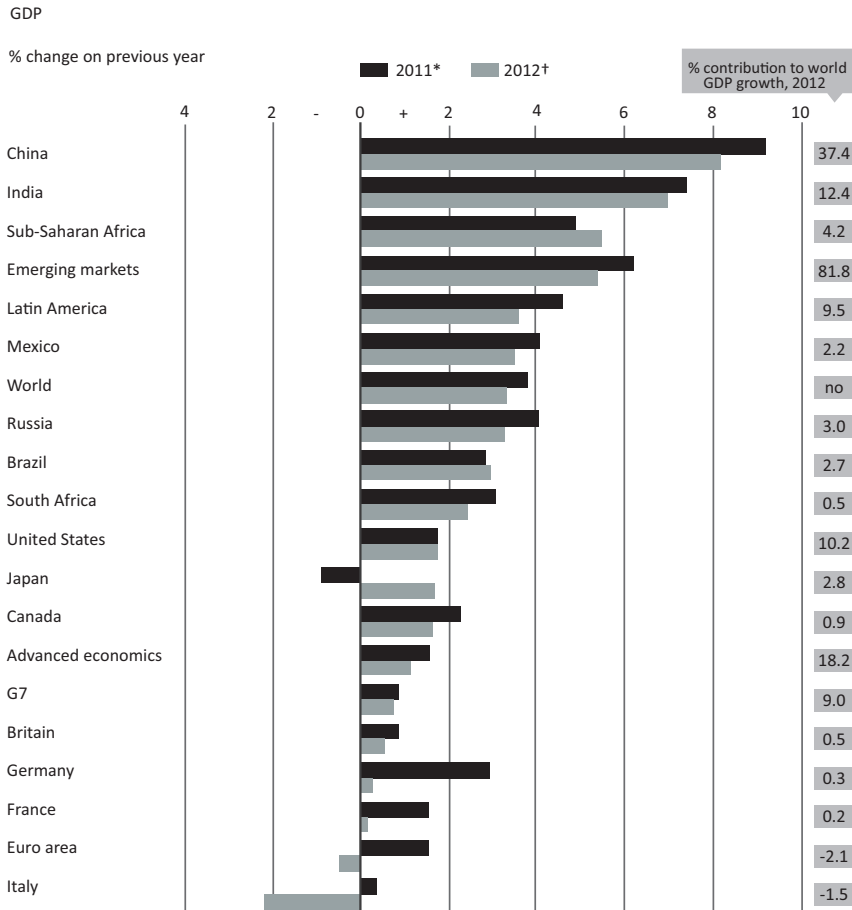
## GLOBAL LOGISTICS AND SUPPLY CHAIN INDUSTRY IN 2011

The year 2011 began optimistically for the transport and logistics industry, however, as the year progressed, the industry was put to test. Recovery from the recession did not occur as much as expected, resulting in unsettling effect on the Industry i.e. declining cargo & demand.

Though the recovery was not full, many Transport & Logistics providers were able to record profitable revenues. In the second half of the year, pessimism set in as manufacturing activity slowed down throughout the world including China. Increasing fears of a double-dip recession were much discussed as two of the largest economic regions, the US and Europe, faced troubling political and economic issues – the US witnessing its first downgrade in its credit rating and the increasing global concerns of Europe's debt problems.

As the US and Europe struggled with economic issues, it appeared to be that they were no longer contributing to the world economy as primary customers of imported goods. As a result, we witnessed a radical shift in trade patterns as emerging markets such as Russia, India, South America and the Middle East began to exercise their growing economic strength. Demand from these regions increased, resulting in China, the US and Europe targeting their export trade to these markets.





Along with the economy being a major concern, natural disasters also played havoc to global supply chains. The Japanese earthquake and tsunami caused disruptions in the automotive industry, impacting manufacturing facilities throughout the world. The Thai floods effect on the high tech industry resulted in leading IT manufacturers to report lower quarterly earnings. Both of these disasters highlighted the need for improved supply chain planning for unforeseen events.

Thus, 2011 will be remembered as a year of great change - politically and economically. The changes that 2011 brought forth will create opportunities in the coming years for those financially stable transport and logistics providers that have the ability to capitalise on these changes in this evolving global economy.

**LOGISTICS AND SUPPLY CHAIN IN INDIA: AN OVERVIEW**

India is an integral part of the global village and its reach has augmented exponentially over the last few years, with Indian companies setting up bases abroad and multinational firms entrenching themselves in India. In view of the huge diversity in Indian topography and with business transcending geographies, the supply chain network - the backbone of growth, has become multi-modal and infrastructure dependent.

A well-developed, networked, globally benchmarked supply chain logistics industry is imperative for the success and overall growth of the economy. An efficient supply chain comprising unified infrastructure and soft logistics solutions provides a competitive edge to companies especially in India s demography. Supply chain and logistics had always been perceived as a cost centre and

across industries efforts are made to manage cost rather than use it to enhance customer satisfaction and improve revenue growth. However, in recent times there has been a marked change in this view with companies now viewing it as an essential and strategic tool in their value proposition, profitability and growth.

At 14% of GDP, India's spending on logistics is both significant and inefficient. This is significantly higher than that in developed countries where logistics spend is at around 8-9% of GDP. These inefficiencies are largely a result of India's diverse demography, and lack of unified supply chain infrastructure which results in higher transaction costs for operating in India as compared to other global economies. On an economy of over USD 1.6 trillion India's supply chain and logistics inefficiency of 5% also amounts to a market potential in excess of USD 80 billion.

India's logistics story is indeed an attractive one, fuelled by factors like a rapidly growing economy, the increase in outsourcing of logistics and a significant government thrust on investment in infrastructure. Additionally, changes in tax and regulatory policies like the plan to introduce a uniform Goods and Service Tax (GST) to obviate the need for multiple warehousing will lead to a consolidation of the industry. Presently, Indian logistics industry is highly fragmented and is still evolving, with the top players only having a miniscule 6% market share which is expected to increase to approximately 12% by 2015.

As the Industry is highly unorganized, expecting quality service from these players was a distant dream for customers. However, with the advent of technology-led solutions in this sector and emergence of organized logistics players, companies in this sector are striving hard to deliver quality services to their customers. Also, domestic companies are increasingly outsourcing logistics services to 3PL players in order to focus more on their core competencies.

The logistics industry in India is growing rapidly on the back of a growing economy and estimates indicate that the improvement in logistics infrastructure can have multiplier effects to the tune of 1-1.5% on the GDP growth. With the Indian economy growing steadily, this augurs well for the overall logistics industry.

#### INDIA'S BIGGEST CHALLENGE IS ALSO ITS LARGEST OPPORTUNITY

The transportation sector in India is still dominated by the road segment which accounts for 65% of the total freight traffic followed by railways which accounts for about 30%. Due to higher dependence on roadways, logistics industry efficiency gets affected due to traffic bottlenecks; delay in clearing of trucks, etc. 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.

As per World Bank's 2012 Logistics Performance Index (LPI) India ranks 46th 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 compared to China which ranks 26th reflecting the inefficiencies that India needs to address in order to progress.

India's opportunity lies in tackling its greatest challenges which are as follows:

- 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 13th in terms of importing world products, consuming just over 2% of globally produced merchandise, but growing at 35%
- 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, the reality

is that India ranks 20th as per WTO in terms of exporting world products contributing just over 1.4% of globally consumed merchandise, but growing at 22%

- India's container throughput in calendar year 2011 was just over 9 million TEUs (Twenty Equivalent Unit) approximately as compared to Dubai (12 million), Singapore (28 million) and China (163 million) - Indicating zero penetration in Value Addition, Hubbing and Re-Export market
- 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 also 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 second 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
- 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 as compared by rail for the same distance
- 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
- National Highways (NH), which constitutes only 2.3% of the total road network, carries around 40% of the freight load.

#### ARSHIYA'S UNIFIED SUPPLY CHAIN INFRASTRUCTURE & SOLUTIONS

To capitalise on India's mammoth opportunity, Arshiya International has pioneered the development and operations of a Unified Supply Chain Infrastructure and Solutions - comprising Free Trade & Warehousing Zones (FTWZ), Industrial and Distribution Hubs, Rail & Rail Infrastructure, Transport & Handling, Forwarding and Supply Chain Technology & Management. Arshiya's FTWZs in the west of India (Mumbai – Panvel) and North (Khurja near Delhi) are both operational. Each FTWZ will be accompanied by an Industrial & Distribution hub catering to the domestic movement of goods and state-of-the-art Rail terminals and connected with customised Rail freight services. Arshiya's Khurja FTWZ in the state of Uttar Pradesh spanning 135 acres started operations in January 2012. Located at the confluence of the planned eastern and western freight corridors this zone is part of Arshiya's 315 acres mega logistics hub which also includes a 50 acres rail siding and 130 acres Industrial & Distribution hub. Arshiya's Khurja zone will be first of its kind in India, the pivot of its Unified Supply

Chain Infrastructure catering to EXIM through FTWZ, domestic consolidation through Industrial & Distribution Hub, connected by a state-of-the-art private Rail Siding and Rail freight services.

#### THE YEAR UNDER REVIEW

The year gone by has been a critical year in the history of Arshiya s endeavours in the Supply Chain space. This year has seen Arshiya s growth being heavily supported by the contributions from the asset businesses viz. FTWZs and Rail Infrastructure. This year also witnessed the launching of Arshiya s Khurja FTWZ which is part of the logistics hub that includes an Industrial & Distribution Hub as well as India largest rail terminal. This zone will strengthen Arshiya s foothold in the lucrative and fast growing North Western corridor. Arshiya s Mumbai FTWZ in Panvel (Sai Village) near JNPT is a state-of-the-art world class zone spanning 165 acres. It has seen tremendous success since starting operations and presently services, international and domestic clients across industries such as Automobile, FMCG, IT Hardware, Pharmaceuticals, Precision & Heavy Engineering, Metals, Commodities, Chemicals, Apparels, Trading Retail, Cosmetics, 3PL Service Providers, Shipping Lines, Wines and Spirits etc. In our Rail Infrastructure vertical also, there have been significant high profile customer additions catapulting the growth rate in this business.

#### Financial highlights 2011-12 – Based on standalone Financials

- Total income increased by 30.82% from ₹ 453.01 cr in 2010-11 to ₹ 592.63 cr in 2011-12
- EBIDTA increased by 119.81% from ₹ 75.53 in 2010-11 to ₹ 166.03 cr in 2011-12
- EBIDTA margin increased from 16.67% in 2010-11 to 28.02% in 2011-12
- Net Profits increased by 90.55% from ₹ 24.93 cr in 2010-11 to ₹ 47.51 cr in 2011-12
- Net Profit margins increased from 5.5% in 2010-11 to 8.02% in 2011-12

#### Segmental Performance

##### Segment-Wise Performance Review

	Turnover 10-11	Turnover 11-12	Y-o-Y increase / (decrease)
Logistics	432.18	497.84	15.19%
FTWZ	20.84	94.79	354.95%
Total Turnover	453.01	592.63	30.82%

#### Financial highlights 2011-12 – Based on Consolidated Financials

- Total income increased by 28.70% from ₹ 821.52 cr in 2010-11 to ₹ 1057.33 cr in 2011-12
- EBIDTA increased by 72.29% from ₹ 162.05 cr in 2010-11 to ₹ 279.20 cr in 2011-12
- EBIDTA margin increased from 19.73% in 2010-11 to 26.41% in 2011-12
- Net Profits increased by 47.31% from ₹ 82.01 cr in 2010-11 to ₹ 120.80 cr in 2011-12
- Net Profit margins increased from 9.98% in 2010-11 to 11.42% in 2011-12

#### Segmental Performance

##### Segment-Wise Performance Review

	Turnover 10-11	Turnover 11-12	Y-o-Y increase / (decrease)
Logistics	620.35	613.41	(1.12)%
Software	6.35	0.75	(88.16)%
Containerised rail transport operations	169.24	271.61	60.49%
FTWZ and related services	25.59	171.56	570.47%
Total turnover	821.52	1,057.33	28.70%

#### THE YEAR THAT WILL FOLLOW

With Arshiya s Mumbai and Khurja FTWZs being operational, your company has achieved a milestone in its evolution. Businesses of FTWZs and Rail are contributing incremental revenues and the coming financial year is extremely exciting with Arshiya s unified supply chain infrastructure and solutions at Khurja becoming operational with the inclusion of Industrial & Distribution Hub and Rail terminal in addition to the existing FTWZ. Thus Arshiya will be operating India s first unified supply chain infrastructure catering to EXIM through FTWZ, domestic movements of products through Industrial & Distribution Hub, connected with the most efficient mode of surface transportation Rail and state-of-the-art dedicated Rail siding. With a global economy expected to steadily improve over the next year and India s increasing role as one of the fastest growing developing economies, Arshiya International will be at the fore front as a pioneer creating a backbone for the country s supply chain and logistics industry.

#### 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 endeavours to uphold the values of transparency, integrity, professionalism and accountability, and improve upon these aspects on an ongoing 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 endeavour to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfilment 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 & Managing Director is assisted by the Joint Managing Director, the Executive Director and senior managerial personnel to ensure the execution and due implementation of various decisions of the Board.

### (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 31<sup>st</sup> March, 2012, 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.

The composition of the Board has changed consequent upon the resignation of Mr. V. Shivkumar, Executive Director of the Company on 14<sup>th</sup> May, 2012, and accordingly, the Company has eight Directors on its Board with an Executive Chairman.

### Independent Directors Material Pecuniary or Business relationship with the Company

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

- a. Apart from receiving sitting fees i.e. ₹ 20,000/- for attending a meeting of the Board, 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. Are not partners or executives or were not partners or 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.
- d. Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Directors.
- e. Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.
- f. 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 Directors 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 31<sup>st</sup> March, 2012 have been received from the Directors.

**Attendance at Board Meetings**

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

11<sup>th</sup> May, 2011, 10<sup>th</sup> August, 2011, 20<sup>th</sup> September, 2011, 14<sup>th</sup> November, 2011, 7<sup>th</sup> February, 2012 and 12<sup>th</sup> March, 2012.

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.

Sl. No	Name of the Director	Category	Number of Board Meetings during the year 2011-12 & Director s Attendance		Director-ships in other public Companies	Membership / Chairmanship of Committees in other Public Companies		Attendance at A.G.M. held on 20 <sup>th</sup> September, 2011
			Held	Attended		Chairman	Member	
1.	Ajay S Mittal	Executive	6	5	9	-	3	Absent
2.	Archana A Mittal	Executive	6	5	2	-	-	Present
3.	Ashish Bairagra	Independent	6	6	4	1	-	Present
4.	Rishabh P Shah	Independent	6	3	1	-	1	Present
5.	James Beltran	Independent	6	1	-	-	-	Absent
6.	Prof. G Raghuram	Independent	6	5	4	-	1	Absent
7.	Mukesh Kacker	Independent	6	5	1	-	-	Present
8.	V. Shivkumar	Executive	6	6	8	-	2	Present
9.	Sandesh Chonkar	Executive	6	6	8	1	1	Present

**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 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
3. Compensation Committee
4. Share Transfer & 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 non payment 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 till 31<sup>st</sup> March, 2012 are given below:

Sr. No.	Name of Members	No. of meetings held	No. of meetings attended
1.	Mr. Ashish Bairagra	6	6
2.	Mr. Rishabh P Shah	6	5
3.	Mr. Sandesh Chonkar	6	6

Note: Prof. G. Raghuram was co-opted as a member for the meeting of the Audit Committee held on 11-05-2011.

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

11<sup>th</sup> May, 2011, 10<sup>th</sup> August, 2011, 14<sup>th</sup> November, 2011, 12<sup>th</sup> December, 2011, 7<sup>th</sup> February, 2012 and 5<sup>th</sup> March, 2012. 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 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 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 ₹ 5,000/- for attending a meeting of the Committee.

The composition of the Remuneration Committee and the details of meetings attended by its Members till 31<sup>st</sup> March, 2012 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	1
3.	Prof. G. Raghuram	2	2

The Remuneration Committee met twice during the period, i.e. on 14<sup>th</sup> November, 2011 and 13<sup>th</sup> January, 2012, Mr. Ashish Bairagra was its Chairman.

### COMPENSATION COMMITTEE

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

- Administration and superintendence of Arshiya Employees Stock Option Schemes (ESOS).
- Formation and review of the detailed terms and conditions of the ESOS.
- Grant of stock options
- To deal with and decide all matters pertaining to Arshiya ESOS adopted by the Board.
- 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 Compensation Committee of the Board has been reconstituted as follows by the Board at its meeting held on 14<sup>th</sup> May, 2012 consequent upon resignation of Mr. V. Shivkumar from the Board of the Company.

- Mr. Rishabh P Shah Chairman
- Mr. Ashish Bairagra Member
- Mr. Sandesh Chonkar Member

### 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, 2012 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	160,000/-	8,000
2.	Mr. Rishabh P Shah	90,000/-	7,406
3.	Prof. G. Raghuram	115,000/-	-
4.	Mr. Mukesh Kacker	100,000/-	-
5.	Mr. James Beltran	20,000/-	-

#### 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	28,580,187	Nil
2.	Mrs. Archana A Mittal- Joint Managing Director	4,050,657	25,434,710
3.	Mr. V. Shivkumar- Executive Director	4,891,367	60,195
4.	Mr. Sandesh Chonkar- Executive Director	4,890,189	58,750

Details of Stock Options Granted to & exercised by the Executive Directors under Arshiya Employee Stock Option Plan 2007 as on 31<sup>st</sup> March, 2012.

Name	Initial Grant	Lapsed (35%)	Balance Entitled	Options Exercised	Balance Option available
Mr. V. Shivkumar	75000	26250	48750	26250	22500
Mr. Sandesh Chonkar	75000	26250	48750	26250	22500

## 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	10	9
2.	Mr. Ashish Bairagra	10	10
3.	Mr. V. Shivkumar	10	10

The meetings of the Share Transfer and Investor Relations Committee were held ten times during the year on 21<sup>st</sup> April, 2011, 20<sup>th</sup> May, 2011, 20<sup>th</sup> July, 2011, 5<sup>th</sup> September, 2011, 12<sup>th</sup> September, 2011, 3<sup>rd</sup> November, 2011, 14<sup>th</sup> November, 2011, 18<sup>th</sup> November, 2011 and 8<sup>th</sup> February, 2012, Mr. Rishabh Shah was the Chairman of the Share Transfer and Investor Relations Committee & on 12<sup>th</sup> March, 2012, Mr. Ashish Bairagra was the Chairman of the Share Transfer and Investor Relations Committee.

The Investor Relations Committee of the Board has been reconstituted as follows by the Board at its meeting held on 14<sup>th</sup> May, 2012 consequent upon resignation of Mr. V. Shivkumar from the Board of the Company.

- a. Mr. Rishabh P Shah            Chairman
- b. Mr. Ashish Bairagra           Member
- c. Mr. Sandesh Chonkar          Member

### Name and designation of Chief compliance officer

Mr. G. Hariharan, Group Legal Counsel & Head Corporate Governance of the Company is the Chief Compliance Officer of the Company.

### Status of Investor complaints

The Company received five letters/complaints relating to share transfers, non receipt of Annual Report, dividend etc. from the investors during the financial year ended 31.03.2012 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 was appointed as a Member on the reconstituted Committee by the Board of Directors of the Company at their meeting held on 2<sup>nd</sup> 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 eighteen times during the year on 21<sup>st</sup> April, 2011, 26<sup>th</sup> May, 2011, 6<sup>th</sup> July, 2011, 20<sup>th</sup> July, 2011, 29<sup>th</sup> July, 2011, 31<sup>st</sup> August, 2011, 12<sup>th</sup> September, 2011, 28<sup>th</sup> September, 2011, 12<sup>th</sup> October, 2011, 4<sup>th</sup> November, 2011, 14<sup>th</sup> November, 2011, 5<sup>th</sup> December, 2011, 14<sup>th</sup> December, 2011, 22<sup>nd</sup> December, 2011, 11<sup>th</sup> January, 2012, 3<sup>rd</sup> February, 2012, 27<sup>th</sup> February, 2012 and 19<sup>th</sup> March, 2012.

Sr. No.	Name of Members	No. of meetings held	No of meetings attended
1.	Mr. Ajay Mittal	18	16
2.	Mr. Ashish Bairagra	18	18
3.	Mr. V. Shivkumar	18	16
4.	Mr. Sandesh Chonkar	18	18
5.	Mr. Rishabh P Shah	18	15

Change in composition of Committee of Directors of the Board vide resolution passed by the Board at its meeting held on 14<sup>th</sup> May, 2012 consequent upon resignation of Mr. V. Shivkumar from the Board of the Company. Now the Committee of Directors comprises of the following Directors:

- a. Mr. Ajay Mittal                    Chairman
- b. Mr. Rishabh P Shah            Member
- c. Mr. Ashish Bairagra            Member
- d. Mr. Sandesh Chonkar          Member

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

### (a) ISSUES THAT MAY BE DECIDED WITHOUT REFERENCE TO THE BOARD MEETING

- (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 & 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 & 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 Crore 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 immovable 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 & 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 non-payment 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 16 subsidiary companies, including 8 steps down subsidiaries as on 31.03.2012. Further, it has one 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

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

Financial Year	Date & Time	Venue
2010-11	20 <sup>th</sup> September, 2011 3.30 p.m.	M C Ghia Hall, 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400 001
2009-10	24 <sup>th</sup> September, 2010 3.00 p.m.	6 <sup>th</sup> Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai- 400001
2008-09	29 <sup>th</sup> September, 2009 at 3:00 p.m.	6 <sup>th</sup> Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai-400001
2007-08	24 <sup>th</sup> September, 2008 at 4:00 p.m.	6 <sup>th</sup> Floor, Oricon House, Maharashtra Chamber of Commerce Trust, 12, K. Dubhash Marg, Fort, Mumbai-400001

In the last four AGMs, following special resolutions were passed

AGM held on	Special Resolution passed
20 <sup>th</sup> September, 2011	<ul style="list-style-type: none"> <li>• Appointment of Ms. Neha Srivastava, a relative of Mr. V. Shivkumar, Executive Director of the Company, as Manager HR.</li> <li>• Alteration of the Articles of Association of the Company by replacing Article 106 – the number of Directors shall not be less than 3 and not more than 12.</li> </ul>
24 <sup>th</sup> September, 2010	<ul style="list-style-type: none"> <li>• Appointment of Mrs. Archana A Mittal as Joint Managing Director of the Company and approval of remuneration</li> </ul>
29 <sup>th</sup> September, 2009	<ul style="list-style-type: none"> <li>• Appointment of Mr. Ajay S Mittal as Chairman and Managing Director of the Company and approval of remuneration.</li> <li>• Appointment of Mrs. Archana A Mittal as Whole-time Director of the Company and approval of remuneration.</li> </ul>
24 <sup>th</sup> September, 2008	<ul style="list-style-type: none"> <li>• Alteration of the Articles of Association of the Company by replacing existing clause 10 and by inserting new clause 61A.</li> </ul>

#### 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. 32 of Notes forming part of the Standalone Financial Statements in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest. The Audit Committee has reviewed these transactions as per provisions of Clause 49 of the Listing agreement.

**b) Disclosure of Accounting Treatment:**

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

**c) Disclosure of Risk management:**

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

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

**d) Implementation of Compliance Management System:**

Your Company has in place a well structured Legal Compliance Management System to monitor periodical compliances on regular basis and review reports are discussed at the Audit Committee Meetings Mr. G. Hariharan is the Chief Compliance Officer.

**e) Proceeds from Public Issues, Rights Issues, and Preferential Issues etc.:**

The Company has not made any issue of Equity Shares under the Company's Employee Stock option Scheme during the year and hence not received any proceeds therefrom.

**f) Management Discussion & Analysis:**

Management Discussion & Analysis Report forms part of Annual Report.

**g) 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 four years. 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](http://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:**

<b>a) Date, Time and Venue of Annual General Meeting</b>	<b>Date:</b> 18 <sup>th</sup> September, 2012 <b>Time:</b> 2.30 p.m. <b>Venue:</b> Hall of Harmony (Nehru Centre), Dr. Annie Besant Road, Worli, Mumbai – 400 018
<b>b) Financial Calendar -2012-2013 ( Tentative)</b>	First Quarter Results - 13 <sup>th</sup> August, 2012 Second Quarter Results – On or before 15 <sup>th</sup> November, 2012 Third Quarter Results - On or before 15 <sup>th</sup> February, 2013 Fourth Quarter Results - On or before 15 <sup>th</sup> May, 2013
<b>c) Date of Book Closure</b>	Monday, 10 <sup>th</sup> September, 2012 to Tuesday 18 <sup>th</sup> September, 2012 (both days inclusive).
<b>d) Dividend payment date</b>	By 24 <sup>th</sup> September, 2012
<b>e) Listing on Stock Exchanges</b>	Bombay Stock Exchange Limited. National Stock Exchange of India Limited (w. e. f. 14 <sup>th</sup> December, 2009) The Company has paid the Listing fees for the year 2012-2013.
<b>f) Stock Code Symbol</b>	BSE : 506074 NSE: ARSHIYA
<b>g) Demat ISIN Number For CDSL and NSDL</b>	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 11	234.00	192.15	251,913	19,811.14	18,976.19
May 11	199.95	175.45	129,890	19,253.87	17,786.13
June 11	195.50	146.00	414,099	18,873.39	17,314.38
July 11	157.95	134.20	272,733	19,131.70	18,131.86
August 11	149.00	121.10	180,476	18,440.07	15,765.53
September 11	154.90	123.50	2,204,669	17,211.80	15,801.01
October 11	177.65	120.00	2,395,522	17,908.13	15,745.43
November 11	173.00	119.60	1,270,003	17,702.26	15,478.69
December 11	152.35	116.65	492,233	17,003.71	15,135.86
January 12	149.00	119.00	2,690,430	17,258.97	15,358.02
February 12	171.40	135.50	1,729,369	18,523.78	17,061.55
March 12	155.95	134.30	1,004,129	18,040.69	16,920.61

\*Source: www.bseindia.com

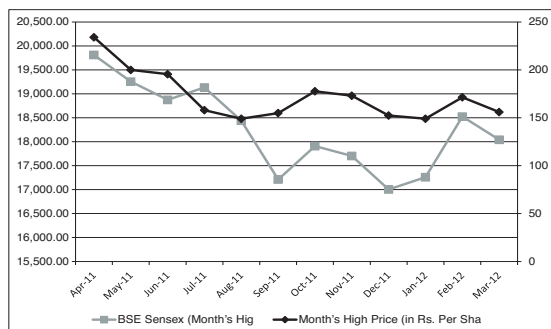
The monthly high and low quotations of shares traded on NSE and S&P CNX Nifty during each month in last financial year are as follows:

	National Stock Exchange (NSE)*			NSE S&P CNX NIFTY*	
	Month s High Price (in ₹ Per Share)	Month s Low Price (in ₹ Per Share)	Month s Volume	Month s High Price (in ₹ Per Share)	Month s Low Price (in ₹ Per Share)
April 11	233.00	193.00	470,642	5,944.45	5,693.25
May 11	199.95	175.05	323,454	5,775.25	5,328.70
June 11	198.75	143.35	618,887	5,657.90	5,195.90
July 11	158.00	128.00	480,604	5,740.40	5,453.95
August 11	148.75	115.15	269,747	5,551.90	4,720.00
September 11	154.90	123.60	3,757,785	5,169.25	4,758.85
October 11	178.50	120.30	4,429,170	5,399.70	4,728.30
November 11	172.40	119.10	2,607,403	5,326.45	4,639.10
December 11	152.45	116.25	1,044,441	5,099.25	4,531.15
January 12	148.70	118.65	5,041,655	5,217.00	4,588.05
February 12	171.40	140.20	3,421,503	5,629.95	5,159.00
March 12	155.90	135.00	2,833,851	5,499.40	5,135.95

\*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:



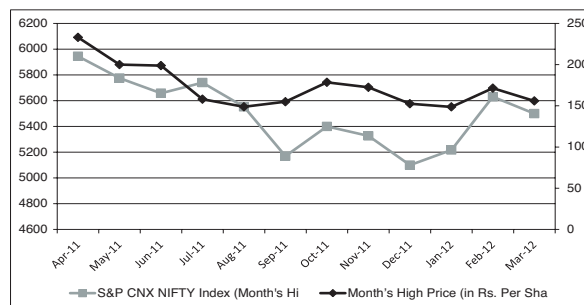
**j) Registrar and Share Transfer Agent:**

**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

**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:



**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 Limited (CDSL) within 15 days.

**l) (a) Category wise distribution of equity shareholding as at 31st March , 2012:**

Category	Number of shares held (₹ 2/- each)	Percentage of Share holding (%)
Promoter and Promoter Group	25,434,710	43.23
Mutual Funds/ UTI	1,310,273	2.22
Financial Institutions/ Banks	500	0.0008
Foreign Institutional Investors	7,984,165	13.57
Bodies Corporate	5,800,563	9.86
Individuals	11,053,945	18.79
Clearing Member	454,130	0.07
Directors/Relatives	133,151	0.22
Employee	40,134	0.06
NRI	1,001,516	1.70
Foreign National	450,000	0.76
Foreign Company	5,575,102	9.47
<b>GRAND TOTAL</b>	<b>58,829,472</b>	<b>100</b>

**l) (b) Distribution of shareholding as on 31<sup>st</sup> March 2012:**

Number of Equity shares held	Total Holders	% of total holders	Total Holding in ₹	% of Total Capital
1 - 5000	9224	94.93	5,139,820	4.36
5001 - 10000	206	2.12	1,559,116	1.32
10001 - 20000	110	1.13	1,658,954	1.41
20001 - 30000	39	0.40	964,034	0.81
30001 - 40000	21	0.21	764,232	0.64
40001 - 50000	20	0.20	949,092	0.80
50001 - 100000	38	0.39	2,927,050	2.48
100001 - 99999999	58	0.59	103,696,646	88.13
<b>Total</b>	<b>9,716</b>	<b>100.00</b>	<b>117,658,944</b>	<b>100.00</b>

**m) Dematerialization of shares and Liquidity:**

About 95.15% of the total number of shares is in dematerialized form as on 31<sup>st</sup> March 2012. 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 31<sup>st</sup> March, 2012, 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:

**Arshiya International Ltd**

3<sup>rd</sup> 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 this Report.

**(c) Shareholder Rights:**

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

**(d) Audit Qualifications:**

There are no qualifications in the Auditors Report on the financial statements for the financial year ended 31<sup>st</sup> March, 2012.

**(e) Training of Board Members:**

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

**(f) Mechanism for evaluating Non-Executive Board Members:**

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

**(g) Whistle Blower Policy:**

Though there is no formal Whistle-blower policy, the Company 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, 2012.

**AJAY S MITTAL**  
**CHAIRMAN & MANAGING DIRECTOR**

Date: 7<sup>th</sup> July, 2012

Place: Mumbai

**Annexure II:****CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY**

We, Ajay S Mittal, Chairman & Managing Director and Sandesh Chonkar, 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, 2012 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, 2012, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept 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 steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
  - (i) There has not been any significant change 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 employees having significant role in the Company's internal control system over financial reporting.

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh Chonkar**  
Executive Director & Chief Financial Officer

Date: 7<sup>th</sup> July, 2012

Place: Mumbai

**CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of  
**ARSHIYA INTERNATIONAL LTD**

I have examined the records concerning Compliance of the conditions of Corporate Governance by **ARSHIYA INTERNATIONAL LTD** for the year ended 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the Listing Agreements entered into with the Bombay Stock Exchange Limited(BSE) and National Stock Exchange of India Limited (NSE).

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

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

FCS No.1296  
CP: 1090

Place: Mumbai  
Date: 7<sup>th</sup> July, 2012

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# FINANCIAL SECTION

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## AUDITORS REPORT ON STANDALONE FINANCIAL STATEMENTS

### Auditors Report

1. We have audited the attached Balance Sheet of **Arshiya International Limited** as at 31 March 2012, the Statement of Profit and Loss 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. 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon 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 31 March 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MGB & Co**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

### Annexure referred to in paragraph 3 of Auditors Report to the Members of Arshiya International Limited on the accounts for the year ended 31 March 2012.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. As informed, no discrepancies were noticed on such verification.
- (c) During the year, there was no disposal of substantial part of fixed assets.
- ii. Considering the nature of business activity carried out by the Company, the company does not have any inventory. Hence, requirements of the clause (ii) of paragraph 4 of the order are not applicable.
- iii. (a) According to the information and explanations given to us, the Company has not granted any loan, 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 loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- iv. In our opinion and according to the information and explanations given to us and having regard to the facts 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 with regard to purchase of fixed assets and sale of services. The Company's activities do 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 controls systems except for the capital items as stated above.
- v. (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.
- vi. The Company has not accepted any deposits from the public during the year.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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 for the services rendered by the Company.
- ix. 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, custom duty, excise duty, cess and other material statutory dues as applicable have generally been regularly deposited with the appropriate authorities *except delay in few cases*. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2012 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, service tax, custom duty, excise duty and cess which have not been deposited. Details of disputed amounts on account of income tax are as under:

Name of the statute	Nature of dues	Amount (Rs.)	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	Income Tax Appellate Tribunal

- x. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year or in the immediately preceding financial year.

- xi. 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 banks and financial institutions during the year. The Company has not issued any debentures during the year.
- xii. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments during the year.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by subsidiaries from banks and financial institutions are prima facie not prejudicial to the interests of the Company.
- xvi. According to the information and explanations given to us, and on examination of the balance sheet and other records, we report that the term loans availed by the company has been applied for the purpose for which they were raised.
- xvii. 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 to the extent of Rs. 491,457,765 have been used for long-term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix. The Company has not issued any secured debentures during the year.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. 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 Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012



## BALANCE SHEET AS AT MARCH 31

(Amount in ₹)

	Notes	2012	2011
<b>Equity and Liabilities</b>			
<b>Shareholders funds</b>			
Share capital	2	117,658,944	117,658,944
Reserves and surplus	3	5,405,556,539	5,031,155,404
		<b>5,523,215,483</b>	<b>5,148,814,348</b>
Foreign currency monetary item translation difference account [Refer note 39 (c)]		2,584,286	-
<b>Non-current liabilities</b>			
Long-term borrowings	4	10,594,848,236	5,417,698,957
Deferred tax liabilities (net)	5	161,936,537	55,080,160
Other long-term liabilities	6	405,233,430	983,000
		<b>11,162,018,203</b>	<b>5,473,762,117</b>
<b>Current liabilities</b>			
Short-term borrowings	7	795,471,686	748,377,473
Trade payables	8	507,543,812	508,554,471
Other current liabilities	8	2,718,146,959	2,753,265,873
Short-term provisions	9	130,047,573	106,992,380
		<b>4,151,210,030</b>	<b>4,117,190,197</b>
<b>Total</b>		<b>20,839,028,002</b>	<b>14,739,766,662</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10		
- Tangible assets		5,842,760,865	3,103,377,931
- Intangible assets		180,714,194	205,158,183
- Capital work-in-progress		5,252,094,030	4,039,340,676
		<b>11,275,569,090</b>	<b>7,347,876,790</b>
Non-current investments	11	1,638,681,000	1,135,181,000
Long-term loans and advances	12	5,773,570,850	4,127,988,313
Other non-current assets	13	246,031,039	236,778,383
		<b>7,658,282,889</b>	<b>5,499,947,696</b>
<b>Current assets</b>			
Trade receivables	14	1,211,309,119	951,228,952
Cash and bank balances	15	258,195,329	687,897,918
Short-term loans and advances	12	119,127,369	41,953,565
Other current assets	13	316,544,206	210,861,741
		<b>1,905,176,023</b>	<b>1,891,942,176</b>
<b>Total</b>		<b>20,839,028,002</b>	<b>14,739,766,662</b>

Notes forming part of the financial statements

1-44

## As per our attached report of even date

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

For and on behalf of the Board

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**Archana A Mittal**  
Joint Managing Director

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31

(Amount in ₹)

	Notes	2012	2011
<b>Revenue</b>			
Revenue from operations	16	5,926,303,079	4,530,135,085
Other income	17	373,776,270	224,117,460
<b>Total</b>		<b>6,300,079,349</b>	<b>4,754,252,545</b>
<b>Expenditure</b>			
Cost of operations	18	3,868,031,080	3,485,580,275
Employee benefits expense	19	366,265,379	242,332,299
Finance costs	20	804,057,540	315,608,593
Other expenses	21	405,505,221	271,001,016
Depreciation and amortization expense	10	164,279,237	69,609,633
<b>Total</b>		<b>5,608,138,457</b>	<b>4,384,131,816</b>
<b>Profit before exceptional items and tax</b>		<b>691,940,892</b>	<b>370,120,729</b>
<b>Less: Exceptional items</b>			
Surplus on change in Depreciation policy		-	(16,111,279)
Charges on prematured repayment of loans		-	21,664,744
<b>Profit before tax</b>		<b>691,940,892</b>	<b>364,567,264</b>
<b>Less: Tax expense</b>			
- Current tax		138,000,000	72,000,000
- MAT credit entitlement		(28,033,536)	(12,425,272)
- Deferred tax		106,856,379	55,652,255
<b>Profit after tax</b>		<b>475,118,049</b>	<b>249,340,281</b>
<b>Earnings per share [Equity Shares par value Rs.2 each]</b>	35		
<b>Basic and Diluted Earnings per Share</b>		<b>8.08</b>	<b>4.24</b>

Notes forming part of the financial statements

1-44

## As per our attached report of even date

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

For and on behalf of the Board

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**Archana A Mittal**  
Joint Managing Director

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31

(Amount in ₹)

	2012	2011
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>691,940,892</b>	<b>364,567,264</b>
<b>Adjustments for</b>		
Depreciation/ Amortization	164,279,237	53,498,354
Interest expense	778,719,456	333,433,807
Interest income	(344,257,852)	(215,818,111)
Loss on sale of fixed assets (net)	83,269	139,598
Dividend income	(26,990,119)	-
Profit on redemption of units of mutual fund	(78,890)	(4,039,263)
Ancillary borrowing costs written off	17,055,346	1,817,485
Exchange difference (net)	6,440,751	434,282
Provision for doubtful debts	2,545,072	(4,576,020)
Employee compensation expenses	(3,268,091)	3,648,839
<b>Operating profit before working capital changes</b>	<b>1,286,469,071</b>	<b>533,106,235</b>
Adjustments for		
(Increase)/decrease in trade and other receivables	(317,738,222)	(930,193,407)
Increase/(decrease) in trade and other payables	383,283,852	178,405,119
<b>Cash generated from / (used in) operations</b>	<b>1,352,014,701</b>	<b>(218,682,053)</b>
Direct taxes paid (net of refunds)	(157,176,032)	(61,781,591)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,194,838,669</b>	<b>(280,463,644)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets (including Capital work- in-progress)	(3,333,314,308)	(1,173,559,734)
Proceeds from sale of fixed assets	618,052,413	488,983
Investment in Subsidiaries (Refer note 2 below)	-	(600,000)
Purchase of investments in units of mutual funds	(50,000,000)	(1,314,000,000)
Redemption of investments in units mutual funds	50,078,890	1,317,723,322
Advances received from subsidiaries (net)	(177,915,705)	439,671,489
Investment in bank deposits having original maturity period of more than 3 months	99,700,000	(34,548,085)
Dividend received	26,990,119	4,039,263
Interest received	276,159,131	37,130,790
<b>Net cash flow used in investing activities (B)</b>	<b>(2,490,249,460)</b>	<b>(723,653,972)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares (including Securities Premium)	-	16,096,500
Proceeds from long - term borrowings	5,678,065,580	6,588,121,880
Repayment of long - term borrowings	(740,319,114)	(3,510,027,491)
Proceeds from short - term borrowings	1,998,000,000	3,142,497,612
Repayment of short - term borrowings	(1,950,905,787)	(3,018,222,510)
Loan given to subsidiaries	(5,213,123,785)	(2,512,601,576)
Loan given repaid by subsidiaries	2,126,297,587	1,181,397,229
Ancillary borrowing costs incurred	(71,432,350)	(261,476,292)
Dividend paid	(82,047,699)	(68,501,251)
Interest paid	(779,126,231)	(332,873,587)
<b>Net cash flow from financing activities (C)</b>	<b>965,408,201</b>	<b>1,224,410,514</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(330,002,589)</b>	<b>220,292,898</b>
Opening cash and cash equivalents	559,697,918	339,405,020
<b>Closing cash and cash equivalents</b>	<b>229,695,329</b>	<b>559,697,918</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.)**

1. Cash and cash equivalents included in the cash flow statement comprises the following items.

	2012	2011
Balances with banks in	-	-
- Current accounts	222,209,439	556,710,324
- Unclaimed dividend accounts	1,233,326	1,233,386
Cash on hand	5,324,623	1,754,208
Remittance in transit	927,941	-
	<b>229,695,329</b>	<b>559,697,918</b>

2. During the year, investment in subsidiaries amounting to ₹ 503,500,000 (₹ Nil) is adjusted against loans given to subsidiaries and hence is not considered in the above cash flow statement being non-cash transaction.
3. 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.
4. 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 Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

For and on behalf of the Board

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**Archana A Mittal**  
Joint Managing Director

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles ( GAAP ) under the historical cost convention on an accrual basis and comply in all material aspects with accounting standards under section 211(3C), Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

#### 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. Any revision to estimates is recognized prospectively in current and future periods.

#### c. Tangible and Intangible Fixed Assets

- i) Tangible fixed assets are stated at original cost of acquisition / installation (net of cervat credit availed) net off accumulated depreciation, amortization and impairment losses, if any, except freehold land which is carried at cost including lease premium. Cost includes taxes, duties, freight and other incidental expenses related to the acquisition, trial run expenses (net of revenue) and borrowing costs incurred during pre-operational period.
- ii) Capital work-in-progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.
- iii) Intangible assets acquired are measured on initial recognition at cost. Intangible assets carried at cost less accumulated amortization and impairment loss, if any.

#### 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 tangible fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- ii) Intangible assets are amortized on a straight line basis over the economic useful life estimated by the management.
- iii) Leasehold improvements are amortized over the period of lease.

#### f. Leases

##### Finance lease

Assets acquired under finance lease are capitalized and the corresponding lease liability is recognized at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Initial costs directly attributable to lease are recognized with the asset under lease.

##### Operating lease

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

#### g. Investments

- i) 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.

#### 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.
- v) Dividend income is recognized when the right to receive the dividend is established.
- vi) Export benefits: Serve from India Scheme of EXIM Policy are recognized when utilized.

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

### i. Employee benefits

Employee benefits include provident fund, Employee State Insurance fund, gratuity fund and leave encashment entitlements.

#### i) Defined Contribution Plan

Contributions to defined contribution scheme such as provident fund and employees state insurance fund are charged to the Statement of Profit and Loss as and when incurred.

#### ii) Defined Benefit Plan

The Company has a defined benefit plan comprising of gratuity fund. The liability for the defined benefit plan is provided on the basis of an actuarial valuation carried out by an independent actuary as at the Balance Sheet date.

Actuarial gains and losses in respect of post employment and other long term benefits are recognized in the Statement of Profit and Loss.

#### iii) Other Employee Benefits

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

### j. Foreign currency transactions

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

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 Statement of Profit and Loss except treatment as per amendment to AS -11 effective till March 31, 2020 (Refer Note 39(c)).

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) Current tax is determined as the amount of tax payable in respect of taxable income for the year computed as per the provisions of Income Tax Act, 1961.

ii) Deferred tax is recognized, 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.

iii) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

### l. Impairment of tangible and intangible assets

At each balance sheet date the Company reviews the carrying values of tangible and intangible assets to determine whether there is an indication that those assets have suffered impairment loss. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount, is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### 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, is recognized as deferred employee stock compensation expense and is amortized over the vesting period.

### n. Provisions, Contingent Liabilities and Contingent Assets

i) 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. A provision is made 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.

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

### p. Unamortized expenditure

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>2. Share Capital</b>		
<b>Authorised</b>		
75,000,000 (75,000,000) equity shares of ₹ 2 each	<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paid up</b>		
58,829,472 (58,829,472) equity shares of ₹ 2 each, fully paid up	<b>117,658,944</b>	117,658,944
<b>Total</b>	<b>117,658,944</b>	<b>117,658,944</b>

**(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

	2012		2011	
	Number	Amount (in ₹)	Number	Amount (in ₹)
At the beginning of the year	<b>58,829,472</b>	<b>117,658,944</b>	58,752,822	117,505,644
Allotted on exercise of Employee Stock Options	-	-	76,650	153,300
At the end of the year	<b>58,829,472</b>	<b>117,658,944</b>	<b>58,829,472</b>	<b>117,658,944</b>

**(b) Terms and rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 2 per share. Each equity shareholder is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

**(c) Details of shareholders holding more than 5% Equity shares (₹ 2 each fully paid) of shares in the company**

Name of the shareholder	2012		2011	
	Number of equity shares	Percentage (%) shareholding	Number of equity shares	Percentage (%) shareholding
Archana Mittal	<b>25,434,710</b>	<b>43.23%</b>	25,414,710	43.20%
Tree Line Asia Master Fund (Singapore) Pte Ltd	<b>3,176,000</b>	<b>5.40%</b>	3,176,000	5.40%
Naishadh Jawahar Paleja	<b>2,976,270</b>	<b>5.06%</b>	2,976,270	5.06%

**(d) Employee Stock Option Plan (ESOP)**

The Company has instituted an Arshiya Stock Option Plan 2007 for grant of Options to the employees of the Company and its subsidiaries, convertible into one equity share of ₹ 2 each. These Options vest over a period of 36 months from the date of grant and are to be exercised within a period of 12 months from the date of vesting.

The Compensation committee formed by Board of Directors has approved the grant of Options. Each Option confers on the employee a right to one equity share of ₹ 2 each at an exercise price of ₹ 210 per share. Under Arshiya Stock Option Plan 2007 1,411,700 and 133,900 options were granted under Tranche I (Date of grant February - 15, 2008) and Tranche II (Date of grant - April 24, 2008) respectively.

	Employees of Company	Employees of subsidiaries	Total
Options outstanding at the beginning of the year	<b>42,495</b> (1,73,155)	<b>74,775</b> (127,485)	<b>117,270</b> (300,640)
Options granted / transferred during the year	-- (--)	-- (--)	-- (--)
Options forfeited / transferred during the year	-- (5,200)	-- (43,680)	-- (48,880)
Options exercised during the year	-- (76,650)	-- (--)	-- (76,650)
Options expired/lapsed during the year	<b>37,935</b> (48,810)	<b>64,875</b> (9,030)	<b>102,810</b> (57,840)
Options outstanding at the end of the year	<b>4,560</b> (42,495)	<b>9,900</b> (74,775)	<b>14,460</b> (117,270)
Options exercisable at the end of the year	<b>4,560</b> (12,749)	<b>9,900</b> (22,432)	<b>14,460</b> (35,181)

Out of the total employee stock compensation credit of ₹ 4,994,598 (₹ 2,959,692) recognized during the year, the Company has credited ₹ 3,268,091 (₹ 225,848) to the Statement of Profit and Loss and reduced from project cost ₹ 1,227,375 (₹ 890,478) on account of options granted to employees employed exclusively for its new projects. The balance credit of ₹ 499,131 (₹ 1,843,366) pertaining to the options granted to the employees of the subsidiary companies has been transferred to the subsidiary companies.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>3. Reserves and Surplus</b>		
<b>Securities Premium</b>		
As per last balance sheet	4,500,127,085	4,480,309,197
Add: Received / adjusted during the year	-	19,817,888
	<b>4,500,127,085</b>	<b>4,500,127,085</b>
Employee stock options outstanding	-	4,994,598
<b>Amalgamation Reserve *</b>		
As per last balance sheet	12,480,000	12,480,000
<b>General Reserve</b>		
As per last balance sheet	80,343,158	55,343,158
Add: Transferred from Statement of Profit and Loss	48,000,000	25,000,000
	<b>128,343,158</b>	<b>80,343,158</b>
<b>Surplus in Statement of Profit and Loss</b>		
As per last balance sheet	433,210,563	290,917,982
Add: Profits for the year	475,118,049	249,340,281
Less: Appropriations		
- Proposed Dividend	82,361,261	70,595,366
- Tax on Proposed Dividend	13,361,056	11,452,333
- Transfer to General Reserve	48,000,000	25,000,000
	<b>764,606,296</b>	<b>433,210,563</b>
<b>Total</b>	<b>5,405,556,539</b>	<b>5,031,155,404</b>

\* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Hon ble High Court of Judicature at Bombay, Amalgamation Reserve is free for all purposes.

(Amount in ₹)

	Non-current		Current	
	2012	2011	2012	2011
<b>4. Long-term Borrowings</b>				
<b>Secured</b>				
Term Loan from				
- Banks	8,697,785,269	5,416,733,854	123,764,000	629,445,156
- Other parties	796,666,669	-	266,666,665	-
Finance lease obligations	396,298	965,103	568,805	957,130
<b>Unsecured</b>				
Term loan from other parties	1,100,000,000	-	-	-
	<b>10,594,848,236</b>	<b>5,417,698,957</b>	<b>390,999,470</b>	<b>630,402,286</b>
Amount disclosed under the head other current liabilities	-	-	(390,999,470)	(630,402,286)
<b>Total</b>	<b>10,594,848,236</b>	<b>5,417,698,957</b>	<b>-</b>	<b>-</b>

## a) Term Loan from Banks

- i) ₹ 8,791,549,269 (₹ 5,303,491,665) 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. The loan is also secured by second charge on company's current assets other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project. Out of the above, ₹ 4,779,992,009 (₹ 4,871,791,665) is repayable in 32 quarterly installments after moratorium period of 8 quarters from the date of first disbursement i.e. December 31, 2010 along with interest ranging from 12.25% to 15% p.a. and balance ₹ 4,011,557,260 (₹ 431,700,000) is repayable in 30 quarterly installments after moratorium period of 8 quarters from the date of first disbursement i.e. March 17, 2011 and carries interest ranging from 12.25% to 15% p.a.
- ii) ₹ 30,000,000 (₹ 40,000,000) is secured by way of hypothecation charge over the assets financed viz leasehold improvements, furniture and fixtures, office equipments at MIDC, Andheri. The loan carries interest @ 15.25% and is repayable in 20 equal quarterly installments starting from April 30, 2010.
- iii) ₹ Nil (₹ 369,445,156) is secured by equitable mortgage of land at Khurja, near Noida, U.P. The loan carries interest @ 14 % and is repayable in six equal monthly installments after moratorium period of 18 months from September 1, 2009.
- iv) ₹ Nil (₹ 333,242,189) is secured by equitable mortgage of land situated at village Buti Bori, District Nagpur. The loan carries interest @ 16% and is repayable in 24 equal monthly installments commencing from August 31, 2010.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**b) Term Loan from other parties**

- i) ₹ 690,000,000 (₹ Nil) is secured by first charge on land belonging to company situated at Village Butibori at Nagpur, Maharashtra. Out of the above, ₹ 390,000,000 is repayable in a single installment at the end of 3 years from the date of disbursement i.e. October 13, 2011 or on exercise of put/call option after 1 year from the date of disbursement and balance ₹ 300,000,000 in single installment at the end of 3 years from the date of disbursement i.e. January 02, 2012 or on exercise of put/call option after 1 year from the date of disbursement. The above loan carries interest @ 15.25% p.a.
- ii) ₹ 373,333,334 (₹ Nil) is secured by first and exclusive charge by way of mortgage of land at Khurja near Delhi. Out of the above, ₹ 80,000,000 is repayable in 6 equal monthly installments after moratorium period of 6 months from the date of disbursement i.e. July 21, 2011 and balance in 12 equal monthly installments starting from 13th month from the date of disbursement. The above loan carries interest ranging from 14% to 15% p.a.

**c) Unsecured term loan from other parties**

₹ 1,100,000,000 (₹ Nil) is against pledge of 49% equity shares of Arshiya Northern FTWZ Limited held by its holding company Arshiya FTWZ Limited (wholly owned subsidiary of the company) and by way of charge on all the receivables of Panvel FTWZ operations of one of its subsidiaries and by way of corporate guarantee issued by one of its subsidiaries. The loan carries interest @ 15.5% and is repayable in 36 equal monthly installments after moratorium period of 24 months from the date of disbursement i.e. March 27, 2012

- d) All the above loans are also personally guaranteed by two Directors
- e) Finance lease obligations are secured by way of hypothecation of leased vehicles

(Amount in ₹)

	2012	2011
<b>5. Deferred tax liabilities (Net)</b>		
<b>Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	165,446,584	55,465,960
<b>Total (A)</b>	<b>165,446,584</b>	<b>55,465,960</b>
<b>Deferred tax assets</b>		
Foreign currency monetary translation difference account	838,473	-
Provision for doubtful debts	1,049,324	223,575
Other timing differences	1,622,250	162,225
<b>Total (B)</b>	<b>3,510,047</b>	<b>385,800</b>
<b>Deferred tax liabilities (net) (A-B)</b>	<b>Total</b>	<b>161,936,537</b>
		<b>55,080,160</b>
<b>6. Other long-term liabilities</b>		
Deposits from		
- Subsidiary	400,000,000	-
- Others	5,233,430	983,000
<b>Total</b>	<b>405,233,430</b>	<b>983,000</b>
<b>7. Short-term borrowings</b>		
<b>Secured</b>		
- Short term loan from banks	549,980,053	309,705,321
- Working capital loan from banks	20,491,633	198,672,152
<b>Unsecured</b>		
- Inter-corporate deposits	225,000,000	240,000,000
<b>Total</b>	<b>795,471,686</b>	<b>748,377,473</b>

**a) Short term loan from banks**

- i) ₹ 549,980,053 (₹ Nil) is secured by way of second charge on pari-passu basis on entire movable and immovable fixed assets of the company. The loan is also secured by way of personal guarantees of Directors.
- ii) ₹ Nil (₹ 109,705,321) 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.
- iii) ₹ Nil (₹ 200,000,000) is secured by first charge ranking pari passu by way of hypothecation of current assets of the Company and second pari passu charge on entire fixed assets of the company, both present and future.

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

b) Working capital loan from banks of ₹ 20,491,633 (₹ 198,672,152) is secured by way of first charge on company s current assets other than project assets for Khurja FTWZ project, Khurja Distripark Project, Rail Project and Nagpur Project and second 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.

c) Unsecured loan of ₹ 225,000,000 (₹ Nil) is against pledge of shares of the company held by one of the directors of the company.  
(Amount in ₹)

	2012	2011
<b>8. Other current liabilities</b>		
Trade payables	507,543,812	508,554,471
<b>Other liabilities</b>		
Current maturities of long-term borrowings (Refer note 4)	390,430,665	629,445,156
Current maturities of finance lease obligations (Refer note 4)	568,805	957,130
Interest accrued but not due on borrowings	1,514,754	1,921,529
Unearned revenue	3,232,060	2,499,924
Unclaimed dividend (Refer note 31)	1,190,870	1,190,870
Advance received from subsidiaries against land (Refer note 38)	1,415,871,683	1,593,787,388
<b>Others</b>		
Creditors for		
- Capital goods	791,039,724	368,460,678
- Expenses	65,689,610	102,569,321
Statutory dues	46,581,189	51,812,043
Trade advances received	2,027,599	621,834
	2,718,146,959	2,753,265,873
<b>Total</b>	<b>3,225,690,771</b>	<b>3,261,820,344</b>
<b>9. Short-term provisions</b>		
Employee benefits	34,325,256	19,296,994
Proposed dividend	82,361,261	70,595,366
Tax on proposed dividend	13,361,056	11,452,333
Mark to market losses on derivative contracts	-	5,647,687
<b>Total</b>	<b>130,047,573</b>	<b>106,992,380</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

(Amount in ₹)

## Note 10- Fixed assets

Description of assets	Gross Block			Depreciation / Amortization			Net Block			
	As at April 1, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	Upto March 31, 2011	For the year	Deductions/ Adjustments	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>a) Tangibles</b>										
Freehold Land	634,470,915	1,209,976,627	-	<b>1,844,447,542</b>	-	-	-	-	<b>1,844,447,542</b>	634,470,915
Buildings	1,643,233,363	1,345,261,245	-	<b>2,988,494,608</b>	10,612,676	39,657,128	-	<b>50,269,804</b>	<b>2,938,224,804</b>	1,632,620,687
Leasehold Improvements	168,402,584	60,711,656	-	<b>229,114,240</b>	58,363,496	43,711,706	-	<b>102,075,202</b>	<b>127,039,038</b>	110,039,088
Plant and Machinery	414,270,294	32,936,238	-	<b>447,206,532</b>	6,523,308	20,050,902	-	<b>26,574,210</b>	<b>420,632,322</b>	407,746,985
Computers	61,519,481	27,217,752	-	<b>88,737,233</b>	14,274,125	11,315,402	-	<b>25,589,527</b>	<b>63,147,706</b>	47,245,356
Equipments	169,677,577	169,497,147	628,305	<b>338,546,419</b>	5,073,040	11,899,706	6,931	<b>16,965,815</b>	<b>321,580,604</b>	164,604,536
Vehicles	19,482,719	1,124,353	-	<b>20,607,072</b>	4,675,189	1,886,655	-	<b>6,561,844</b>	<b>14,045,228</b>	14,807,531
Furniture and Fixtures	99,494,116	30,340,067	-	<b>129,834,183</b>	7,651,284	8,539,278	-	<b>16,190,562</b>	<b>113,643,622</b>	91,842,833
<b>Total</b>	3,210,551,049	2,877,065,085	628,305	<b>6,086,987,829</b>	107,173,118	137,060,777	6,931	<b>244,226,964</b>	<b>5,842,760,865</b>	3,103,377,931
Previous Year	232,981,471	2,979,200,491	1,630,912	<b>3,210,551,049</b>	57,623,640	50,551,811	1,002,330	<b>107,173,118</b>	<b>3,103,377,931</b>	
<b>b) Intangibles</b>										
Softwares	220,982,484	17,019,771	-	<b>238,002,255</b>	15,984,049	41,440,390	-	<b>57,424,439</b>	<b>180,577,816</b>	204,998,434
Trade Mark and Patents	233,700	-	-	<b>233,700</b>	73,952	23,370	-	<b>97,322</b>	<b>136,378</b>	159,748
<b>Total</b>	<b>221,216,184</b>	<b>17,019,771</b>	-	<b>238,235,955</b>	<b>16,058,001</b>	<b>41,463,760</b>	-	<b>57,521,761</b>	<b>180,714,194</b>	<b>205,158,183</b>
Previous Year	723,560	220,492,624	-	<b>221,216,184</b>	177,289	15,880,712	-	<b>16,058,001</b>	<b>205,158,183</b>	
Capital work-in-progress									<b>5,252,094,030</b>	4,039,340,676

## Notes:

- Gross block includes cost of vehicles taken on finance lease ₹ 8,394,884 (₹ 8,394,884).
- Depreciation for the year includes ₹ 14,245,300 (₹ 12,934,170) transferred to pre-operative expenses.
- For details of borrowing costs capitalized during the year and exchange difference adjusted to fixed assets, refer note 30 (b) and 39 (c) respectively.
- Depreciation for the year includes ₹ 1,471,221 (₹ Nil) pertaining to earlier period.

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>11. Non-current investments</b>		
<b>In subsidiary companies - (Trade - unquoted)</b>		
300,000 (300,000) Equity shares of Arshiya Hong Kong Limited of USD 1 each	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	60,500,000	60,500,000
100,000 (100,000) Equity shares of Arshiya International Singapore Pte Limited of SGD 1 each	3,431,000	3,431,000
1,600,000 (1,600,000) Equity shares of Arshiya Supply Chain Management Private Limited of ₹ 10 each	16,000,000	16,000,000
1,000,000 (50,000) Equity shares of Arshiya FTWZ Limited of ₹ 10 each	209,500,000	500,000
1,000,000 (50,000) Equity shares of Arshiya Domestic Distripark Limited of ₹ 10 each	295,000,000	500,000
30,350,000 (30,350,000) Equity shares of Arshiya Rail Infrastructure Limited of ₹ 10 each	1,000,400,000	1,000,400,000
50,000 (50,000) Equity shares of Arshiya Transport and Handling Limited of ₹ 10 each	500,000	500,000
10,000 (10,000 ) Equity shares of Arshiya Technologies (India) Private Limited of ₹ 10 each	100,000	100,000
<b>Total</b>	<b>1,638,681,000</b>	<b>1,135,181,000</b>

(All the above equity shares are fully paid up)

(Amount in ₹)

	Long Term		Short Term	
	2012	2011	2012	2011
<b>12. Loans and advances</b>				
(unsecured considered good unless otherwise stated)				
Capital advances	526,483,799	846,102,206	-	-
Deposits	102,893,969	95,748,576	24,989,229	4,430,100
Loans and advances to subsidiaries	5,026,348,346	3,119,485,785	50,884,669	-
<b>Others</b>				
Other advances	-	-	17,119,447	17,005,441
Balances with Government authorities				
- Direct tax (net of provisions)	71,574,709	52,398,680	-	-
- MAT Credit Entitlement	40,458,808	12,425,272	-	-
- Indirect taxes	-	-	4,218,336	5,747,223
Prepaid expenses	5,811,219	1,827,794	20,032,146	13,208,619
Staff advances	-	-	1,883,542	1,562,182
<b>Total</b>	<b>5,773,570,850</b>	<b>4,127,988,313</b>	<b>119,127,369</b>	<b>41,953,565</b>

(Amount in ₹)

	Non-current		Current	
	2012	2011	2012	2011
<b>13. Other assets</b>				
Interest receivable				
- Subsidiaries	-	-	251,644,402	180,791,391
- Fixed deposits	62,107	219,577	873,530	3,470,350
Unamortized ancillary borrowing costs	244,968,932	233,058,806	50,758,350	26,600,000
Margin money deposits with banks having original maturity period of more than 12 months (Refer note 15)	1,000,000	3,500,000	-	-
Mark to market gain on derivative contracts	-	-	13,267,924	-
<b>Total</b>	<b>246,031,039</b>	<b>236,778,383</b>	<b>316,544,206</b>	<b>210,861,741</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>14. Trade receivables</b>		
(unsecured considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
- Considered good	5,061,635	3,473,653
- Considered doubtful	3,234,162	689,090
	<b>8,295,797</b>	<b>4,162,743</b>
Less: Provision for doubtful debts	3,234,162	689,090
	<b>5,061,635</b>	<b>3,473,653</b>
Other debts #	1,206,247,484	947,755,299
<b>Total</b>	<b>1,211,309,119</b>	<b>951,228,952</b>

# includes ₹ 346,845,673 (₹ 166,923,156) due from a subsidiary

(Amount in ₹)

	Non-current		Current	
	2012	2011	2012	2011
<b>15: Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balances with banks in				
- Current accounts	-	-	222,209,439	556,710,324
- Unclaimed dividend accounts	-	-	1,233,326	1,233,386
Cash on hand	-	-	5,324,623	1,754,208
Remittances in transit	-	-	927,941	-
	-	-	<b>229,695,329</b>	<b>559,697,918</b>
<b>Other bank balances</b>				
Margin money deposits with banks having original maturity period of more than 3 months but less than 12 months	-	-	25,000,000	120,000,000
Margin money deposits with banks having original maturity period of more than 12 months (Refer note 13)	1,000,000	3,500,000	3,500,000	8,200,000
	<b>1,000,000</b>	<b>3,500,000</b>	<b>28,500,000</b>	<b>128,200,000</b>
	<b>1,000,000</b>	<b>3,500,000</b>	<b>258,195,329</b>	<b>687,897,918</b>

(Amount in ₹)

	2012	2011
<b>16: Revenue from operations</b>		
Revenue from		
- Logistics operations and related services	4,907,711,132	4,321,773,459
- Free Trade Warehousing Zone operations and related services	947,947,107	208,361,626
Other operating revenue - export benefits	70,644,840	-
<b>Total</b>	<b>5,926,303,079</b>	<b>4,530,135,085</b>
<b>17: Other income</b>		
Interest income from		
- Subsidiaries	340,803,136	200,879,323
- Others	3,454,716	14,938,788
Profit on redemption of units of mutual fund	78,890	4,039,263
Dividend income from subsidiaries	26,990,119	-
Exchange difference (net)	-	2,978,141
Balances written back	2,163,565	1,017,628
Miscellaneous Income	285,844	264,317
<b>Total</b>	<b>373,776,270</b>	<b>224,117,460</b>

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>18: Cost of operations</b>		
Cost of Logistic operations	3,857,949,115	3,472,585,014
Cost of Free Trade Warehousing Zone operations	10,081,965	12,995,261
<b>Total</b>	<b>3,868,031,080</b>	<b>3,485,580,275</b>
<b>19. Employee benefits expense</b>		
Salary, bonus and other allowances	316,162,089	211,027,965
Contribution to provident and other funds	26,926,887	14,228,397
Staff welfare expenses	26,444,494	17,301,785
Employee stock compensation expense (Refer note 2d)	(3,268,091)	(225,848)
<b>Total</b>	<b>366,265,379</b>	<b>242,332,299</b>
<b>20. Finance costs</b>		
Interest expense	778,719,456	308,280,954
Other borrowing costs	25,338,084	7,327,639
<b>Total</b>	<b>804,057,540</b>	<b>315,608,593</b>
<b>21. Other expenses</b>		
Rent	85,397,132	56,934,127
Rates and Taxes	16,095,035	18,789,413
Insurance	3,666,017	1,105,288
Electricity charges	27,321,295	7,279,132
Repairs and maintenance		
- Building	3,661,332	646,603
- Others	29,056,597	12,599,996
Communication expenses	16,609,980	13,267,396
Travelling and conveyance expenses	41,962,609	37,868,658
Vehicle expenses	18,728,884	15,811,930
Printing and stationery	5,441,945	4,036,779
Legal and professional fees	39,773,660	31,544,312
Security charges	31,688,460	11,354,409
Miscellaneous expenses	50,247,070	21,266,565
Auditors remuneration		
- Statutory audit fees	5,050,633	4,963,500
- Certification fees	113,058	49,635
- Reimbursement of expenses	18,095	42,190
Advertisement and business promotion expenses	20,905,498	31,885,477
Exchange difference (net)	6,815,681	-
Bad debts	323,899	5,992,028
Provision for doubtful debts/(written back)	2,545,072	(4,576,020)
Loss on sale of fixed assets (net)	83,269	139,598
<b>Total</b>	<b>405,505,221</b>	<b>271,001,016</b>



## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

### 22. a. Contingent liabilities not provided for:

(Amount in ₹)

Sr.		2012	2011
i)	Disputed income tax demands	4,350,076	4,350,076
ii)	Claims against the Company not acknowledged as debts	55,222,057	268,373,394
iii)	Guarantees/ Letter of credit issued by banks (net of liabilities provided)	9,576,448	162,618,636
iv)	Guarantees given on behalf of subsidiaries. Loans outstanding against such guarantees is ₹ 11,097,061,782 (₹ 7,621,991,123)	12,147,600,000	11,282,075,240

- b. Estimated amount of contracts remaining to be executed on capital and other account and not provided for (net of advances paid) is ₹ 1,214,173,468 (₹ 1,341,367,174).
- c. The Company has provided security and guarantee (included in 22(a)(iv) above) to the lenders for loan granted of ₹ 4,000,000,000 (₹ 4,000,000,000) to its subsidiary viz. Arshiya Rail Infrastructure Limited.
- d. The company has committed to provide continued financial support to subsidiaries, based on the requirement from time to time.

23. 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. This has been relied upon by the auditors.

24. 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. 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.

25. 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 ₹ 470,380,202 (₹ 373,775,995).

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

### 26. Details of exceptional items are as under

(Amount in ₹)

	2012	2011
Surplus on change in depreciation policy from written down value method to straight line method	--	16,111,279
Charges on prematured repayment of loans	--	21,664,744

### 27. Prior period items included in Statement of Profit and Loss

(Amount in ₹)

	2012	2011
Revenue from logistics operations and related services	(2,038,007)	(2,111,166)
Cost of logistic operations	1,741,449	4,060,221
Depreciation [Refer note 10 (4)]	1,471,221	--
Other operating revenue - export benefits	(2,284,742)	--
<b>Net prior period expenses / (income)</b>	<b>(1,110,079)</b>	1,949,055

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

#### a. Brief descriptions of the plans

The Company's defined contribution plans are 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 are also entitled to leave encashment as per the Company's policy.

#### b. Defined Contribution plan - Provident Fund

₹ 19,109,718 (₹ 11,367,806) is recognized as expense and included in Employees benefits expense – Note 19 in the Statement of Profit and Loss.

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

## c. Defined benefit plan – Gratuity (Funded)

(Amount in ₹)

	2012	2011
<b>I. Actuarial assumptions</b>		
Discount rate	8.50%	8.25%
Rate of return on plan assets	8.60%	8%
Future salary rise	7%	7%
Attrition rate	10%	10%
<b>II. Change in defined benefit obligations</b>		
Liability at the beginning of the year	12,378,449	8,483,251
Interest cost	1,021,222	636,244
Current service cost	5,297,377	4,831,475
Liability transferred by group companies	155,549	--
Liability transferred to group companies	(12,640,112)	(1,818,417)
Actuarial (gain) / loss on obligations	15,633,658	245,896
Liability at the end of the year	21,846,143	12,378,449
<b>III. Fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	8,632,693	4,613,401
Expected return on plan assets	690,615	369,072
Contributions	--	3,355,676
Transferred by group companies	166,152	--
Transferred to group companies	(6,334,582)	--
Actuarial gain / (loss) on plan assets	(172,046)	294,484
Fair value of plan assets at the end of the year	2,982,832	8,632,693
Total Actuarial gain / (loss) to be recognized	(15,805,704)	(48,588)
<b>IV. Actual return on plan assets</b>		
Expected return on plan assets	690,615	369,072
Actuarial gain / (loss) on plan assets	(172,046)	294,484
Actual return on plan assets	518,569	663,556
<b>V. Liability recognized in the Balance Sheet</b>		
Liability at the end of the year	21,846,143	12,378,449
Fair value of plan assets at the end of the year	2,982,832	8,632,633
Liability recognized in the Balance Sheet	18,863,311	3,745,816
<b>VI. Percentage of each category of plan assets to total fair value of plan assets</b>		
Insurer managed funds	100%	100%
<b>VII. Expenses recognized in the Statement of Profit and Loss</b>		
Current service cost	5,297,377	4,831,475
Interest cost	1,021,222	636,244
Expected return on plan assets	(690,615)	(369,072)
Net actuarial (gain) / loss to be recognized	15,805,704	(48,588)
Expense recognized in Statement of Profit and Loss #	21,433,688	5,050,059
<b>VIII. Balance Sheet reconciliation</b>		
Opening net liability	3,745,756	3,869,850
Expenses as above	21,433,688	5,050,059
Net transfer by group companies	(10,603)	--
Net transfer to group companies	(6,305,530)	(1,818,417)
Closing net liability	18,863,311	3,745,756
<b>IX. Expected employers contribution in next year</b>		
As per actuarial valuation report	21,580,100	6,118,376
<b>X. Experience adjustments</b>		
On plan liability (gain) / loss	16,660,776	608,776
On plan asset (loss) / gain	(172,046)	294,484

# Expense recognized is net of transfer to group company for its contribution towards LIC fund amounting to ₹ 6,305,530 (₹ 1,818,417) and amount transferred from group companies is ₹ 10,603 (₹ Nil). During the year, Gratuity of ₹ 13,888,624 (₹ 2,420,619) related to project employees has been transferred to pre-operative expenses.

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

## d. Leave Encashment (unfunded):

	(Amount in ₹)	
	2012	2011
<b>I. Actuarial assumptions</b>		
Discount rate	8.50%	8.25%
Future salary rise	7%	7%
Attrition rate	10%	10%
<b>II. Change in defined benefit obligations</b>		
Liability at the beginning of the year	13,949,831	10,337,137
Interest cost	1,150,861	775,285
Current service cost	4,242,323	3,980,862
Liability transferred by group companies	286,630	--
Liability transferred to group companies	(7,116,749)	(3,310,907)
Benefits paid	(2,771,542)	(2,805,326)
Actuarial (gain) / loss on obligations	5,720,590	4,972,780
Liability at the end of the year	15,461,944	13,949,831
<b>III. Liability recognized in the Balance Sheet</b>		
Liability at the end of the year	15,461,944	13,949,831
Liability recognized in the Balance Sheet	15,461,944	13,949,831
<b>IV. Expenses recognized in the Statement of Profit and Loss</b>		
Current service cost	4,242,323	3,980,862
Interest cost	1,150,861	775,285
Net actuarial (gain) / loss to be recognized	5,720,590	4,972,780
Expense recognized in Statement of Profit and Loss @	11,113,774	9,728,927
<b>V. Balance Sheet reconciliation</b>		
Opening net liability	13,949,831	10,337,137
Expenses as above	11,113,774	9,728,927
Employers contribution	(2,771,542)	(2,805,326)
Net transfer by group companies	286,630	--
Net transfer to group companies	(7,116,749)	(3,310,907)
Closing net liability	15,461,944	13,949,831
<b>VI. Experience adjustments:</b>		
On plan liability (gain) / loss	6,066,689	5,564,029

@ Leave encashment of ₹ 8,791,666 (₹ 5,602,554) towards leave salary of projects employees has been transferred to pre-operative expenses.

## 29. 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 ₹)

	Logistics operations and related services	FTWZ operations and related services	Unallocated	Total
<b>Segment Revenue</b>				
External sales	4,978,355,972 (4,321,773,459)	947,947,107 (208,361,626)	-- (--)	5,926,303,079 (4,530,135,085)
Other income	2,406,155 (3,926,685)	-- (--)	27,112,263 (4,372,664)	29,518,418 (8,299,349)
<b>Total revenue</b>	4,980,762,127 (4,325,700,144)	947,947,107 (208,361,626)	27,112,263 (4,372,664)	5,955,821,497 (4,538,434,434)
<b>Segment Result</b>				
Segment result	998,395,168 (743,321,587)	623,623,295 (119,494,968)	27,112,263 (4,372,664)	1,649,130,725 (867,189,219)
Unallocated corporate expenses	-- (--)	-- (--)	522,728,230 (404,605,647)	522,728,230 (404,605,647)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

	Logistics operations and related services	FTWZ operations and related services	Unallocated	Total
<b>Operating profit</b>	--	--	--	1,126,402,496
	(--)	(--)	(--)	(462,583,572)
Interest expense	--	--	--	778,719,456
	(--)	(--)	(--)	(308,280,954)
Interest income	--	--	--	344,257,852
	(--)	(--)	(--)	(215,818,111)
<b>Exceptional Items:</b>				
Surplus on change in Depreciation policy				--
				(16,111,279)
Charges on prematured repayment of loans				--
				((21,664,744))
Tax expense	--	--	--	216,822,842
	(--)	(--)	(--)	(115,226,983)
Profit after Tax	--	--	--	475,118,049
	(--)	(--)	(--)	(249,340,281)
<b>Other Information</b>				
Segment assets	948,855,081 (1,072,459,762)	13,263,598,819 (8,861,151,632)	6,626,574,097 (4,803,050,956)	20,839,028,002 (14,736,662,350)
Segment liabilities	544,917,331 (710,112,515)	10,196,907,357 (6,170,053,289)	4,573,987,828 (2,707,682,196)	15,315,812,516 (9,587,848,000)
Capital expenditure	22,419,937 (2,847,708)	3,720,755,290 (1,913,740,520)	43,331,490 (126,312,855)	3,786,506,717 (2,042,901,083)
Depreciation / amortization	6,469,158 ((4,596,157))	131,350,248 (31,794,117)	40,705,130 (26,300,394)	178,524,536 (53,498,354)
Non-cash expenses other than depreciation/ amortization	4,762,724 (1,416,008)	28,306,329 (--)	2,516,769 (--)	35,585,822 (1,416,008)

## Secondary segment information

(Amount in ₹)

	India	Outside India	Total
Revenue	5,077,634,279 (4,173,602,626)	878,065,078 (364,831,808)	5,955,821,497 (4,538,434,434)
Carrying amount of assets	20,541,868,348 (14,498,685,630)	297,159,654 (237,976,720)	20,839,028,002 (14,736,662,350)
Capital expenditure	3,786,506,717 (2,042,901,083)	-- (--)	3,786,506,717 (2,042,901,083)

## Notes:

## Geographical segment and its composition are India and Rest of the world

- i) The Company has identified India and Rest of the World as geographical segments for secondary segment 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.
- ii) Capital expenditure also includes expenditure incurred on capital work in progress.

## 30. Capital Projects

- a. Capital work-in-progress includes Pre-operative expenses ₹ 608,125,676 (₹ 593,102,313).
- b. Borrowing costs (net) capitalized or transferred to capital-work-in-progress ₹ 397,321,404 (₹ 401,928,537).

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

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

(Amount in ₹)

	2012	2011
Expenditure upto previous year	593,102,313	645,036,509
Employee benefits expense	231,837,245	276,221,394
Electricity charges	6,010,631	12,311,913
Rent	65,736,703	52,040,247
Rates and taxes	19,943,742	25,769,455
Recruitment expenses	1,388,367	1,554,670
Travelling and conveyance expenses	14,567,804	27,866,901
Vehicle expenses	1,471,889	1,457,363
Legal and professional fees	24,020,637	49,503,438
Miscellaneous expenses	17,808,295	18,791,480
Security charges	764,457	16,459,351
Other financial charges	13,280,966	22,785,786
Interest expense	384,605,439	384,851,476
Miscellaneous income	(8,407,705)	(--)
Interest on fixed deposits	(565,001)	(5,708,725)
Depreciation / Amortization expense	14,245,300	12,934,170
	1,379,811,082	1,541,875,428
Trial run income	--	7,546,111
Less: Trial run expenses	--	28,306,506
<b>Net loss during trial run</b>	--	20,760,395
Less : Expenses allocated to Subsidiaries	29,145,220	294,865,264
Less : Amount allocated to fixed assets capitalized during the year	742,540,186	633,147,456
<b>Balance carried to Balance Sheet</b>	<b>608,125,676</b>	<b>593,102,313</b>

31. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2012.
32. Related party disclosures, as required by Accounting Standard 18 Related Party Disclosures as given below

Name of the entity	Country of Incorporation	Proportion of interest (including beneficial interest) / voting power, (either directly / indirectly or through subsidiaries)
<b>Direct Subsidiaries</b>		
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 Domestic Distripark Limited	India	100% (100%)
Arshiya FTWZ Limited	India	100% (100%)
Arshiya International Singapore Pte Limited	Singapore	100% (100%)
Arshiya Transport and Handling Limited	India	100% (100%)
Arshiya Rail Infrastructure Limited @	India	100% (100%)
<b>Indirect Subsidiaries</b>		
<b>Held through Arshiya Hongkong Limited</b>		
Arshiya Logistics LLC, Dubai	U.A.E.	100% (100%)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Name of the entity	Country of Incorporation	Proportion of interest (including beneficial interest) / voting power, (either directly / indirectly or through subsidiaries)
<b>Held through Cyberlog Technologies International Pte Limited</b>		
Cyberlog Technologies (UAE) FZE	U.A.E.	100% (100%)
Cyberlog Technologies Inc #	USA	Nil (100%)
Cyberlog Technologies Hong Kong Limited	Hong Kong	100% (100%)
Arshiya Technologies (India) Private Limited *	India	100% (100%)
<b>Held through Arshiya Domestic Distripark Limited</b>		
Arshiya Northern Domestic Distripark Limited \$\$	India	100% (100%)
Arshiya Southern Domestic Distripark Limited ##	India	Nil (100%)
Arshiya Eastern Domestic Distripark Limited ##	India	Nil (100%)
Arshiya Western Domestic Distripark Limited ##	India	Nil (100%)
Arshiya Central Domestic Distripark Limited ##	India	Nil (100%)
<b>Held through Arshiya FTWZ Limited</b>		
Arshiya Northern FTWZ Limited	India	100% (100%)
Arshiya Exim Trading Limited ##	India	Nil (100%)
Arshiya Eastern FTWZ Limited ##	India	Nil (100%)
Arshiya Western FTWZ Limited ##	India	Nil (100%)
Arshiya Central FTWZ Limited \$	India	100% (100%)
<b>Held through Arshiya Rail Infrastructure Limited</b>		
Arshiya Rail Siding and Infrastructure Limited	India	100% (100%)

@ 6.63 % (Nil) held through Arshiya Hongkong Limited

\* 9.89 % (9.89%) held through the Company

\$ 48.33 % (48.33 %) held through Arshiya Hongkong Limited

\$\$ 16.44 % (3.55 %) held through Cyberlog Technologies (UAE) FZE

# Ceased to exist as a subsidiary w.e.f. August 3, 2011

## Ceased to exist as subsidiaries w.e.f. March 30, 2012

**a. Key Management Personnel**

Mr. Ajay S. Mittal – Chairman & Managing Director

Mrs. Archana A. Mittal – Joint Managing Director

Mr. V. Shivkumar – Executive Director

Mr. Sandesh R. Chonkar – Chief Financial Officer & Executive Director

**b. Other related parties with whom transactions have taken place during the year or balances outstanding as at the reporting date.**

Bhushan Steels Limited, Arshiya Lifestyle Limited (Formerly known as 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The nature and amount of transactions with the above related parties are as follows

(Amount in ₹)

	Subsidiary companies	Key management personnel	Other related parties	Total
Revenue from operations	1,000,644,205 (219,443,170)	-- (--)	559,260,565 (531,964,351)	1,559,904,770 (751,407,521)
Expenses	--	--	--	--
- Cost of logistic operations	(636,489)	(--)	(--)	(636,489)
Interest Income	340,803,136 (200,879,323)	-- (--)	-- (--)	340,803,136 (200,879,323)
Dividend income	26,990,119 (--)	-- (--)	-- (--)	26,990,119 (--)
Remuneration paid	-- (--)	42,412,400 (38,386,348)	-- (--)	42,412,400 (38,386,348)
Loans and advances given (including reimbursement of expenses)	3,796,555,765 (2,492,513,607)	-- (--)	-- (26,000,000)	3,796,555,765 (2,518,513,607)
Loans and advances repaid/adjusted (including reimbursement of expenses)	2,018,491,477 (1,161,229,135)	-- (--)	-- (26,000,000)	2,018,491,477 (1,187,229,135)
Loans and advances taken	172,590,000 (1,474,012,790)	-- (--)	-- (--)	172,590,000 (1,474,012,790)
Loans and advances repaid/adjusted	350,505,705 (1,026,775,771)	-- (--)	-- (--)	350,505,705 (1,026,775,771)
Issue of equity shares	-- (--)	-- (11,025,000)	-- (--)	-- (11,025,000)
Sale of fixed assets	617,514,307 (--)	-- (--)	-- (--)	617,514,307 (--)
Purchase of fixed assets	52,727,691 (--)	-- (--)	-- (--)	52,727,691 (--)
Investments made	503,500,000 (600,000)	-- (--)	-- (--)	503,500,000 (600,000)
Deposit received	400,000,000 (--)	-- (--)	-- (--)	400,000,000 (--)
Corporate guarantees / securities given	1,000,000,000 (6,923,275,240)	-- (--)	-- (--)	1,000,000,000 (6,923,275,240)
<b>Balances as at March 31, 2012</b>				
Loans and advances given	5,328,877,418 (3,300,277,176)	-- (--)	-- (--)	5,328,877,418 (3,300,277,176)
Trade receivables	346,845,673 (166,923,156)	-- (--)	40,835,617 (44,539,026)	387,681,290 (211,462,182)
Loans, advances and deposits received	1,819,805,073 (1,601,352,918)	-- (--)	-- (--)	1,819,805,073 (1,601,352,918)
Corporate guarantees / securities given	12,145,100,000 (11,282,075,240)	-- (--)	-- (--)	12,145,100,000 (11,282,075,240)
Investments outstanding	1,638,681,000 (1,135,181,000)	-- (--)	-- (--)	1,638,681,000 (1,135,181,000)

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

(Amount in ₹)

Nature of transactions	Name of the Party	2012	2011
<b>Revenue from operations</b>	Arshiya Supply Chain Management Private Limited	918,373,708	215,362,653
	Bhushan Steels Limited	559,260,565	531,964,351
<b>Cost of logistic operations</b>	Arshiya Logistics LLC, Dubai	--	138,673
	Arshiya Logistics WLL, Qatar	--	445,701



## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

(Amount in ₹)

Nature of transactions	Name of the Party	2012	2011
<b>Interest income</b>	Arshiya Rail Infrastructure Limited	120,040,621	80,310,823
	Arshiya FTWZ Limited	94,974,603	36,312,050
	Arshiya Domestic Distripark Limited	100,478,298	79,730,285
<b>Dividend income</b>	Arshiya Hong Kong Limited	26,990,119	--
<b>Remuneration paid</b>	Mr. Ajay S. Mittal	28,580,187	10,130,752
	Mrs. Archana A. Mittal	4,050,657	8,114,752
	Mr. Sandesh R. Chonkar	4,890,189	10,236,238
	Mr. V. Shivkumar	4,891,367	9,904,606
<b>Loans and advances given</b>	Arshiya Rail Infrastructure Limited	1,123,148,721	698,511,158
	Arshiya Northern FTWZ Limited	1,244,390,921	--
	Arshiya FTWZ Limited	564,525,000	554,660,363
	Arshiya Lifestyle Limited	--	26,000,000
<b>Loans and advances repaid/adjusted</b>	Arshiya Domestic Distripark Limited	417,650,000	488,800,000
	Arshiya Rail Infrastructure Limited	730,475,000	396,150,916
	Arshiya Northern FTWZ Limited	465,633,058	--
	Arshiya FTWZ Limited	216,600,000	159,850,000
	Arshiya Lifestyle Limited	--	26,000,000
<b>Loans and advances taken</b>	Arshiya Northern FTWZ Limited	--	200,000,000
	Arshiya Rail Infrastructure Limited	148,000,000	208,956,549
	Arshiya Northern Domestic Distripark Limited	24,590,000	420,000,000
	Arshiya Central FTWZ Limited	--	636,500,000
<b>Loans and advances repaid/adjusted</b>	Arshiya Domestic Distripark Limited	350,505,705	--
	Arshiya Central FTWZ Limited	--	918,305,723
<b>Issue of equity shares</b>	Mr. Sandesh R. Chonkar	--	5,512,500
	Mr. V Shivkumar	--	5,512,500
<b>Sale of fixed assets</b>	Arshiya Northern Domestic Distripark Limited	180,289,893	--
	Arshiya Domestic Distripark Limited	371,358,614	--
	Arshiya Rail Infrastructure Limited	65,865,800	--
<b>Purchase of fixed assets</b>	Arshiya Domestic Distripark Limited	52,727,691	--
<b>Investments made</b>	Arshiya Transport and Handling Limited	--	500,000
	Arshiya Technologies (India) Private Limited	--	100,000
	Arshiya Domestic Distripark Limited	294,500,000	--
	Arshiya FTWZ Limited	209,000,000	--
<b>Deposit Received</b>	Arshiya Supply Chain Management Private Limited	400,000,000	--
<b>Corporate Guarantees / securities given</b>	Arshiya Northern FTWZ Limited	--	2,553,700,000
	Arshiya Rail Infrastructure Limited	150,000,000	--
	Arshiya Supply Chain Management Private Limited	850,000,000	--
	Arshiya Northern Domestic Distripark Limited	--	4,132,600,000
<b>Closing Balances as at March 31</b>			
<b>Loans and advances given</b>	Arshiya Domestic Distripark Limited	860,322,208	915,519,431
	Arshiya FTWZ Limited	1,729,238,211	1,295,836,068
	Arshiya Rail Infrastructure Limited	1,532,006,923	1,027,594,178
	Arshiya Northern FTWZ Limited	790,398,961	--

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Nature of transactions	Name of the Party	2012	2011
<b>Trade receivables</b>	Arshiya Supply Chain Management Private Limited	346,616,530	166,923,156
	Bhushan Steels Limited	40,835,617	44,539,026
<b>Loans, advances and deposits received</b>	Arshiya Rail Infrastructure Limited	452,714,173	304,714,173
	Arshiya Central FTWZ Limited	931,463,233	931,463,233
	Arshiya Supply Chain Management Private Limited	400,000,000	--
<b>Investments</b>	Arshiya Domestic Distripark Limited	295,000,000	500,000
	Arshiya FTWZ Limited	209,500,000	500,000
	Arshiya Rail Infrastructure Limited	1,000,400,000	1,000,400,000
<b>Corporate Guarantees / securities given</b>	Arshiya Northern FTWZ Limited	2,803,700,000	2,803,700,000
	Arshiya Rail Infrastructure Limited	4,358,800,000	4,345,775,240
	Arshiya Supply Chain Management Private Limited	850,000,000	--
	Arshiya Northern Domestic Distripark Limited	4,132,600,000	4,132,600,000

33. 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

(Amount in ₹)

Name of the Subsidiary (including indirect subsidiary)	Amount outstanding as on March 31, 2012	Maximum amount outstanding during the year
Arshiya Supply Chain Management Private Limited	-- (60,844,731)	100,009,972 (60,845,455)
Arshiya Domestic Distripark Limited *	860,322,208 (915,519,431)	1,178,708,744 (1,299,872,602)
Arshiya FTWZ Limited **	1,729,238,211 (1,295,836,068)	1,906,562,525 (1,304,842,655)
Cyberlog Technologies International Pte Limited ***	-- (163,651)	163,651 (350,142)
Arshiya Rail Infrastructure Limited****	1,532,006,923 (1,027,594,178)	1,532,006,923 (1,027,594,178)
Arshiya Central FTWZ Limited	900,000 (--)	900,000 (--)
Arshiya Transport & Handling Limited	50,884,669 (--)	50,895,846 (--)
Arshiya Northern Domestic Distripark Limited	368,387,442 (--)	368,617,945 (--)
Arshiya Northern FTWZ Limited	790,398,961 (--)	1,093,164,238 (200,780,968)
Arshiya Logistics LLC, Dubai	-- (319,116)	319,116 (974,281)

b. 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 investments in following subsidiaries:

(Number of equity shares)

Sr. No.	Name of the Company	2012	2011
(i)	Arshiya Central Domestic Distripark Limited	--	50,000
(ii)	Arshiya Western Domestic Distripark Limited	--	50,000
(iii)	Arshiya Eastern Domestic Distripark Limited	--	50,000
(iv)	Arshiya Northern Domestic Distripark Limited	7,147,450	7,147,450
(v)	Arshiya Southern Domestic Distripark Limited	--	50,000

\*\* Arshiya FTWZ Limited has made investments in following subsidiaries

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Sr. No.	Name of the Company	(Number of equity shares)	
		2012	2011
(i)	Arshiya Central FTWZ Limited	11,050,000	11,050,000
(ii)	Arshiya Western FTWZ Limited	--	50,000
(iii)	Arshiya Eastern FTWZ Limited	--	50,000
(iv)	Arshiya Northern FTWZ Limited	4,613,284	1,925,000
(v)	Arshiya Exim Trading Limited	--	50,000

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

Name of the Company	(Number of equity shares)	
	2012	2011
Arshiya Technologies India Private Limited	91,158	91,158

\*\*\*\* Arshiya Rail Infrastructure Limited has made investments in following subsidiaries

Name of the Company	(Number of equity shares)	
	2012	2011
Arshiya Rail Siding & Infrastructure Limited	50,000	50,000

### 34. 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 ₹)		
	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payments	624,332 (1,097,520)	433,322 (1,057,653)	-- (--)
Less: Finance charges payable	55,527 (140,390)	37,024 (92,550)	-- (--)
Present value of lease rentals	568,805 (957,130)	396,298 (965,103)	-- (--)

#### Notes:

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

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

#### 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 of part of the pallet positions at its FTWZ Sai Village Panvel- Maharashtra.

	(Amount in ₹)	
	2012	2011
Lease income recognized #	723,724,037	203,465,652
<b>Future Lease Income</b>		
(a) Not later than one year.	845,827,032	604,560,000
(b) Later than one year but not later than five years.	2,109,422,536	2,115,960,000

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

The Company has entered into operating lease arrangements for 3-9 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 ₹)

	2012	2011
<b>Lease obligations</b>		
Future minimum lease rental payments		
- not later than one year	137,823,700	124,918,433
- later than one year but not later than five years	308,156,812	263,650,174
- later than five years	19,383,617	--
<b>Total</b>	<b>465,364,129</b>	<b>388,568,607</b>

Lease rental payments in respect of operating leases are ₹ 132,335,088 (₹ 108,890,374) and during the year ₹ 46,937,956 (₹ 51,956,247) is capitalized.

## 35. Earnings per share has been computed as under:

(Amount in ₹)

	2012	2011
Profit after tax (Rupees)	475,118,049	249,340,281
Weighted average number of shares for basic (Numbers)	58,829,472	58,781,427
Weighted average number of shares for diluted (Numbers)	58,829,472	58,800,190
Nominal value per share (Rupees)	2	2
Earnings per share – Basic and diluted (Rupees)	8.08	4.24

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

(Amount in ₹)

	Chairman and Managing Director		Joint Managing Director		Executive Directors	
	2012	2011	2012	2011	2012	2011
Salaries and Allowances	25,500,000	9,000,000	3,600,000	7,200,000	9,025,004	18,040,008
Commission	--	18,654	--	18,654	--	--
Perquisites/ Contribution to Provident Fund	3,080,187	1,112,098	450,657	896,098	756,552	2,100,837
<b>Total</b>	<b>28,580,187</b>	<b>10,130,752</b>	<b>4,050,657</b>	<b>8,114,752</b>	<b>9,781,556</b>	<b>20,140,845</b>

## Notes:

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

## 37. Taxation

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

## 38. Current Liabilities include advances received from subsidiaries for transfer/sale of land, as under

(Amount in ₹)

	2012	2011
Arshiya Rail Infrastructure Limited	452,714,173	304,714,173
Arshiya Central FTWZ Limited	931,463,233	931,463,233
Arshiya Northern Domestic Distripark Limited	--	325,915,705
Arshiya Northern FTWZ Limited	31,694,277	31,694,277
<b>Total</b>	<b>1,415,871,683</b>	<b>1,593,787,388</b>

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

39. a. Derivative contracts entered into by the Company for hedging purpose and outstanding as at March 31, 2012

Balances	Foreign currency amount			Equivalent amount (in ₹)	
	Currency	2012	2011	2012	2011
Accounts payable	USD	29,105,953	2,457,006	1,486,732,079	109,705,322

- b. Details of foreign currency transactions/ balances not hedged by derivative instruments or otherwise are as under:

Balances	Foreign currency amount			Equivalent amount (in ₹)	
	Currency	2012	2011	2012	2011
Bank balances	USD	16,866	18,922	682,561	827,873
Receivables	USD	6,804,689	2,706,398	344,453,364	120,191,172
	EUR	8,700	--	585,597	--
Payables	USD	998,795	221,845	51,358,046	9,941,418
	CAD	153	--	7,925	--
	SGD	778	1,031	31,889	36,853
	GBP	5,960	674	491,822	48,876
	EUR	104,736	107,104	7,211,100	6,820,355
	JPY	315,792	187,433	198,949	101,982
	CHF	--	223	--	10,923
	HKD	14,190	188,571	95,357	1,093,717

- c. During the year, the Company has adopted amended provisions of AS -11 as per Companies (Accounting Standards) Amendment Rules relating to "Effects of the changes in Foreign Exchange Rate". Accordingly, the Company has adjusted exchange gain of ₹ 10,518,105 to the cost of fixed assets and exchange gain of ₹ 2,749,820 is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of long term liabilities but not beyond March 31, 2020. Out of the above ₹ 165,534 has been credited to the statement of profit and loss during the year and ₹ 2,584,286 has been carried over.

### 40. Scheme of Amalgamation

The Board of Directors in its meeting held on March 12, 2012 has approved Scheme of Amalgamation of Arshiya FTWZ Limited (AFTWZL), Arshiya Domestic Distripark Limited (ADDL) and Arshiya Central FTWZ Limited (ACFTWZL) (Transferor Companies) with the Company, with the Appointed Date as April 1, 2012. The transferor companies have filed their petitions before the Hon ble High Court of Bombay for sanction of the said Scheme of Amalgamation. Subsequently, one of the transferor Companies namely ACFTWZL withdrew from the Scheme of Amalgamation with the company. Accordingly, AFTWZL and ADDL will file amended Scheme of Amalgamation with the Hon ble High Court of Bombay for approval.

41. Information pursuant to 5 (viii) of Revised Schedule VI of the Companies Act 1956.

#### a. Earnings in foreign currency

(Amount in ₹)

	2012	2011
Revenue from logistics operations and related services	470,438,810	364,831,808
Revenue from Free Trade Warehousing Zone and related services	380,636,145	--
Dividend income	26,990,119	--
<b>Total</b>	<b>878,065,074</b>	<b>364,831,808</b>

#### b. i) Expenditure in foreign currency

(Amount in ₹)

	2012	2011
Cost of logistics operations	194,764,809	92,694,266
Advertisement and Business promotion	2,061,691	6,741,267
Travelling expenses	483,760	8,696,754
Miscellaneous expenses	1,299,068	489,511
<b>Total</b>	<b>198,609,328</b>	<b>108,621,798</b>

## NOTES FORMING PART OF THE FINANACIAL STATEMENTS

## 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	Number of Equity Shares	2012	2011
2010 – 2011	Final Dividend	6,698,766	8,038,519	--
2009 – 2010	Final Dividend	6,439,177	--	6,439,177

## c. Value of Imports on CIF basis

(Amount in ₹)

	2012	2011
Capital goods	57,392,072	298,460,400
<b>Total</b>	<b>57,392,072</b>	<b>298,460,400</b>

42. The Company has long term investment of ₹ 500,000 (₹. 500,000) in Arshiya Transport & Handling Limited, a wholly owned subsidiary of the company. As at balance sheet date, Net Worth of the said subsidiary is eroded. The Company has also given loans and advances of ₹ 50,884,669 (₹ Nil) to the said subsidiary. Investment in the said subsidiary is strategic in nature and having regard to the future business plan and projected profitability, management perceives the erosion in the value of investment in the said subsidiary as temporary in nature. Hence, no provision for diminution in value of investment is considered necessary and loans and advances are considered as good and recoverable.
43. 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. Figures in bracket pertain to previous year.
44. Schedule VI to the Companies Act, 1956 is revised effective from April 1, 2011 which has significantly impacted the disclosures and presentation in the financial statements. The figures for the previous year have been regrouped where necessary to conform to current year classification.

## Signatures to Notes forming part of Financial Statements

## As per our attached report of even date

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

For and on behalf of the Board

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**Archana A Mittal**  
Joint Managing Director

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance

## STATEMENT RELATING TO SUBSIDIARIES

Subsidiary Companies	Arshiya Hongkong Ltd.	Arshiya Hongkong Ltd.	Arshiya Hongkong Ltd.	Arshiya Logistics LLC, Dubai	Arshiya Logistics LLC, Dubai	Arshiya Logistics LLC, Dubai	Arshiya International Singapore Pte Ltd	Arshiya International Singapore Pte Ltd	Arshiya International Singapore Pte Ltd	Cyberlog Technologies International Pte Ltd	Cyberlog Technologies International Pte Ltd	Cyberlog Technologies UAE (FZE)	Cyberlog Technologies UAE (FZE)	Cyberlog Technologies Hongkong Ltd	Cyberlog Technologies Hongkong Ltd
Reporting Currency	HKD	HKD	HKD	AED	AED	AED	SGD	SGD	SGD	USD	USD	AED	AED	HKD	HKD
Country	Hongkong	Hongkong	Hongkong	UAE	UAE	UAE	Singapore	Singapore	Singapore	Singapore	Singapore	UAE	UAE	Hongkong	Hongkong
Exchange Rate	6.68	6.68	6.68	14.11	14.11	14.11	41.24	41.24	41.24	51.85	51.85	14.11	14.11	6.68	6.68
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1 Capital	2,324,510	15,523,078	15,523,078	4,234,320	4,234,320	4,234,320	100,000	4,123,850	4,123,850	400,743	20,779,354	150,000	2,117,160	10,000	66,780
2 Reserves	198,783,412	1,327,475,625	1,327,475,625	873,739,525	873,739,525	873,739,525	272,874	11,252,914	11,252,914	4,736,607	245,603,032	48,324,481	682,071,055	8,568	57,217
3 Total Assets	243,363,191	1,625,179,389	1,625,179,389	1,182,086,236	1,182,086,236	1,182,086,236	390,454	16,101,737	16,101,737	5,346,140	277,208,586	65,434,215	923,564,684	34,106	227,760
4 Total Liabilities	42,255,269	282,180,686	282,180,686	304,112,391	304,112,391	304,112,391	17,580	724,973	724,973	208,790	10,826,200	16,959,734	239,376,470	15,538	103,763
5 Investments other than Investments in Subsidiaries	211,033,646	1,409,282,688	1,409,282,688	-	-	-	-	-	-	-	-	57,559,688	-	-	-
6 Turnover	-	-	-	84,037,778	1,186,142,814	1,186,142,814	442,981	18,267,872	18,267,872	488,137	25,310,929	573,300	8,091,786	-	-
7 Profit Before Taxation	47,189,410	315,130,880	315,130,880	23,669,376	334,079,041	334,079,041	216,800	8,940,507	8,940,507	142,325	7,379,850	234,075	3,303,828	(58,624)	(391,491)
8 Provision for Taxation	-	-	-	-	-	-	15,773	817,863	817,863	27,668	1,434,644	-	-	-	-
9 Profit After Taxation	47,189,410	315,130,880	315,130,880	23,669,376	334,079,041	334,079,041	201,027	8,122,644	8,122,644	114,657	5,945,206	234,075	3,303,828	(58,624)	(391,491)
10 Proposed Dividend	4,673,760	31,211,369	31,211,369	22,500,000	317,574,000	317,574,000	-	-	-	-	-	-	-	3,166,726	21,147,396

Subsidiary Companies	Arshiya Technologies (India) Private Ltd	Arshiya Technologies (India) Private Ltd	Arshiya Supply Chain Management Private Ltd	Arshiya Infrastructure Ltd	Arshiya Infrastructure Ltd	Arshiya Sidingang Infrastructure Ltd.	Arshiya Domestic Distripark Ltd.	Arshiya Domestic Distripark Ltd.	Arshiya Northern Domestic Distripark Ltd.	Arshiya FTWZ Ltd.	Arshiya FTWZ Ltd.	Arshiya Central FTWZ Ltd.	Arshiya Northern FTWZ Ltd.	Arshiya Transport and Handling Ltd.
Reporting Currency	Rs.	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Country	India	India	India	India	India	India	India	India	India	India	India	India	India	India
Exchange Rate	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1 Capital	1,011,580	16,000,000	16,000,000	325,067,040	500,000	500,000	10,000,000	85,537,860	85,537,860	10,000,000	213,840,230	46,132,840	500,000	500,000
2 Reserves	498,133	603,827,918	603,827,918	1,212,788,722	(82,275)	(82,275)	104,512,209	1,333,276,310	1,333,276,310	65,346,870	718,586,316	1,631,927,100	(38,972,700)	(38,972,700)
3 Total Assets	1,526,567	1,869,282,046	1,869,282,046	7,327,442,263	549,055	549,055	984,884,597	6,057,583,518	6,057,583,518	1,814,082,542	941,278,395	6,041,243,328	20,765,009	20,765,009
4 Total Liabilities	16,854	1,249,454,128	1,249,454,128	5,789,586,501	131,330	131,330	870,372,388	4,638,769,348	4,638,769,348	1,738,735,672	8,851,849	4,363,183,388	59,237,709	59,237,709
5 Investments other than Investments in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	200,089,228	-	-
6 Turnover	-	1,737,361,609	1,737,361,609	2,706,807,216	-	-	-	-	-	-	-	-	278,921	67,000
7 Profit Before Taxation	(109,729)	618,938,125	618,938,125	76,950,373	(19,394)	(19,394)	(100,822,230)	(634,303)	(634,303)	(95,033,259)	(87,569)	(4,371,887)	(55,567,468)	(55,567,468)
8 Provision for Taxation	(306,524)	1,196,954	1,196,954	15,396,040	-	-	-	(23,896)	(23,896)	-	-	-	-	(17,748,825)
9 Profit After Taxation	196,795	617,741,171	617,741,171	61,554,333	(19,394)	(19,394)	(100,822,230)	(634,303)	(634,303)	(95,009,363)	(87,569)	(4,371,887)	(37,818,643)	(37,818,643)
10 Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-



## AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors of  
**Arshiya International Limited**

1. We have audited the attached Consolidated Balance Sheet of **Arshiya International Limited** ( the Company ) and its subsidiaries (collectively referred to as the Group ) as at 31 March 2012, the Consolidated Statement of Profit and Loss and the Consolidated 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 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. The financial statements of subsidiaries with total assets of ₹. 21,144,922,111 as at 31 March 2012 and total revenues of ₹. 5,649,553,725 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 our opinion, in so far it relates to the amounts included in respect of those subsidiaries is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company s management in accordance with the requirements of the Accounting Standard (AS) 21 Consolidated Financial Statements , as notified by 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,  
  
Note 1.c) (ii), Board of Directors of a subsidiary company viz., Cyberlog Technologies Hongkong Limited have resolved to cease the business of the Company on 18 November 2011. Although financial statements have been prepared in conformity with accounting principles applicable to a going concern, all necessary liabilities are provided for and non-current liability reclassified as current liability.
6. Based on the audit as aforesaid, and on the consideration of reports of other auditors on the 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 case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31 March 2012;
  - (b) In the case of the Consolidated Statement of Profit and Loss, 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 Flow of the Group for the year ended on that date.

For **MGB & Co**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31

(Amount in ₹)

	Notes	2012	2011
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	117,658,944	117,658,944
Reserves and surplus	3	8,544,657,614	7,338,052,074
		<b>8,662,316,558</b>	<b>7,455,711,018</b>
Foreign currency monetary item translation difference account (Refer note 34(c))		2,584,286	-
<b>Non-current liabilities</b>			
Long-term borrowings	4	20,959,973,644	12,683,515,583
Deferred tax liabilities (net)	5	137,444,634	47,226,642
Other long-term liabilities	6	5,233,430	983,000
Long-term provisions	9	19,508,362	3,706,759
		<b>21,122,160,070</b>	<b>12,735,431,984</b>
<b>Current liabilities</b>			
Short-term borrowings	7	996,433,093	838,891,149
Trade payables	8	723,204,987	680,572,104
Other current liabilities	8	3,015,970,445	2,113,641,297
Short-term provisions	9	207,003,973	152,219,889
		<b>4,942,612,498</b>	<b>3,785,324,439</b>
	<b>Total</b>	<b>34,729,673,412</b>	<b>23,976,467,441</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10		
- Tangible assets		14,339,852,210	5,713,933,810
- Intangible assets		818,816,820	756,038,415
- Capital work-in-progress		12,601,921,992	10,168,494,373
- Intangible assets under development		3,780,247	648,882
		<b>27,764,371,269</b>	<b>16,639,115,479</b>
Long-term loans and advances	11	1,895,543,552	2,599,706,223
Other non-current assets	12	275,488,515	503,500,849
		<b>2,171,032,067</b>	<b>3,103,207,072</b>
<b>Current assets</b>			
Current investments	13	200,089,228	150,030,986
Inventories	14	-	1,280,641
Trade receivables	15	3,108,920,382	2,291,045,506
Cash and Bank balances	16	660,447,336	1,248,045,566
Short-term loans and advances	11	754,192,704	516,762,130
Other current assets	12	70,620,426	26,980,061
		<b>4,794,270,076</b>	<b>4,234,144,890</b>
	<b>Total</b>	<b>34,729,673,412</b>	<b>23,976,467,441</b>

Notes forming part of the consolidated financial statements

1-39

**As per our attached report of even date**For **MGB & Co.**

Chartered Accountants

Firm Registration Number 101169W

**Sanjay Kothari**

Partner

Membership Number 048215

Mumbai, 7th July 2012

For and on behalf of the Board

**Ajay S Mittal**

Chairman &amp; Managing Director

Sandesh R Chonkar  
Executive Director &  
Chief Financial Officer

Archana A Mittal

Joint Managing Director

G Hariharan  
Group Legal Counsel &  
Head Corporate Governance

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31

(Amount in ₹)

	Notes	2012	2011
<b>Revenue</b>			
Revenue from operations	17	10,573,297,545	8,215,201,175
Other income	18	75,440,480	28,381,316
<b>Total</b>		<b>10,648,738,025</b>	<b>8,243,582,491</b>
<b>Expenditure</b>			
Cost of operations	19	6,663,122,384	5,748,209,163
Employee benefits expense	20	659,981,865	433,748,381
Finance costs	21	1,059,748,017	473,680,323
Other expenses	22	533,625,050	441,082,551
Depreciation and amortization expense	10	313,597,113	179,805,125
<b>Total</b>		<b>9,230,074,429</b>	<b>7,276,525,543</b>
<b>Profit before exceptional items and tax</b>		<b>1,418,663,596</b>	<b>967,056,948</b>
<b>Less: Exceptional items</b>			
Surplus on change in Depreciation policy		-	(16,578,251)
Charges on prematured repayment of loans		-	21,664,744
<b>Profit before tax</b>		<b>1,418,663,596</b>	<b>961,970,455</b>
<b>Less: Tax expense</b>			
- Current tax - current year		272,120,803	90,680,499
- earlier years		297,160	2,646,618
- MAT credit entitlement		(151,971,176)	(12,766,673)
- Deferred tax		90,217,916	59,108,515
<b>Profit after tax before minority interest</b>		<b>1,207,998,892</b>	<b>822,301,496</b>
Less: Share of profit transferred to minority interest		-	2,236,419
<b>Profit after tax</b>		<b>1,207,998,892</b>	<b>820,065,077</b>
Earnings per share (Equity share per value ₹ 2 each)	33		
Basic and Diluted Earnings per Share		20.53	13.94

Notes forming part of the consolidated financial statements

1-39

**As per our attached report of even date**

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

For and on behalf of the Board

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**Archana A Mittal**  
Joint Managing Director

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31

(Amount in ₹)

	2012	2011
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>1,418,663,596</b>	<b>961,970,455</b>
Adjustments for :		
Depreciation / Amortization expense	313,597,113	176,425,077
Interest expense	1,019,070,470	473,680,323
Interest income	(5,195,906)	(18,907,467)
Loss on sale/discard of fixed assets (net)	925,764	1,889,613
Loss / (Profit) on sale of subsidiaries	(4,196,297)	4,475,949
Profit on redemption of units of mutual funds	(321,892)	(4,080,424)
Ancillary borrowing costs written off	17,125,209	1,817,485
Provision for doubtful debts	2,988,850	(1,636,983)
Employee compensation expenses	(3,757,277)	1,833,036
Exchange adjustments (net)	101,907,848	3,949,828
<b>Operating profit before working capital changes</b>	<b>2,860,807,478</b>	<b>1,601,416,891</b>
Adjustments for :		
(Increase)/decrease in inventories	1,280,641	(1,280,641)
(Increase)/decrease in trade and other receivables	(1,101,604,613)	198,009,311
Increase/(decrease) in trade and other payables	116,948,490	671,351,594
<b>Cash generated from operations</b>	<b>1,877,431,996</b>	<b>2,469,497,156</b>
Direct taxes paid	(256,245,904)	(80,560,444)
<b>Net cash flow from operating activities (A)</b>	<b>1,621,186,092</b>	<b>2,388,936,712</b>
<b>Cash flow used in investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(9,776,143,809)	(9,396,565,739)
Proceeds from sale of fixed assets	102,575,820	9,203,973
Purchase of investments in units of mutual funds	(250,089,227)	(1,464,038,486)
Redemption of investments in units mutual funds	200,352,877	1,323,531,086
Sale of investments in subsidiaries	3,500,000	39,053,886
Investment in bank deposits having original maturity period of more than 3 months	254,609,523	(175,460,828)
Interest received	4,239,285	18,907,467
<b>Net cash flow from investing activities (B)</b>	<b>(9,460,955,531)</b>	<b>(9,645,368,642)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares (including securities premium)	-	16,096,499
Proceeds from long-term borrowings	9,315,368,001	12,238,651,831
Repayment of long-term borrowings	(1,007,608,182)	(3,729,679,685)
Proceeds from short-term borrowings	2,108,447,731	3,233,011,288
Repayment of short-term borrowings	(1,950,905,787)	(3,022,065,987)
Dividend paid	(82,047,699)	(68,501,251)
Ancillary borrowing costs incurred	(78,623,821)	(261,476,292)
Interest paid	(1,056,310,377)	(483,697,696)
<b>Net cash flow from financing activities (C)</b>	<b>7,248,319,867</b>	<b>7,922,338,708</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(591,449,572)</b>	<b>665,906,778</b>
<b>Opening cash and cash equivalents</b>	<b>1,224,361,214</b>	<b>599,541,803</b>
Less : Transferred on sale of subsidiaries	1,634,262	41,087,367
<b>Closing cash and cash equivalents</b>	<b>631,277,380</b>	<b>1,224,361,214</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31****Notes**

1. Cash and cash equivalents included in the cash flow statement comprises the following items.

	(Amount in ₹)	
	2012	2011
Balance with banks in		
-Current accounts	617,116,429	1,218,841,334
-Unclaimed dividend accounts	1,233,326	1,233,386
Cash on hand	11,999,684	4,286,494
Remittances in transit	927,941	-
	<b>631,277,380</b>	<b>1,224,361,214</b>

2. The above Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 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 Number 101169W

For and on behalf of the Board

**Sanjay Kothari**  
Partner  
Membership Number 048215

**Ajay S Mittal**  
Chairman & Managing Director

**Archana A Mittal**  
Joint Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance

Mumbai, 7<sup>th</sup> July 2012

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

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. Arshiya is a pioneering Unified Supply Chain Infrastructure and Solutions Group headquartered in India. The Group business comprises Free Trade Warehousing Zone (FTWZ), Industrial & distribution Hubs, Rail, Rail Infrastructure, Forwarding, Transport & Handling, Supply chain technology and Management Solutions.

#### 1.1 BASIS OF CONSOLIDATION

The Consolidated Financial Statements (CFS) relate to the Company and its subsidiaries. The CFS has been prepared on the following basis.

- i) The CFS of the Group are prepared under Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard – 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- ii) The consolidation of the financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- iii) The excess of cost to the Company of its investment in the subsidiaries over the Company's share of equity and reserves of the Subsidiaries 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 subsidiaries over the cost of acquisition is treated as Capital Reserve.
- iv) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except that:
  - a) In case of Cyberlog Technologies International Pte Limited and Arshiya Logistics LLC Dubai liability on account of employee benefits is provided on arithmetical / estimated basis instead of actuarial basis. This liability represents 0.48 % (0.99 %) of the total gratuity and leave encashment of the Group at the year end.
  - b) In case of the Parent Company, ancillary costs incurred in connection with the arrangement of borrowings are amortized over the tenure of borrowings, in conformity with Accounting Standards. However, such ancillary costs incurred by subsidiaries pertaining to projects are capitalized ₹ 10,910,472 (₹ 33,574,457) instead of amortization over the tenure of borrowings.
  - c) i) The CFS includes the Financial Statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the entity	Country of Incorporation	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly or through subsidiaries)
<b>Direct Subsidiaries</b>		
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 Domestic Distripark Limited	India	100% (100%)
Arshiya FTWZ Limited	India	100% (100%)
Arshiya International Singapore Pte Limited	Singapore	100% (100%)
Arshiya Transport and Handling Limited	India	100% (100%)
Arshiya Rail Infrastructure Limited @	India	100% (100%)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Name of the entity	Country of Incorporation	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly or through subsidiaries)
<b>Indirect Subsidiaries</b>		
<b>Held through Arshiya Hongkong Limited</b>		
Arshiya Logistics LLC, Dubai	U.A.E.	100% (100%)
<b>Held through Cyberlog Technologies International Pte Limited</b>		
Cyberlog Technologies (UAE) FZE	U.A.E.	100% (100%)
Cyberlog Technologies Inc. #	USA	Nil (100%)
Cyberlog Technologies Hong Kong Limited (Refer note no. c (ii) below)	Hong Kong	100% (100%)
Arshiya Technologies (India) Private Limited *	India	100% (100%)
<b>Held through Arshiya Domestic Distripark Limited.</b>		
Arshiya Northern Domestic Distripark Limited \$\$	India	100% (100%)
Arshiya Southern Domestic Distripark Limited ##	India	Nil (100%)
Arshiya Eastern Domestic Distripark Limited ##	India	Nil (100%)
Arshiya Western Domestic Distripark Limited ##	India	Nil (100%)
Arshiya Central Domestic Distripark Limited ##	India	Nil (100%)
<b>Held through Arshiya FTWZ Limited</b>		
Arshiya Northern FTWZ Limited	India	100% (100%)
Arshiya Exim Trading Limited ##	India	Nil (100%)
Arshiya Eastern FTWZ Limited ##	India	Nil (100%)
Arshiya Western FTWZ Limited ##	India	Nil (100%)
Arshiya Central FTWZ Limited \$	India	100% (100%)
<b>Held through Arshiya Rail Infrastructure Limited</b>		
Arshiya Rail Siding and Infrastructure Limited	India	100% (100%)

\* 9.89 % (9.89%) held through Parent Company

@ 6.63 % (Nil) held through Arshiya Hongkong Limited

\$ 48.33 % (48.33 %) held through Arshiya Hongkong Limited

\$\$ 16.44 % (3.55 %) held through Cyberlog Technologies (UAE) FZE

# Ceased to exist as a subsidiary w.e.f. August 3, 2011

## Ceased to exist as subsidiaries w.e.f. March 30, 2012

- ii) The Board of Directors of a Subsidiary Company, viz. Cyberlog Technologies Hong Kong Limited at their meeting held on 18 November, 2011 have resolved to cease the business. The Group will, subsequent to the end of the reporting date, apply to the Company Registrar to strike off the subsidiary company pursuant to Section 291AA of the Hong Kong Company Ordinance. Accordingly, the assets of the Subsidiary Company are written down to their net realizable value, all necessary liabilities are provided for and non-current liability is reclassified as current liability.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1.2 SIGNIFICANT ACCOUNTING POLICIES

#### a. Use of estimates

The preparation of CFS 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. Any revision to estimates is recognized prospectively in current and future periods.

#### b. Tangible and Intangible fixed assets

- i) Tangible fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses, if any, except freehold land which is carried at cost including lease premium. Cost includes taxes, duties, freight and other incidental expenses related to the acquisition, trial run expenses (net of revenue) and borrowing costs incurred during pre-operational period.
- ii) Capital work-in-progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.
- iii) Intangible assets acquired are measured on initial recognition at cost. They are carried at cost less accumulated amortization and impairment loss, if any.

#### c. 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.

#### d. Depreciation and Amortization

##### 1. In case of the Parent Company and Indian subsidiaries

##### i) Free Trade Warehousing Zone / Distripark and Logistics operations:

- a) Depreciation on tangible fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- b) Intangible assets are amortized on a straight line basis over the economic useful life estimated by the management.

##### ii) Rail freight and related services:

- a) Depreciation on following tangible and intangible fixed assets is provided on straight line method based on useful life of the assets as estimated by the management which is higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.

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

- b) Depreciation 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.

\* 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.

##### 2. In case of certain overseas subsidiary companies

- i) 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.
- ii) Depreciation on intangible fixed assets is provided on straight line basis method based on the useful life estimated by the management.

##### 3. The Group

Leasehold improvements are amortized over the period of the lease.

#### e. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### f. Inventories

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

### g. 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) 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.
- ix) Dividend income is recognized when the right to receive the dividend is established.
- x) Export benefits: Serve from India Scheme of EXIM Policy are recognized when utilized.

### h. Foreign Currency Translation

#### i) Accounting of transactions

- a) Transactions in foreign currencies are recognised at the exchange rates prevailing on the date of the transaction. Realised gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.
- b) 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 statement of Profit and Loss except treatment as per amendment to AS-11 effective till March 31, 2020 (Refer Note 34 (c) )
- c) 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) Translation and exchange rates

Financial statements of overseas non-integral operations are translated as under:

- a) Assets and liabilities at the exchange rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- b) Revenue and expenses are at yearly average rates. Off balance sheet items are translated into Indian Rupees at year-end rates.
- c) Exchange difference arising on translation of non-integral foreign operations are accumulated in the foreign currency translation reserve until the disposal of such operations.

### i. Employee benefits

The Group has various schemes of employee benefits as per applicable local laws of the respective countries, viz., 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. Gratuity and leave benefits 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 and Arshiya Logistics LLC Dubai, liability on account of gratuity and leave encashment is provided on arithmetical / estimated basis instead of actuarial basis. (Refer Note 1.1 (iv) a)).

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### j. Leases

#### i) Finance lease

Assets acquired under finance lease are capitalized and the corresponding lease liability is recognized at lower of the fair value of the leased assets and the present value of minimum lease payments at the inception of the lease. Initial costs directly attributable to lease are recognized with the asset under lease.

#### ii) Operating lease

Lease of assets 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.

### k. Accounting for taxes on income

- i) Current tax is determined as the amount of tax payable on the taxable income in accordance with local tax regulations.
- ii) Deferred tax is recognized, 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.
- iii) Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Group and the assets can be measured reliably.

### l. Impairment of Tangible and Intangible Assets

The Group 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, is recognized as deferred employee stock compensation expense and is amortized over the vesting period.

### m. Employee stock options

The Group accounts 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 Group, is recognized as deferred stock compensation expense and is amortized over the vesting period.

### n. Provisions Contingent Liabilities and Contingent Assets

- i) 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. A provision is made 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.
- ii) 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 equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### p. Unamortised Expenditure

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>2: Share Capital</b>		
<b>Authorised</b>		
75,000,000 (75,000,000) equity shares of ₹ 2 each	150,000,000	150,000,000
<b>Issued, Subscribed and Paid up</b>		
58,829,472 (58,829,472) equity shares of ₹ 2 each, fully paid up	117,658,944	117,658,944
<b>Total</b>	<b>117,658,944</b>	<b>117,658,944</b>

## (a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	2012		2011	
	Number of equity shares	Amount (in ₹)	Number of equity shares	Amount (in ₹)
At the beginning of the year	58,829,472	117,658,944	58,752,822	117,505,644
Allotted on exercise of Employee Stock Options	-	-	76,650	153,300
At the end of the year	58,829,472	117,658,944	58,829,472	117,658,944

## (b) Terms and rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 2 per share. Each equity shareholder is entitled to one vote per share. The final dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

## (c) Details of shareholders holding more than 5% Equity shares (₹ 2 each fully paid) of shares in the company

Name of the shareholder	2012		2011	
	Number of equity shares	Percentage (%) shareholding	Number of equity shares	Percentage (%) shareholding
Archana Mittal	25,434,710	43.23%	25,414,710	43.20%
Tree Line Asia Master Fund (Singapore) Pte Ltd	3,176,000	5.40%	3,176,000	5.40%
Naishadh Jawahar Paleja	2,976,270	5.06%	2,976,270	5.06%

## (d) Employee Stock Option Plan (ESOP)

The Company has instituted an Arshiya Stock Option Plan 2007 for grant of Options to the employees of the Company and its subsidiaries convertible into one equity Share of ₹ 2 each. These Options vest over a period of 36 months from the date of grant and are to be exercised within a period of 12 months from the date of vesting.

The Compensation committee formed by Board of Directors has approved the grant of Options. Each Option confers on the employee a right to one equity share of ₹ 2 each at an exercise price of ₹ 210 per share. Under Arshiya Stock Option Plan 2007 1,411,700 and 133,900 options were granted under Tranche I (Date of grant February - 15, 2008) and Tranche II (Date of grant - April 24, 2008) respectively.

	No. of options
Options outstanding at the beginning of the year	117,270
	(300,640)
Options forfeited / transferred during the year	--
	(48,880)
Options exercised during the year	--
	(76,650)
Options expired/lapsed during the year	102,810
	(57,840)
Options outstanding at the end of the year	14,460
	(117,270)
Options exercisable at the end of the year	14,460
	(35,181)

Out of the total employee stock compensation credit of ₹ 4,984,652 (₹ 2,932,129) recognized during the year, on account of the option outstanding at the end of the year, the group has credited ₹ 3,757,277 (₹ 2,041,651) to the Statement of profit and loss in relation to the options granted to the non project employees and reduced from project cost ₹ 1,227,375 (₹ 890,478) on account of options granted to employees employed exclusively for its new projects.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNT IN ₹)

	2012	2011
<b>3: Reserves and surplus</b>		
Securities Premium		
As per last balance sheet	4,500,127,084	4,480,309,197
Add: Received / adjusted during the year		19,817,887
	4,500,127,084	4,500,127,084
Employee stock options outstanding	-	4,994,598
<b>Statutory Reserve</b>		
As per last balance sheet	-	877,648
Less : Transferred on sale of subsidiary	-	877,648
	-	-
<b>Amalgamation Reserve *</b>		
As per last balance sheet	12,480,000	12,480,000
<b>General Reserve</b>		
As per last balance sheet	80,343,158	55,343,158
Add: Transferred from Statement of Profit and Loss	48,000,000	25,000,000
	128,343,158	80,343,158
Foreign Currency Translation Reserve	70,367,671	(28,955,892)
<b>Surplus in Statement of Profit and Loss</b>		
As per last balance sheet	2,769,063,125	2,056,045,748
Add: Profits for the year	1,207,998,892	820,065,078
Less: Appropriations		
- Proposed Dividend	82,361,261	70,595,366
- Tax on Proposed Dividend	13,361,056	11,452,333
- Transfer to General reserve	48,000,000	25,000,000
	3,833,339,701	2,769,063,125
<b>Total</b>	<b>8,544,657,614</b>	<b>7,338,052,074</b>
* As per the Scheme of Amalgamation of erstwhile BDP (India) Private Limited with the Company approved by the Hon ble High Court of Judicature at Bombay, Amalgamation reserve is free for all purposes.		

(Amount in ₹)

	Non-current		Current	
	2012	2011	2012	2011
<b>4. Long-term borrowings</b>				
<b>Secured</b>				
Term loan from				
- Banks	18,256,597,236	12,681,324,972	927,622,665	896,845,156
- Other parties	1,596,666,669	-	-	-
Finance lease obligations	6,709,739	2,190,611	2,029,443	1,505,193
<b>Unsecured</b>				
Term loan from other parties	1,100,000,000	-	-	-
	20,959,973,644	12,683,515,583	929,652,108	898,350,349
Less: Amount disclosed under the head other current liabilities (Refer note 8)	-	-	(929,652,108)	(898,350,349)
<b>Total</b>	<b>20,959,973,644</b>	<b>12,683,515,583</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	2012	2011
<b>5. Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Fiscal allowance on fixed assets	165,446,584	55,465,960
<b>Total (A)</b>	<b>165,446,584</b>	<b>55,465,960</b>
<b>Deferred tax assets</b>		
Carry forward losses	23,491,288	6,464,286
Provision for doubtful debt	1,049,324	223,575
Foreign currency monetary translation difference account	838,472	-
Other timing differences	2,622,866	1,551,457
<b>Total (B)</b>	<b>28,001,950</b>	<b>8,239,318</b>
<b>Deferred tax liabilities (net) (A-B)</b>	<b>Total</b>	<b>47,226,642</b>
<b>6. Other Long-term Liabilities</b>		
Deposits	5,233,430	983,000
<b>Total</b>	<b>5,233,430</b>	<b>983,000</b>
<b>7. Short term borrowings</b>		
<b>Secured</b>		
- Short term loan from banks	549,980,053	309,705,321
- Working capital loan from banks	221,453,040	289,185,828
<b>Unsecured</b>		
- Inter corporate deposits	225,000,000	240,000,000
<b>Total</b>	<b>996,433,093</b>	<b>838,891,149</b>
<b>8. Other current liabilities</b>		
Trade payables	723,204,987	680,572,104
	<b>723,204,987</b>	<b>680,572,104</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (Refer note 4)	927,622,665	896,845,156
Current maturities of finance lease obligations (Refer note 4)	2,029,443	1,505,193
Interest accrued but not due on borrowings	1,918,086	26,376,970
Interest accrued and due on borrowings	-	12,781,022
Unearned revenue	3,232,060	2,499,924
Unclaimed dividend	1,190,870	1,190,870
<b>Others</b>		
Creditors for		
- Capital goods	1,799,307,891	938,313,237
- Expenses	130,109,405	115,844,401
Statutory dues	134,150,750	107,242,933
Trade advances received	6,580,076	9,953,835
Deposit received	9,829,200	1,087,757
	<b>3,015,970,445</b>	<b>2,113,641,297</b>

(Amount in ₹)

	Long Term		Short Term	
	2012	2011	2012	2011
<b>9. Provisions</b>				
Employee benefits	19,508,362	3,706,759	51,516,505	47,758,445
Proposed dividend	-	-	82,361,261	70,595,366
Tax on proposed dividend	-	-	13,361,056	11,452,333
Mark to market losses on derivative contracts	-	-	-	5,647,687
Provision for tax	-	-	59,765,152	16,766,058
<b>Total</b>	<b>19,508,362</b>	<b>3,706,759</b>	<b>207,003,973</b>	<b>152,219,889</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

## Note 10 - Fixed Assets

Description of Assets	Gross Block			Depreciation / Amortization				Net Block			
	As at April 1, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	Up to March 31, 2011	Surplus on change in method of depreciation (Refer Note 27)	For the year	Deductions/ Adjustments	Up to March 31, 2012	As at March 31, 2011	As at March 31, 2012
<b>a) Tangibles</b>											
Freehold Land	1,168,942,620	2,572,364,050	99,513,681	3,641,792,989	-	-	-	-	-	1,168,942,620	3,641,792,989
Buildings	1,671,576,745	4,247,251,707	-	5,918,828,452	11,227,825	-	40,381,667	-	51,609,492	1,660,348,921	5,867,218,961
Leasehold Improvements	170,756,101	67,226,974	893,979	237,089,096	59,857,603	-	45,065,383	908,033	104,014,952	110,898,499	133,074,143
Rake	1,584,263,044	760,170,822	-	2,344,433,866	95,908,936	-	87,245,441	-	183,154,377	1,488,354,108	2,161,279,489
Containers	570,943,983	366,351,334	-	937,295,317	27,013,464	-	38,499,853	-	65,513,317	543,930,519	871,782,000
Plant and Machinery	415,582,050	463,897,472	-	879,479,522	6,550,759	-	20,665,214	-	27,215,973	409,031,291	852,263,548
Equipments	184,651,816	362,467,299	12,107,630	535,011,485	17,029,281	-	12,269,809	11,492,690	17,806,400	167,622,535	517,205,084
Furniture and Fixtures	105,074,751	98,717,929	824,355	202,968,325	11,035,130	-	10,900,640	890,992	21,044,778	94,039,621	181,923,547
Computers	69,762,944	48,158,003	1,458,331	116,462,616	17,153,658	-	13,133,012	1,464,999	28,821,670	52,609,286	87,640,946
Vehicles	24,936,238	12,395,551	3,474,159	33,857,631	6,779,828	-	3,097,316	1,691,016	8,186,128	18,156,410	25,671,503
<b>Total</b>	<b>5,966,490,293</b>	<b>8,999,001,140</b>	<b>118,272,135</b>	<b>14,847,219,298</b>	<b>252,556,483</b>	<b>-</b>	<b>271,258,335</b>	<b>16,447,730</b>	<b>507,367,088</b>	<b>14,339,852,210</b>	<b>5,713,933,810</b>
Previous year	2,090,208,887	3,903,948,384	27,666,977	5,966,490,293	115,537,973	16,578,251	167,285,274	13,688,513	232,556,483	10,166,494,373	5,713,933,810
<b>b) Intangibles</b>											
Trade Mark and Patents	233,700	-	-	233,700	73,952	-	23,370	-	97,322	159,748	136,378
Softwares	231,206,621	121,481,508	6,716,758	345,971,370	20,159,944	-	43,233,229	5,039,579	58,353,594	211,046,677	287,617,776
Rail Licence Fees	500,000,000	-	-	500,000,000	15,066,257	-	13,769,324	-	28,835,581	484,933,743	471,164,419
Goodwill on consolidation	59,898,246	-	-	59,898,246	-	-	-	-	-	59,898,246	59,898,246
<b>Total</b>	<b>791,338,567</b>	<b>121,481,508</b>	<b>6,716,758</b>	<b>906,103,316</b>	<b>35,300,153</b>	<b>-</b>	<b>57,025,923</b>	<b>5,039,579</b>	<b>87,286,497</b>	<b>818,816,820</b>	<b>756,038,414</b>
Previous year	566,784,947	224,553,620	-	791,338,567	9,582,098	-	25,718,054	-	35,300,153	10,166,494,373	3,780,247
Capital work-in-progress											
Intangible assets under development											

## Notes:

- Gross block includes cost of vehicles taken on finance lease of ₹ 19,783, 884 (₹ 13,848, 392).
- Depreciation / Amortization for the year includes ₹ 14,687,145 (₹ 13,199,228) transferred to Pre-operative Expenses.
- Deductions / adjustments during the year to gross block and depreciation includes ₹ 3,146,007 (₹ 181,180) and ₹ 1,493,764 (₹ 178,499) on account of translation reserve.
- For details of borrowing costs transferred to fixed assets/ capital work-in-progress and exchange difference adjusted to fixed assets Refer notes 29 and 34 (c) respectively.
- Depreciation for the year includes ₹ 1,471,221 (₹ Nil) pertaining to earlier period.
- The Group has constructed the building and open Warehouse at Vizag on lease hold land taken from Visakhapatnam Port Trust. As per the policy of the said Port Authority, the period of lease is One year, though in practice it is renewable every year. The group has considered the period of lease as perpetual lease, renewable every year. Accordingly, the cost of building is depreciated as per rates of Schedule XIV and not amortized as per period of lease



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Long Term		Short Term	
	2012	2011	2012	2011
<b>11. Loans and advances</b>				
(unsecured considered good unless otherwise stated)				
Capital advances	1,484,427,247	2,390,880,592	-	-
Deposits	124,638,576	115,649,645	29,372,894	7,817,136
Other advances	8,250,000	-	463,818,679	215,626,489
<b>Balances with Government authorities</b>				
- Direct Taxes	72,193,480	45,283,822	34,663,552	34,644,053
- MAT credit entitlement	164,635,802	12,766,673	-	-
- Indirect Taxes	35,587,228	24,668,358	151,376,259	198,001,078
Prepaid expenses	5,811,219	1,827,795	29,804,406	20,278,951
Staff advances	-	-	3,589,494	30,927,434
Claims receivable	-	8,629,337	41,567,419	9,466,988
<b>Total</b>	<b>1,895,543,552</b>	<b>2,599,706,223</b>	<b>754,192,704</b>	<b>516,762,130</b>
<b>12. Other assets</b>				
Interest receivable on fixed deposits	62,107	219,577	1,494,152	380,061
Unamortized ancillary borrowing costs	265,299,069	233,058,807	55,858,350	26,600,000
Mark to market gain on derivative contracts	-	-	13,267,924	-
Margin money deposits with banks having original maturity period of more than 12 months (Refer note 16)	10,127,339	270,222,465	-	-
<b>Total</b>	<b>275,488,515</b>	<b>503,500,849</b>	<b>70,620,426</b>	<b>26,980,061</b>

	2012	2011
<b>13. Current Investments</b>		
<b>In mutual fund (quoted)</b>		
Nil (8,956,913) Units of SBI - Magna Insta Cash Fund	-	150,030,986
199,441 (Nil) Units of -SBI.SHF.Ultra Short Term Fund - Institutional Plan - Daily Dividend	200,089,228	-
<b>Total</b>	<b>200,089,228</b>	<b>150,030,986</b>
Aggregate amount of quoted Investments (Book Value)	200,089,228	150,030,986
Aggregate amount of quoted Investments (Market Value)	200,089,228	150,030,986
<b>14. Inventories</b>		
Packing Material	-	1,280,641
<b>Total</b>	<b>-</b>	<b>1,280,641</b>
<b>15. Trade receivables</b>		
(unsecured considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	239,144,493	167,198,519
Considered doubtful	3,677,940	3,289,156
	242,822,433	170,487,675
Other debts - considered good	2,869,775,890	2,123,846,987
	3,112,598,322	2,294,334,662
Less : Provision for doubtful debts	3,677,940	3,289,156
<b>Total</b>	<b>3,108,920,382</b>	<b>2,291,045,506</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	Non-current		Current	
	2012	2011	2012	2011
<b>16. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balances with banks in				
- Current accounts	-	-	617,116,429	1,218,841,334
- Unclaimed dividend accounts	-	-	1,233,326	1,233,386
Cash on hand	-	-	11,999,684	4,286,494
Remittances in transit	-	-	927,941	-
	-	-	631,277,380	1,224,361,214
<b>Other bank balances</b>				
Margin money deposit with banks having original maturity period of more than 3 months but less than 12 months	-	-	29,169,956	23,684,352
Margin money deposits with banks having original maturity period of more than 12 months	10,127,339	270,222,465	-	-
	10,127,339	270,222,465	29,169,956	23,684,352
Less: Amount of deposits disclosed under other non-current assets (Refer note 12)	(10,127,339)	(270,222,465)	-	-
<b>Total</b>	-	-	660,447,336	1,248,045,566

	2012	2011
<b>17. Revenue from operations</b>		
Revenue from		
-Logistics operations and related services	6,063,424,251	6,203,472,912
-Rail freight and related services	2,706,807,216	1,692,379,344
-Free Trade Warehousing Zone operations and related services	1,715,610,609	255,882,799
-Sale of software and related services	7,511,341	63,466,120
Other Operating revenue-export benefits	79,944,128	-
<b>Total</b>	10,573,297,545	8,215,201,175
<b>18. Other income</b>		
Interest income	5,195,906	18,907,467
Profit on redemption of units of mutual funds	321,892	4,080,424
Exchange difference (net)	63,209,518	-
Profit on sale of subsidiaries	4,196,297	-
Balance written back	2,213,024	2,237,448
Miscellaneous Income	303,843	3,155,976
<b>Total</b>	75,440,480	28,381,316
<b>19. Cost of operations</b>		
Cost of Logistics operations	4,642,831,932	4,548,088,687
Purchase of software and related services	-	9,126,336
Rail freight and other operating charges	1,931,785,378	1,174,807,304
Cost of Free Trade Warehousing Zone operations	88,505,073	16,186,836
<b>Total</b>	6,663,122,384	5,748,209,163
<b>20. Employee benefits expense</b>		
Salary, bonus and allowances	583,223,594	392,281,044
Contribution to provident and other funds	46,796,212	21,469,877
Staff welfare expenses	33,719,336	22,039,111
Employee compensation expenses (Refer Note 2 (d))	(3,757,277)	(2,041,651)
<b>Total</b>	659,981,865	433,748,381
<b>21. Finance costs</b>		
Interest expense	1,019,070,470	461,565,513
Other borrowing costs	40,677,547	12,114,810
<b>Total</b>	1,059,748,017	473,680,323

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	2012	2011
<b>22. Other expenses</b>		
Rent	114,726,305	94,057,666
Rates and taxes	17,281,729	20,556,151
Insurance	14,131,704	11,147,672
Electricity charges	28,705,677	8,592,107
Repairs and maintenance		
- Building	8,461,531	646,603
- Others	31,356,996	17,796,082
Communication expenses	21,927,081	20,514,950
Traveling and conveyance expenses	73,955,487	68,047,785
Vehicle expenses	20,740,598	17,558,533
Printing and stationery	6,362,478	5,372,058
Legal and professional fees	71,390,977	65,307,142
Security charges	32,365,241	11,354,410
Miscellaneous expenses	56,102,786	42,375,477
Auditors remuneration	7,726,203	7,746,410
Advertisement and business promotion expenses	23,891,196	32,247,444
Exchange difference (net)	-	4,487,908
Bad debts	584,446	8,110,447
Provision for doubtful debts /(written back)	2,988,850	(1,636,983)
Loss on sale /discard of fixed assets (net)	925,764	1,889,613
Sundry balances written off	-	74,583
Loss on sale of subsidiaries	-	4,836,493
<b>Total</b>	<b>533,625,050</b>	<b>441,082,551</b>

**23. a. Contingent liabilities not provided for:**

(Amount in ₹)

	2012	2011
Disputed income tax demands	4,350,076	4,350,076
Claims against the group not acknowledged as debts	239,321,794	280,080,924
Guarantees/ Letter of credit issued by banks (net of liabilities provided)	106,379,641	594,761,231
Custom duty on pending export obligation against import of capital goods.	369,516,181	284,202,230

**b. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) ₹ 1,894,266,741 (₹ 6,971,424,290).

c. The company has committed to provide continued financial support to subsidiaries, based on the requirement from time to time.

24. 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. Provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

25. a. Income from logistics operations and related services mainly comprise freight and forwarding income, clearing and handling charges and other related income and also includes related commission income of ₹ 470,380,202 (₹ 373,775,995)

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

**26. Prior period items included in the Statement of Profit and Loss:**

(Amount in ₹)

	2012	2011
Revenue from logistics operations and related services	(2,038,007)	2,111,166
Cost of logistics operations	1,741,449	4,060,221
Depreciation [Refer note 10 (5)]	1,471,221	-
Other operating revenue-export benefits	(2,284,742)	-
<b>Net prior period expenses / (Income)</b>	<b>(1,110,079)</b>	<b>1,949,055</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. Details of exceptional items are as under:

(Amount in ₹)

	2012	2011
Surplus on change in depreciation policy from written down value method to straight line method	-	16,578,251
Charges on premature repayment of loans	-	21,664,744

## 28. 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.

(Amount in ₹)

	Logistics and related services	FTWZ / Distripark Operations and related services	Rail Transport Operations	Software	Unallocated	Total
<b>SEGMENT REVENUE</b>						
External sales	6,134,069,091 (6,203,472,912)	1,715,610,609 (255,882,799)	2,716,106,504 (1,692,379,344)	7,511,341 (63,466,120)	- (-)	10,573,297,545 (8,215,201,175)
Other income	(3,251,781) (3,886,023)	72,792,950 (1,499,975)	153,674 (41,161)	427,588 (7,427)	122,144 (4,039,263)	70,244,574 (9,473,849)
<b>Total revenue</b>	6,130,817,310 (6,207,358,935)	1,788,403,559 (257,382,774)	2,716,260,178 (1,692,420,505)	8,773,571 (63,473,547)	122,144 (4,039,263)	10,643,542,119 (8,224,675,024)
<b>SEGMENT RESULT</b>						
Segment result	1,272,343,900 (1,385,066,772)	1,245,961,632 (140,406,388)	446,774,014 (279,272,491)	(9,935,300) (5,535,731)	122,144 (4,039,263)	2,955,144,246 (1,814,320,645)
Unallocated expenses					522,606,086 (404,605,648)	522,606,086 (404,605,648)
<b>Operating profit</b>						2,432,538,161 (1,409,714,998)
Interest expense						1,019,070,470 (461,565,513)
Interest income						5,195,906 (18,907,467)
<b>Exceptional items:</b>						
Surplus on change in Depreciation accounting policy						- (16,578,251)
Charges for premature repayment of loans						- (-21,664,744)
Tax expense						210,664,703 (139,668,959)
<b>Profit after tax</b>						1,207,998,892 (822,301,500)
Less: Minority interest						- (2,236,419)
<b>Net profit for the year</b>						1,207,998,892 (820,065,081)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	Logistics and related services	FTWZ / Distripark Operations and related services	Rail Transport Operations	Software	Unallocated	Total
<b>Other Information</b>						
Segment assets	3,405,883,008 (3,207,660,368)	27,503,287,045 (17,410,569,933)	7,187,434,769 (5,685,596,193)	1,013,966,356 (1,143,312,264)	6,626,574,097 (4,798,401,381)	45,737,145,274 (32,245,540,139)
Less: Elimination						11,007,471,862 (8,269,072,698)
<b>Total assets</b>						<b>34,729,673,412</b> (23,976,467,441)
Segment liabilities	961,146,701 (1,171,375,217)	22,109,928,072 (13,863,472,799)	5,649,661,281 (4,640,267,103)	174,611,685 (304,277,656)	4,573,987,828 (2,710,182,118)	33,469,335,567 (22,689,574,893)
Less :Elimination						7,401,978,713 (6,168,818,470)
<b>Total liabilities</b>						<b>26,067,356,854</b> (16,520,756,423)
Capital expenditure	22,624,948 (7,386,315)	9,082,968,342 (7,774,055,340)	1,487,335,231 (1,497,541,923)	10,547,910 (--)	43,331,490 (117,582,177)	10,646,807,921 (9,396,565,755)
Depreciation / Amortization expense	8,854,690 (8,568,039)	134,476,821 (31,825,189)	143,010,866 (102,497,814)	1,236,750 (1,295,674)	40,705,130 (39,233,570)	328,284,258 (183,420,286)
Non-cash expenses / (income) other than depreciation/Amortization	5,073,155 (8,119,236)	- (--)	- (--)	260,547 (1,880,823)	- (--)	5,333,702 (10,000,059)

**Secondary Segment Information:**

(Amount in ₹)

	India	Outside India	Total
Revenue	8,664,362,720 (5,999,099,419)	1,979,179,399 (2,225,575,605)	10,643,542,119 (8,224,675,024)
Carrying amount of assets	33,315,280,883 (22,468,418,699)	1,414,392,529 (1,508,048,742)	34,729,673,412 (23,976,467,441)
Capital expenditure	10,636,260,011 (9,396,033,567)	10,547,910 (532,188)	10,646,807,921 (9,396,565,755)

**Notes:**

- Geographical segment and its composition are India and Rest of the world.
- 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.
- Capital expenditure includes expenditure incurred on capital work-in-progress.

**29. Capital Projects**

- Three Warehouses and related common infrastructure of Free Trade Warehousing Zone Project at Khurja, commenced commercial operations from March 30, 2012.
- Capital work-in-progress includes pre-operative expenses ₹. 2,409,380,736 (₹.1,784,519,433)
- Borrowing costs (net) capitalised or transferred to capital work-in-progress ₹.1,545,559,435 (₹. 865,420,998)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. The details of pre-operative expenses are as under

(Amount in ₹)

Nature of expenses	2012	2011
Expenditure upto previous year	1,784,519,433	879,588,474
Personnel cost	569,818,741	363,659,813
Electricity charges	22,027,876	14,159,979
Rent	72,732,038	57,889,969
Rates and taxes	37,549,763	72,781,535
Recruitment expenses	2,338,752	809,641
Travelling and conveyance	29,143,879	36,729,677
Vehicle expenses	10,499,552	6,045,801
Legal and professional fees	31,368,734	94,928,760
Miscellaneous expenses	34,480,079	16,755,059
Security expenses	9,760,512	16,459,351
Depreciation/Amortization expense	14,687,153	13,198,228
Other financial charges	38,700,562	52,615,194
Interest expense	1,508,024,571	818,033,087
Interest earned on fixed deposits	(565,001)	(4,652,776)
Interest on capital advances	(600,697)	(574,507)
Miscellaneous Income	(8,407,705)	--
<b>Sub Total</b>	<b>4,156,078,242</b>	<b>2,438,427,285</b>
Trial run Income	5,985,121	7,546,111
Less: Trial run expenses	566,434	28,306,506
<b>Net Loss (Income) during trial run</b>	<b>(5,418,687)</b>	<b>20,760,395</b>
Less : Amount allocated to fixed assets capitalized / transferred during the year	1,741,278,819	633,147,456
<b>Balance carried to Balance sheet</b>	<b>2,409,380,736</b>	<b>1,784,519,433</b>

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

## • List of entities where control exists

The list of subsidiary companies is disclosed in note 1.1 (iv)(c) above.

## • Key management personnel

Mr. Ajay S Mittal – Chairman & Managing Director

Mrs. Archana Mittal – Joint Managing Director

Mr. V Shivkumar – Executive Director

Mr. Sandesh Chonkar – Chief Financial Officer & Executive Director

## • Enterprises owned or significantly influenced by key management personnel or their relatives

Bhushan Steels Limited, Arshiya Lifestyle Limited (Formerly known as 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 are as follows:

(Amount in ₹)

	Related parties		Total
	Key Management Personnel	Enterprise owned or significantly influenced by Key Management Personnel or their relatives	
Revenue from operations	-- (--)	559,260,565 (531,964,351)	559,260,565 (531,964,351)
Managerial Remuneration	78,444,739 (38,386,348)	-- (--)	78,444,739 (38,386,348)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹)

	Related parties		Total
	Key Management Personnel	Enterprise owned or significantly influenced by Key Management Personnel or their relatives	
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)
<b>Outstanding balances</b>			
Trade receivables	-- (--)	40,835,617 (44,539,026)	40,835,617 (44,539,026)

**Note:**

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

(Amount in ₹)

Nature of transaction	Name of the Party	2012	2011
Revenue from Operations	Bhushan Steels Limited	559,260,565	531,964,351
Managerial Remuneration	Mr. Ajay S Mittal	28,580,187	10,130,752
	Mrs. Archana Mittal	20,633,883	8,114,752
	Mr. Sandesh R Chonkar	14,610,189	10,236,239
	Mr. V Shivkumar	14,620,480	9,904,606
Loans and advances given	Arshiya Lifestyle Limited	--	26,000,000
Loans and advances repayment received	Arshiya Lifestyle Limited	--	26,000,000
Issue of equity shares	Mr. Sandesh R Chonkar	--	5,512,500
	Mr. V Shivkumar	--	5,512,500

**32. Disclosure Pursuant to Accounting Standard - 19 Leases****a. Finance Leases**

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

(Amount in ₹)

	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum lease payment	2,094,785 (1,684,153)	7,640,142 (2,541,654)	-- (--)
Less: Finance charges payable in future	65,342 (178,960)	930,403 (351,043)	-- (--)
Present value of the lease rentals	2,029,443 (1,505,193)	6,709,739 (2,190,611)	-- (--)

**Notes:**

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

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



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## b. Operating Lease

## i) In respect of assets given on non-cancellable operating lease

The Group has entered into an agreement with its customers for the pallet positions at its FTWZ Sai Village Panvel-Maharashtra.

(Amount in ₹)

	2012	2011
Lease income recognized	18,040,445	--
<b>Future Lease Income</b>		
(a) Not later than one year.	21,227,032	--
(b) Later than one year but not later than five years.	72,064,203	--

## ii) In respect of assets taken on non-cancellable operating lease:

The Group has entered into operating lease arrangements for 6 months to 9 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 ₹)

	2012	2011
<b>Lease obligations</b>		
Future minimum lease rental payments		
- not later than one year	166,236,760	150,779,033
- later than one year but not later than five years	308,670,812	292,577,234
- later than five years	19,383,617	--
<b>Total</b>	494,291,189	443,356,267

Lease rental payments in respect of operating leases for the year are ₹ 165,460,461 (₹ 149,081,039) and during the year ₹ 50,734,156 (₹ 55,023,372) was capitalized.

## 33. Earnings per Share

(Amount in ₹)

	2012	2011
Net Profit for the year (Rupees)	1,207,998,892	820,065,078
Weighted average number of shares for basic (Numbers)	58,829,472	58,781,427
Weighted average number of shares for diluted (Numbers)	58,829,472	58,800,190
Nominal value per share (Rupees)	2	2
Earnings Per Share – Basic and Diluted (Rupees)	20.53	13.94

## 34. a. Derivative contracts entered into by the Group for hedging purpose and outstanding as at March 31, 2012 are as under:

Balances	Foreign currency amount			Equivalent amount (in ₹)	
	Currency	2012	2011	2012	2011
Accounts payable	USD	29,105,953	2,457,006	1,486,732,075	109,705,322

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- b. Details of foreign currency transactions/ balances not hedged by derivative instruments or otherwise are as under:

Balances	Foreign currency amount			Equivalent amount (in ₹)	
	Currency	2012	2011	2012	2011
Bank balances	EUR	216	216	14,938	13,805
	SGD	210	4,242	8,660	152,187
	USD	310,647	1,847,171	15,915,723	83,649,887
Accounts receivable	USD	31,646,456	18,439,603	1,609,149,645	835,044,798
	EUR	31,127	--	2,095,173	--
	SGD	--	142,899	--	5,126,314
	GBP	31	--	2,470	--
Accounts payable	USD	7,431,125	765,414	377,238,047	34,662,079
	GBP	5,960	674	491,822	48,891
	EUR	105,738	108,106	7,280,398	6,909,054
	JPY	315,792	187,433	198,949	101,982
	CAD	153	--	7,925	--
	CHF	--	223	--	10,971
	HKD	14,190	188,571	95,357	1,096,408
	SGD	2,095	9,514	86,200	341,326

- c. During the year, the Group has adopted amended provisions of AS -11 as per Companies (Accounting Standards) Amendment Rules relating to Effects of the changes in Foreign Exchange Rate . Accordingly, the Group has adjusted exchange gain of ₹ 10,518,105 to the cost of fixed assets and exchange gain of ₹ 2,749,820 is transferred to Foreign Currency Monetary Item Translation Difference Account to be amortized over the balance period of long term liabilities but not beyond March 31, 2020. Out of the above ₹ 165,534 has been credited to the statement of profit and loss during the year and ₹ 2,584,286 has been carried over.

35. **Payment to Auditors:**

(Amount in ₹)

	2012	2011
<b>For Standalone</b>		
Audit Fees	5,050,633	4,963,500
Certification Fees	113,058	49,635
Reimbursement of expense	18,095	42,190
<b>For Subsidiaries</b>		
Audit Fee	2,459,664	2,481,900
Other matters	84,753	209,185
<b>Total</b>	<b>7,726,203</b>	<b>7,746,410</b>

36. **Concession Agreement**

The Group has Pan India license from Indian Railways for operation of transportation of containerized cargo by rail for a period of twenty years from the date of commencement of commercial operations (i.e 2 February, 2009). License fees amounting to ₹ 500,000,000 is amortized as per the accounting policy referred in Note 1.2(d)1(ii).

37. **Scheme of Amalgamation**

The Board of Directors in its meeting held on March 12, 2012 has approved Scheme of Amalgamation of Arshiya FTWZ Limited (AFTWZL), Arshiya Domestic Distripark Limited (ADDL) and Arshiya Central FTWZ Limited (ACFTWZL) (Transferor Companies) with the Parent company, with the Appointed Date as April 1, 2012. The transferor companies have filed their petitions before the Hon ble High Court of Bombay for sanction of the said Scheme of Amalgamation. Subsequently, one of the transferor Companies namely ACFTWZL withdrew from the Scheme of Amalgamation with the Parent company. Accordingly, AFTWZL and ADDL will file amended Scheme of Amalgamation with the Hon ble High Court of Bombay for approval.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

38. On April 3, 2012, an amount of ₹ 5,434,974 has been received from National Insurance company towards full and final settlement of claims, as against the claims made ₹ 8,461,273 (which is included in claims receivable under the head loans and advances in Balance sheet) related to damage of wagons, containers & business interruption loss. As against this the group has received an amount of ₹ 5,434,974 from insurance company vide letter dated April 2, 2012 in full and final settlement. However the group has disputed the said settlement of claim and has asked for reopening of the case and the management is of the opinion that the balance amount will be received from the insurance company in due course of time.
39. Schedule VI to the Companies Act, 1956 is revised effective from April 1, 2011. This has significantly impacted the disclosures and presentation in the financial statements. The figures for the previous year have been regrouped where necessary to conform to current year classification. The Consolidated financial statements are not comparable in view of subsidiaries incorporated / acquired /divested during the current and previous year.

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Signatures to Notes forming part of the consolidated financial statements

### As per our attached report of even date

For **MGB & Co.**  
Chartered Accountants  
Firm Registration Number 101169W

**Sanjay Kothari**  
Partner  
Membership Number 048215

Mumbai, 7<sup>th</sup> July 2012

For and on behalf of the Board

**Ajay S Mittal**  
Chairman & Managing Director

**Sandesh R Chonkar**  
Executive Director &  
Chief Financial Officer

**Archana A Mittal**  
Joint Managing Director

**G Hariharan**  
Group Legal Counsel &  
Head Corporate Governance







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The Annual Report can also be accessed on the website.