



Annual Report 2011-12





Sarvesh Kumar Shahi
Chairman & Managing Director



22nd Annual Report 2011-2012
SKS LOGISTICS LIMITED

BOARD OF DIRECTORS

Mr. S. K. Shahi	Chairman & Managing Director
Mr. B. B. Bhawsar	Wholetime Director (w.e.f. 16/2/2012)
Commodore. M. Bhada I. N. (Retd.)	Director
Mr. Homiyar Madan	Director (Till 11/3/2012)
Capt. Subhash Kumar	Additional Director (From 11/5/2012)

BANKERS

State Bank of Indore, Mumbai
Bank of India, Mumbai
HDFC Bank Ltd., Mumbai

AUDITORS

M/s. N. D. Heda & Co.
Chartered Accountants

REGISTERED OFFICE

404, Abhay Steel House,
Baroda Street, Mumbai - 400 009.
Tel.: 91 (22) 61454545 / 23487340/41/42
Fax: 91 (22) 23487349 / 50
Website: www.shahilogistics.com
E-mail: shahi@bom3.vsnl.net.in

CORPORATE OFFICE

Shahi Marine House
Plot No. 11 & 11/1, Sector-26
Near Grain Market, Vashi,
Navi Mumbai - 400 703.
Tel.: 2784 3047-49 / 2784 3051-53
Fax: 91 (22) 2784 3041 & 2784 3044

REGISTRAR & SHARE TRANSFER AGENT

System Support Services
209, Shivai Industrial Estate,
89, Andheri Kurla Road,
Sakinaka, Mumbai - 400 072.
Tel.: 2850 0835 / 3940
Fax: 2850 1438
E-mail: zip@sysss.com

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NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of SKS Logistics Ltd will be held on Wednesday, 26th September, 2012 at 3.00 P M at Kilachand Conference Room, Indian Merchants' Chamber Building (2nd Floor), Churchgate, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors Report as also the Auditors Report thereon for the year ended March 31, 2012.
2. To declare a dividend on equity shares.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT M/s. N. D. Heda & Co, Chartered Accountants, Mumbai, the retiring auditors of the company be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration, as may be fixed by the Board of Directors”

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Capt. Subhash Kumar who was appointed by the Board of Directors as an Additional Director of the company and who holds office upto the ensuing Annual General Meeting under section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be & is hereby appointed as Director of the Company, liable to retire by rotation.

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310, 311 schedule XIII and other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re enactment thereof, approval of the shareholders by way of Special Resolution be and is hereby accorded for revision in the remuneration of Shri Sarvesh Kumar Shahi, Chairman and Managing Director to a sum of Rs 3.50 lacs per month with effect from April 01, 2011 for a period of three years on the terms and conditions as set out in the draft agreement to be entered into between the company and Mr S K Shahi a copy whereof initialed by Mr B B Bhawsar, Director of the company for the purpose of identification is placed before this meeting.

RESOLVED FURTHER THAT authority be and is hereby given to the Board of Directors (hereinafter referred to as the Board) which term shall be deemed to include any committee of the Board constituted to exercise its powers including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re enactments thereof.

RESOLVED FURTHER THAT the Board be and is hereby further authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

By order of the Board of Directors

S K SHAHI
Chairman and Managing Director

Place: Mumbai

Date: 14th August 2012

Registered Office:

404, Abhay Steel House,
Baroda Street,
Mumbai – 400 009

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote at the meeting instead of him/herself and the proxy need not be a member of the company.
2. Proxies in order to be effective must be lodged with the Company at its Registered Office, not later than 48 hours before the commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of items 4 & 5 of the Notice as set out above is annexed.
4. A Body Corporate being a member shall be deemed to be personally present at the meeting, if represented in accordance with the provisions of Section 187 of the Companies Act, 1956.
5. Register of Members and Share Transfer books will be closed from Thursday, 20th September 2012 to Wednesday, 26th September 2012 (both days inclusive) for the purpose of dividend/AGM.
6. All correspondence regarding shares of the Company should be addressed to the Company's Registrar and Transfer Agent (RTA) viz. System Support Services, 209, Shivai Industrial Estate, 89, Andheri Kurla Road, Sakinaka, Mumbai 400 072. Members who hold shares in physical form and wish to make/change a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit the prescribed Form 2B to System Support Services.
7. Members who wish to obtain any information on the Company as regards the accounts for the financial year 31st March 2012 are requested to write to the Company at least 10 days before the Annual General Meeting.
8. For convenience of the members and for proper conduct of the meeting, entry to the place of meeting will be regulated by the attendance slip, which is annexed to the Proxy Form. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the Meeting.
9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members/Beneficial Owners are requested to quote their full name as per the Company's record, Folio No. / DP and Client ID Nos., as the case may be, in all correspondences with the Company.
11. Members who hold shares in dematerialized form are requested to bring their depository account number for identification.
12. Pursuant to Section 205A(5) of the Companies Act, 1956, the Company has transferred all unclaimed / unpaid dividends on their respective due dates to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 C of the Companies Act, 1956. Members who have not encashed their dividend warrants issued for the years 2004-2005 to 2010-2011 are requested to immediately forward the same for revalidation to our Share Registrars M/s System Support Services. Shareholders are requested to note that no claims shall lie against the Company in respect of any amount of unclaimed dividend once the same is transferred to the above fund.
13. Details of the Director seeking re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Sr No		
1	Name of the Director	Capt. Subhash Kumar
2	Date of Birth	28/12/1950
3	Date of Appointment on the Board	11 th May 2012
4	Qualifications	Master Mariner
5	Expertise/Experience in specific functional areas and positions held	Capt. Subhash Kumar has a career spanning of 34 years with wide range of experience in all major Ports in India. His last position was Chairman of Chennai Port Trust.
6	Directorships held in other public companies(excluding foreign and private companies)	NIL
7	Chairmanships/Memberships of committees across	NIL
8	Shareholding of Non Executive Directors	NIL
9	Relationships between Directors inter se	NIL



14. Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting as per Section 187 of the Companies Act, 1956.
15. Members are requested to bring their copies of the annual Report to the meeting.

By order of the Board of Directors

S K SHAHI
Chairman and Managing Director

Place: Mumbai
Date: 14th August 2012
Registered Office:
404, Abhay Steel House,
Baroda Street,
Mumbai – 400 009



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No 4

Capt Subhash Kumar was appointed as an Additional Director of the Company by the Board of Directors effective from May 11, 2012 and holds office of Director upto the date of ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956.

Pursuant to Section 257 of the Act, the Company has received Notice, together with requisite deposit, from a member signifying his intention to propose Capt Subhash Kumar as a candidate for the office of Director of the Company, liable to retire by rotation.

Capt Subhash Kumar is interested in the resolution as set out at Item No 4 of the accompanying Notice since it relates to his appointment.

The Board recommends the passing of the resolution as set out in item No 4 of the Notice.

Item No 5

Mr S K Shahi has been the Chairman and Managing Director of the Company. The present proposal is to seek approval of the members to the revision/continuation in the remuneration payable to Mr S K Shahi as Chairman and Managing Director of the Company.

In this connection, the Remuneration Committee has approved the proposal subject to approval of the Board and the members in the General Meeting. The Board at its meeting held on 14th August 2012 has approved the revision subject to approval of the members.

The Broad particulars of the remuneration payable to Mr Shahi are contained in the agreement, copy whereof duly initialed by Mr B B Bhawsar, Director is available for inspection of the members at the registered office of the company on all working days during office hours. The details of the remuneration and other terms and conditions are as follows.

Salary : Total remuneration of Rs 3.50 lacs per month including the perquisites as mentioned in category A below plus the perquisites as mentioned in category B and C below.

CATEGORY A

- a. Housing:
 - (1) Fully furnished Residential accommodation or HRA @ 60% of salary
 - (2) Company shall provide such furniture and furnishing as may be required by the Chairman and Managing Director
 - (3) The expenditure on gas, electricity, water and other utilities shall be borne/reimbursed by the company
- b. Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges, for self and family as per company rules.
- c. Leave Travel Concession:

Leave Travel Concession for self and family once in a year to and from any place in India or outside India
- d. Club Fees: Reimbursement of Membership for maximum of two clubs
- e. Insurance: Accident insurance for an amount, the all inclusive premium for which shall not exceed Rs 25,000/ per annum.
- f. Children Education Allowance:

In case of children studying in or outside India, allowance/actual expenses incurred to be borne/reimbursed by the company.
- g. Other perquisites
Subject to overall ceiling on remuneration mentioned hereinabove, the Chairman and Managing Director may be given any other allowances, benefits, perquisites as the Remuneration Committee and the Board of Directors may decide and approve.

Explanation: Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such rule, perquisites shall be evaluated at cost.

In the event, the approval of the shareholders is received for an amount of less than Rs 3.50 lacs, per month, such amount as may be approved by the shareholders by way of special resolution will be payable to the Chairman and Managing Director.



CATEGORY B

- a. Company's contribution to the Provident Fund/Superannuation Fund/Annuity Fund: The company's contribution to the Provident Fund/Superannuation Fund/Annuity Fund shall be as per the rules of the company applicable to senior executives.
 - a. Gratuity: Gratuity in accordance with the Rules and Regulations in force in the company from time to time.
 - b. Conveyance facility: Car and driver for official purpose.
 - c. Telephone and Fax: The company shall provide Telephone, Fax and other communication facilities at the residence of the Chairman and Managing Director.

CATEGORY C

Commission:

Such remuneration by way of commission, in addition to salary and perquisites and allowances payable to Mr S K Shahi, Chairman and Managing Director calculated with reference to the net profits of the company in a particular financial year as may be determined by the Board of Directors of the company at the end of each financial year subject to the overall ceiling stipulated in section 198, 309 and other applicable provisions of the Companies Act, 1956.

OTHER TERMS

- a. **Earned Leave:** One month's leave with full pay and allowances for every 11 month's completed service. However, leave accumulated and not availed during his tenure as Chairman and Managing Director may be allowed to be encashed at the end of his tenure.
- b. **Reimbursement of Expenses:** Reimbursement of Travelling, Entertainment and other expenses incurred by Mr S K Shahi during the course of the business of the company.
- c. **Sitting Fees:** Mr S K Shahi shall not be entitled to any sitting fees for attending the meetings of the Board or the committee of the Board.
- d. **Termination Clause:** By giving six months notice on either side.

OTHER CONDITIONS:

1. Over all remuneration.

The aggregate of the salary, perquisites and commission in any financial year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the said Act as may be in force from time to time.

2. For all other terms and conditions not specifically stated above, the Rules and orders of the company shall apply. Shri S K Shahi is interested in this resolution as set out in item No 5 of the Notice which pertains to revision/ continuation of the remuneration payable to him.

Save and except as above, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

The Board recommends the resolution as set out in item No 5 of the Notice for approval of the members.

By order of the Board of Directors

S K SHAHI
Chairman and Managing Director

Place: Mumbai
Date: 14th August 2012
Registered Office:
404, Abhay Steel House,
Baroda Street,
Mumbai – 400 009



DIRECTORS' REPORT

To

The Members of SKS Logistics Limited

Your directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the company for the financial year ended on 31st March 2012.

1. FINANCIAL RESULTS:

The summary of financial results of the company for the year ended 31st March 2012 is furnished below.

Particulars	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
Gross Profit	1050	1421
Less: Interest and Finance Charges	420	549
Less: Provision for Depreciation	470	479
Profit before Tax	160	393
Less: Provision for Taxation:		
Current Tax	76	79
Taxation of Earlier Year	0	19
Deferred Tax	-9	-32
Profit After Tax	93	327

2. DIVIDEND:

Your directors are pleased to recommend payment of dividend of ₹ 0.10 (1%) for each equity share of ₹ 10/- each for the financial year ended 31st March 2012. The dividend, if declared at the AGM, will be paid to those shareholders whose names appear in the Register of Members of the Company on 26th September 2012 or on the Register of Beneficial Owners maintained by the depositories as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose of payment of dividend. The aggregate outflow on account of equity dividend would be ₹ 16.85 Lakhs including tax on dividend.

Your company continues with its task to build business with long term goals based on its intrinsic strength in terms of its strong brand, quality of service, customer relationships and streamlining operations.

3. PERFORMANCE:

Income from operations during the current year was ₹ 22.83 Crores as against ₹ 44.22 crores in the previous year. This indicates a decline of about 52% over the previous year. The gross profit of Rs. 10.50 crores registered a decrease of about 26% over the previous year's ₹ 14.21 crores. During the current year the interest and finance charges have decreased from ₹ 5.48 crores to ₹ 4.21 crores.

4. FIXED DEPOSITS:

The company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 during the year under review.

5. POLLUTION, ENVIRONMENT AND SAFETY:

The conservation of Energy and Technology Absorption under the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are not applicable to your company. However all measures are taken by your company to ensure that conservation of energy takes place at all stages of operations of the vessels as well as onshore activities.

There is no import of technology during the current year. The details of Foreign exchange earned and out go are separately given in this report.

**6. DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (1) In the preparation of the annual Accounts, the applicable accounting standards have been followed with explanatory notes relating to material departures.
- (2) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit and loss account of the company for that year.
- (3) Proper and sufficient care has been taken for maintaining 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.
- (4) The annual accounts have been prepared on a going concern basis.

7. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to clause 49 of the listing agreement with the stock exchange. Management discussion and analysis report and a report on corporate governance are given as annexure "A" and "B" to this report. A certificate from the statutory auditors of the company regarding compliances of conditions of corporate governance is also enclosed hereto.

8. PARTICULARS REGARDING THE EMPLOYEES:

The information required under section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules 1975, as amended, forms part of this report. However as per section 219 (1) (b) (iv) of the Companies Act, 1956, the report and accounts are being circulated to all the shareholders excluding the aforesaid information. Shareholders interested in obtaining this information may write to Compliance Officer of the Company.

9. PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Pursuant to the notification No GSR 1029 dated 31-12-1988; companies are required to furnish prescribed information regarding conservation of energy and technology absorption. However this does not apply to your company as the shipping industry is not included in the schedule to the relevant rules. The details, however, as regards Foreign exchange earnings and out go are given below.

(a) Foreign Exchange earned	₹ Nil
(b) Foreign Exchange outgo	₹ 5.31 lacs

10. SUBSIDIARIES:

The Company has formed two subsidiary companies namely SKS waterways Ltd & Royal Logistics (Ship) Ltd which have not started its operations during the year. For the SKS Logistics (Singapore) Pte Ltd. necessary winding up process has been completed and for winding up of Shahi Shipping (BD) Ltd, necessary formalities are being in process. Hence the consolidated financial statement of the SKS Logistics Limited and its subsidiaries SKS waterways Ltd , Royal Logistics (Ship) Ltd & Shahi Shipping(BD) Ltd has not been prepared.

11. DIRECTORS

Mr. Homiyar Madan, Independent Director resigned with effect from 12/03/2012 due to personal reasons. The Board places on record its gratitude for the valuable guidance provided by Mr. Homiyar Madan during his tenure.

Capt. Subhash Kumar, a prominent Master Mariner, has been co opted as an Additional Director of the company with effect from 11th May 2012. He retires at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Company has received a notice from a member of the intention to propose his candidature for the post of Directorship under section 257 of the Act.



12. AUDITORS:

M/s N D Heda & Co, Chartered Accountants, Mumbai, the statutory auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

13. ACKNOWLEDGEMENTS:

Your directors take this opportunity to place on record the appreciation of the technical, commercial and financial teams of the company for their untiring efforts. Your directors also wish to thank the officials of Directorate General of Shipping, Indian Registry of Shipping, Mercantile Marine Dept., Financial institutions and Banks for their continued support during the year. Your directors are also thankful to the shareholders and other business partners for the trust reposed in them. Your directors also thank the employees at all the levels without whose support the growth levels achieved by the company would never have been possible.

For and on behalf of the Board of Directors

S K SHAHI

Chairman and Managing Director

Place: Mumbai

Date: 14th August 2012



ANNEXURE A

MANAGEMENT DISCUSSION, ANALYSIS AND REVIEW

(a) INDUSTRY STRUCTURE AND DEVELOPMENT

Corporate Overview

SKS Logistics Limited is a leading shipping company with interests in logistics. The company has vessels meant for movement of bulk and liquid cargo. The Company operates within and outside Indian Coastal Waters.

The Company prepares its financial statements in Compliance with requirements of Companies Act, 1956 and the generally accepted accounting principles (GAPP) in India. Overall, the financial statements have been prepared on historical cost basis.

Overview of the Indian Economy

The Economy Survey 2011-12 projected a 7.6% growth for the next fiscal beginning April 1. Inflation, on the other hand, is projected at 6.5-7% by the end of March. The growth in the country's gross domestic product (GDP) during the current fiscal has been pegged at 6.9%. The Survey estimates the growth rate of investment in the economy to decline significantly and rise in borrowing costs due to a sharp increase in interest rates.

The Survey expects agriculture and services sectors to perform well and pegs the industrial growth at 4-5% and improve further as economic recovery resumes. Exports grew by 40.5% in the first half of this fiscal and imports grew by 30.4%. Foreign trade performance to remain key driver of growth.

The Economic Survey also said that the prolonged debt crisis in Greece has begun spreading to India and the continuing volatility in global financial markets could make it more difficult and costlier for the Indian banks and corporates to get foreign funds. However, the survey said Indian banks remain robust, despite a decline in capital to risk weighted assets ratio and spurt in their non-performing asset levels in the recent past.

As usual, inflation continues to be the biggest concerns as the food and oil prices globally will be high.

(b) OUTLOOK ON OPPORTUNITIES

Despite all odds, over 90% of world trade continues to be carried by the international shipping industry. Without shipping the import and export of goods on the scale necessary for the modern world would not be possible.

Seaborne trade continues to expand, bringing benefits for consumers across the world through low and decreasing freight costs. Thanks to the growing efficiency of shipping as a mode of transport and increased economic liberalisation, the prospects for the industry's further growth continue to be strong.

There are around 50,000 merchant ships trading internationally, transporting every kind of cargo. The world fleet is registered in over 150 nations, and manned by over a million seafarers of virtually every nationality.

(c) THREATS, RISKS AND CONCERNS

Indian shipping industry is governed by the Ministry of Shipping. It is exposed to risks arising from political instability and changes in government policies from time to time.

Shipping is a global business whose performance is closely linked to the state of the global economy. Besides, shipping finance has, to a large extent, remained a specialized sector on account of characteristics like volatile markets, international service, mobile assets etc. Despite the intricacies involved in shipping finance, sophisticated financial instruments are conspicuous by their absence. In contrast asset based financing in industries like airways etc have had sophisticated instruments matching the risk-return structure.

Over & above the economic risks the shipping industry is impacted by numerous short term & regional factors, like political fallouts, weather changes etc. This result in great amount of volatility in the freight market which in turn impacts your company earnings.

(d) SEGMENT WISE PERFORMANCE

The Company operates in only one segment i.e. shipping, and therefore, has no separate reportable segments. Your company continued to provide services in the areas of Container Liquid Cargo lighterage operations of Petroleum & Chemical Products, lighterage operations of Bulk Cargo, Tug services for port related activities, supply of bunkers to vessels and Container Feeder Service on Indian Coasts through its fleet of 29 vessels. The Industry being seasonal in nature, operations close during rains for a period of three/four months. The lean period provides an opportunity for repairs and maintenance. The fleet utilization during the period under review has been efficient.



(e) OUTLOOK

The shipping industry is poised for growth in the days to come. Your company with some inherent advantages such as low operation cost, committed professional manpower and proper upkeep of vessels is expected to cash on the opportunities provided. Shipping industry's business is based on demand for transportation services, logistics and cargo handling required by steel, power generation and refinery industry – all of which is necessary for economic development.

Your Company continues has since last few years taken initiatives to broaden its fleet base to minimize the risks and maximize the gains.

(f) PROJECT

1. The process of setting up dry-dock facility at Alibaug, in the state of Maharashtra, is in its finalization stage and the commencement of work will take place soon. The project is spread over 35 Acres of land.

2. Your Company will start its ship repair facility at Mumbai Harbour to be acquired shortly. The Company will initially invest ₹ 15 Crores to purchase the fully automated Floating Dry Dock for the purpose of ship repairs services. The Company expects order worth Rs.150 Crores in 5 years once the repairs services is commenced, which will significantly grow the profitability of the Company.

(g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Much of the success of your company is attributed to the quality of its people, their dedication and contribution. The dedicated team of shore and floating staff provides continuous support to the operations of the company, which is reflected in the operational efficiency. Voyage operations are managed professionally, ensuring high productivity levels, thus increasing the revenues. Your Company employs skilled personnel to monitor and maintain its oil-spill and other emergency response plans.

(h) QUALITY & SAFETY

Your company continues to focus on the safety, training and development of the employees. The company also conducts frequent training sessions including onboard drills to enhance the effectiveness of the safety of the staff. Your company firmly believes that pursuit of excellence is one of the critical components for competitive success in the global market. Your Directors take pleasure in informing you that your company has upgraded ISO certification from ISO 9001-2000 to latest gradation of ISO 9001-2008. The Company has also obtained Trade mark certificate from Trade mark Registry Certification to safeguard the interest of the Company and is on continuous journey towards continual improvement to make its Quality Management System more effective.

(i) HUMAN RESOURCES

The Company considers its employees as partners in growth. They have played a significant role and enabled the Company to deliver superior performance year after year.

(j) ADEQUACY OF INTERNAL CONTROLS

Your company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the company are adequately safeguarded as also reliability of accounting data and accuracy are ensured with proper checks and balances. The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors, the Statutory Auditors as also the heads of business are periodically appraised of the internal findings and corrective actions are taken.

Internal audit is being carried out extensively throughout the year in areas such as Income, Expenditure, Financial Accounting and Statutory Compliances. The primary objective of such audit is to test the adequacy and effectiveness of all internal controls laid down by the Management and to suggest improvements.

(k) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's strategies on business, projections and estimates are forward looking statements within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The actual results may vary from those expressed or implied, depending upon economic conditions, Government policies, regulations, tax laws and other incidental factors.

**ANNEXURE B**
CORPORATE GOVERNANCE REPORT**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

SKS Logistics Limited (SKS) is committed to good corporate governance in order to enhance the shareholders' value and promote national interest.

In order to achieve the objectives of good corporate governance, SKS follows the principles of transparency, disclosure, fairness, independent supervision, healthy competition, compliance with all the relevant laws, regulations, improvement in quality of life and meeting social responsibility.

The Company complies with the requirements as laid down in clause 49 of the Listing Agreement and the detailed report on implementation of Corporate Governance Code is set out herein.

It is expected that good corporate governance by SKS would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society at large.

1.1 GOVERNANCE STRUCTURE:

Your Company's Corporate Governance Structure is as under:

Board of Directors – The Members of SKS Logistics Limited are free to bring up any matter for discussion at the Board Meetings and the functioning is democratic. The Board plays a key role in framing policies for ensuring and enhancing good governance. Besides its primary role of setting corporate strategies and goals and monitoring corporate performance, the Board directs and guides the activities of the management towards achieving corporate goals, seeks accountability with a view to achieving sustained and consistent growth aimed at adding value for its stakeholders.

The Committees of Directors – The Board has constituted the following committees viz the Audit Committee, the Share holders'/investors' Grievance Committee and the Remuneration Committee. Each of the committee has been mandated to operate within a given framework.

2. BOARD OF DIRECTORS

The company has Executive Chairman who is a promoter director and The Company also has one whole time Director. The company has two other independent Directors drawn from diverse fields. The composition of the Board of Directors meets the requirements of clause 49 of the listing agreement.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than five committees (as specified in clause 49) across all the companies in which he is a director. The necessary disclosures regarding committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other companies is given in separate tables below.

Name of Directors	Category	No. of Directorships in other companies@	No. of other Committee Directorship	
			Chairman	Member
Mr. S. K. Shahi	Promoter, Executive Chairman & Managing Director	5	-	-
Mr. B. B. Bhawsar*	Non Promoter, Wholetime Director	1		
Cmdr. M. Bhada I. N. (Retd.)	Non Promoter, Non Executive Independent Director	3	-	-
Mr. Homiyar Madan+	Non Promoter, Non Executive, Independent Director	2		

*Independent Director upto 15/01/12 and appointed as Whole time Director w.e.f. 16/2/2012.

+Ceased to be Director w.e.f. 12/3/2012.

@This includes directorships in private limited companies but excludes directorships held in Foreign Companies and Companies formed under section 25 of the Companies Act, 1956.

It is to be noted that the non executive Independent Directors of the company have no stake in the shareholding of the company.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

A total of five meetings of the Board of Directors were held during the year under review on 29th April 2011, 12th August 2011, 29th October 2011, 16th January 2012 and 15th February 2012.

The maximum time gap between two board meetings was less than four months.



Attendance of each director at the Board meetings and the last Annual General Meeting (AGM) is as under

Name of Directors	Meetings held during the tenure of the said Director	Meetings attended	Attendance during the General Body Meeting
Mr. S. K. Shahi	5	5	YES
Mr. B. B. Bhawsar	5	3	YES
Mr. M. Bhada	5	5	YES
Mr. Homiyar Madan	5	2	YES

3. AUDIT COMMITTEE

The Audit Committee of the Company inter alia performs all the functions specified under the companies Act, 1956 & clause 49 of the listing agreement. The committee comprises three directors. The primary objective of the Audit Committee is to monitor and effectively supervise the company's financial reporting process with a view to providing accurate, timely and proper disclosures and integrity and quality of the financial reporting. The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement and inter alia cover the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee/records of the company.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fees and also approval of payment for any other services.
- Reviewing with management quarterly/half yearly/annual financial statements before submission to the Board.
- Reviewing the adequacy of internal audit function including discussions with internal auditor any significant findings and follow up thereon.
- Discussion with external auditors before the commencement of audit, the nature and scope of audit and also to discuss the areas of concern on basis of audit findings.
- Reviewing the company's financial and risk management policies including any other item referred to it by the Board of directors.

The audit committee inter alia has following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee/records of the company.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

COMPOSITION

Composition, name of members and Chairperson and attendance details of the Audit Committee are as under:

Name of Director	Designation	Status	No. of meeting held	No. of meeting attended
Mr. M. Bhada I.N. (Retd.)@	Chairman	Non Executive, Independent Director	4	4
Mr. B. B. Bhawsar *	Member	Non Promoter, Whole time Director	4	3
Mr. Homiyar Madan +	Member	Non Executive, Independent Director	4	2

@ Designated as Chairman w.e.f. 15th February 2012

*Independent Director upto 15/01/12 and appointed as Whole time Director w.e.f. 16/2/2012.

+ Ceased to be Director w.e.f 12/3/2012

During the year 2011-2012 four meetings of the Audit Committee were held on the following dates: 29th April 2011, 12th August 2011, 29th October 2011 and 15th February 2012.

4. REMUNERATION COMMITTEE

TERMS OF REFERENCE

The terms of reference of the Remuneration Committee are:

- (1) Reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Whole Time Director(s).
- (2) Reviewing the performance of the Managing/Whole time director(s) and recommending to the Board the quantum of annual increments and annual commission.

**COMPOSITION, MEETINGS AND ATTENDANCE**

The Remuneration committee comprises of 3 directors, all of whom are Independent Non Executive Directors. The Chairman of the committee is an Independent Non Executive Director nominated by the Board.

The Composition of the Remuneration Committee is as follows

Name of Director	Designation	Status
Cmde. M. Bhada I. N. (Retd)	Chairman	Independent, Non Executive
Mr. B. B. Bhawsar*	Member	Non Promoter, Whole time Director
Mr. Homiyar Madan+	Member	Independent, Non Executive

*Independent Director upto 15/01/12 and appointed as Whole time Director w.e.f. 16/2/2012.

+Ceased to be Director w.e.f. 12/3/2012.

During the year 2011-2012, one meeting of the Remuneration committee was held.

REMUNERATION POLICY**(A) REMUNERATION TO NON-EXECUTIVE DIRECTORS**

The Non Executive Directors were paid sitting fees @ ₹ 2500/- till September 2011 and from October 2011 it has been revised to ₹ 5000/- for each meeting/Sub-committee Meeting of the Board

The compensation of Non Executive Directors is approved unanimously by the Board None of the Non Executive Directors has any material pecuniary relationship or transactions with the company.

B) REMUNERATION TO CHAIRMAN AND MANAGING DIRECTOR

The remuneration committee has approved the remuneration of of shri Sarvesh Kumar Shahi Chairman & Managing Director a sum of 3.50 lacs per month with effect from 1st April 2011. The Company will seek the approval of the shareholder of the company by way of a special resolution in the ensuring Annual general Meeting for the aforesaid remuneration paid by it to its Chairman & Managing Director.

The remuneration package of Chairman and Managing Director comprises of salary, perquisites and allowances, commission and contribution to Provident Fund and other retirement benefit funds as approved by the remuneration committee.

The remuneration policy is directed towards rewarding performance, based on review of achievements, it is aimed at attracting and retaining high caliber talent.

There is no separate provision for payment of severance fees under the resolutions governing the appointment of Chairman and Managing Director.

Presently the company does not have a scheme for grant of stock options or performance-linked incentives for its Directors.

Details of Remuneration paid to all Directors

Name of Directors	Category/Status	Sitting Fees (₹)	Salary & Perquisites (₹)	Bonus/ Commission (₹)	Service Contract
Mr. S. K. Shahi	Promoter, Executive Chairman and Managing Director	-	43,80,000	-	3 years w.e.f 1 st April 2011
Mr. B. B. Bhawsar*	Non Promoter, Whole time Director	25,000	42,483	-	1 year w.e.f. 16/2/12
Cmde. M. Bhada I. N. (Retd.)	Non Executive Independent Director	40,000	-	-	No service contract
Mr. Homiyar Madan +	Non Executive Independent Director	15,000	-	-	No service contract

*Independent Director upto 15/01/12 and appointed as Whole time Director w.e.f. 16/2/2012.

+Ceased to be Director w.e.f. 12/3/2012.

5. SHAREHOLDERS' / INVESTORS GRIEVANCES COMMITTEE

The Shareholders / Investors Grievances Committee consists of the following

Name of Directors	Designation	Status
Mr. B. B. Bhawsar	Chairman	Non Promoter –Whole time Director
Cmde. M. Bhada I. N. (Retd.)	Member	Independent, Non-Executive
Mr. Homiyar Madan (till 11/3/12)	Member	Independent, Non-Executive

The committee met during the year 5 times to discuss various matters relating to:



- Transfer/transmission/transposition of shares
- Consolidation/splitting of folios
- Issue of share certificates for lost, sub divided, consolidated, rematerialized, defaced shares
- Review of shares dematerialized and all other related matters
- Investors' grievances and redressal mechanism and recommend measures to improve the level of investor services

The share department of the company and the Registrar and Share Transfer Agent (RTA) (System Support Services) attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchange, Registrar of Companies, Ministry of Corporate affairs etc.

The minutes of the shareholders'/investors' grievances committee are noted by the Board of Directors at their each meeting.

Continuous efforts are made to ensure that grievances are redressed expeditiously to the fullest satisfaction of the shareholders and investors. Shareholders are requested to forward their telephone numbers and e-mail IDs to facilitate prompt action.

COMPLIANCE OFFICER

The Board has designated Mr. Tippana Jog as the compliance officer.

DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS.

Number of Shareholders complaints received during the year:	3
Number of complaints not solved to the satisfaction of shareholders:	NIL
Number of pending share transfer: (Except those rejected on technical grounds)	NIL

CEO/CFO CERTIFICATION

The requisite CEO/CFO certification pursuant to Sub- clause V of the Clause 49 of the Listing Agreement has been placed before the board at the meeting of Directors held on 14th August 2012.

RISK MANAGEMENT

The Company has set in motion a system for management of risks associated with the orderly functioning of the Company. The audit committee has been mandated the accountability for integration of risk management practices into day to day activities

6. GENERAL BODY MEETINGS

The venue and time where last three Annual General Meetings were held is given below

Financial Year	Meeting	Date	Time	Location
2008-2009	AGM	25.09.2009	11.30 AM	Walchand Hirachand Hall, Churchgate, Mumbai
2009-2010	AGM	23.09.2010	12.00 Noon	Kilachand Conference Room, Indian Merchants Chamber, Mumbai
2010-2011	AGM	27.09.2011	3.30 P.M	Kilachand Conference Room, Indian Merchants Chamber, Mumbai

7. SUBSIDIARIES

The Company has two subsidiary companies namely SKS waterways Ltd & Royal Logistics (Ship) Ltd which have not yet started their operations. For winding up of Shahi Shipping (BD) Ltd, necessary formalities are in process. Hence the consolidated financial statement of the SKS Logistics Limited and its subsidiaries SKS waterways Ltd Royal Logistics (Ship) Ltd & Shahi Shipping (BD) Ltd has not been prepared.

8. DISCLOSURES

During the last three years, no penalty or strictures have been imposed on the Company by the Stock Exchange/ SEBI/Statutory Authorities on matters related to capital markets.

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large, except as reported elsewhere in the report/accounts.

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments during the year and there are no such instruments, which are outstanding as of the date of this Report.

The Company has complied with the mandatory requirements and has not adopted any non-mandatory requirement of Clause 49 of the Listing Agreements.



9. INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has, effective February 20, 2002, introduced amendments to the existing Insider Trading Regulations of 1992 which require new action steps by the corporate and market intermediaries for the purpose of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the company has adopted a "Code of Conduct for Prevention of Insider Trading". The code is applicable to all the Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the company.

Mr. Tippana Jog is the compliance officer for adherence to the Regulations.

10. CODE OF CONDUCT

The Board of Directors has adopted a Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the directors and Senior Management. The code is also uploaded on the company's website www.shahilogistics.com.

11. MEANS OF COMMUNICATION

The approved financial results are forthwith sent to the Listed Stock Exchange and are published in the leading national newspapers namely Free Press Journal and Navshakti (Marathi) within forty-eight hours of approval thereof. These results and other official releases are also available at the company's website www.shahilogistics.com and of the Bombay Stock Exchange Ltd, Mumbai at www.bseindia.com

12. COMPLIANCE CERTIFICATE OF THE AUDITORS

The statutory auditors have certified that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchange and the same is annexed to the Directors Report and Management Discussion and Analysis.

The certificate from the auditors will be sent to the stock exchange where company's shares are listed.

13. GENERAL SHAREHOLDER INFORMATION

(a) ANNUAL GENERAL MEETING:

Date and time : Wednesday, September 26, 2012 at 3.00 P M
 Venue : Kilachand Conference Room, 2nd Floor,
 Indian Merchants' Chamber,
 Churchgate,
 Mumbai – 400 020

(b) FINANCIAL CALENDAR

Financial reporting for
 Quarter ending 30th June 2012 : Before August 15, 2012
 Quarter ending 30th September 2012 : Before November 15, 2012
 Quarter ending 31st December 2012 : Before February 15, 2013
 Year ending 31st March 2013 : Before May 15, 2013

(c) DATE OF BOOK CLOSURE : 20th September 2012 to 26th September 2012
 (both days inclusive)

(d) Listing of Equity shares : **Bombay Stock Exchange Limited**

The equity shares of the company are listed on Bombay Stock Exchange Limited (BSE). Annual listing fees have been paid to the Bombay Stock Exchange Limited as and when it fall due for payment.

(e) Scrip code : 526508 SKS LOGISTICS LIMITED

(f) Demat ISIN No : INE 825 D 01016

(g) Stock market data:

The month-wise movement (High & Low) of the equity shares of the Company at the Bombay Stock Exchange Limited, Mumbai, during each month for the year ended 31st March 2012 is as under

Month	High (₹)	Low (₹)
April 2011	17.95	15.55
May 2011	17.45	14.60
June 2011	15.39	13.11
July 2011	17.80	13.05
August 2011	16.90	14.00
September 2011	15.89	13.72
October 2011	16.50	13.52
November 2011	15.00	9.80
December 2011	12.63	8.65
January 2012	11.18	8.29
February 2012	12.90	9.65
March 2012	11.77	10.00

**(h) Registrar and Share Transfer Agent:****System Support Services**

209, Shivai Industrial Estate,
89, Andheri-Kurla Road,
Sakinaka, Mumbai – 400 072.
Telephone: 28500835.
Fax 28501438, E-mail: zip@sysss.com

(i) Distribution of shareholding as on 31st March 2012

Shareholding	No of Share holders	% to no of Share holders	No. of Shares	% to paid up Capital
Up to 500	5377	85.390	1045588	7.214
501 – 1000	483	7.670	401086	2.767
1001 – 2000	203	3.224	316814	2.186
2001 – 3000	58	0.921	148700	1.026
3001 – 4000	40	0.635	144146	0.994
4001 – 5000	29	0.461	136918	0.945
5001 – 10000	47	0.746	336451	2.321
10001 and above	60	0.953	11965171	82.548
Total	6297	100.000	1,44,94,874	100.000

(j) Distribution of shareholding as on 31st March 2012:

Category	No. of Shares	Percentage
Promoters	8744394	60.328
Mutual fund	200	0.001
Bank /Financial / Institutions	200	0.001
Corporate bodies	2007995	13.853
FII / NRI / OCB	148525	1.025
Indian Public	3593560	24.792
Total	1,44,94,874	100.000

(k) Dematerialization of shares

The Company's shares are compulsorily traded in dematerialized form. As on 31st March 2012, 96,53,031 shares were in dematerialisation form with the NSDL & CDSL. This work out to 66.59% of the total number of shares.

(l) Share Transfer System

Share transfer in physical form are processed and returned to the shareholders within stipulated time. Half yearly Transfer Audit and Quarterly Secretarial Audits are carried out by a Practicing Company Secretary.

(m) Plant Locations

The Company does not have any plant since it is engaged in the business of Shipping.

(n) Investors Correspondence

System Support Services,
209 Shivai Industrial Estate
89, Andheri Kurla Road,
Sakinaka, Mumbai- 400072.
E-mail: zip@sysss.com
Mr. Tippana Jog, Compliance Officer
404, Abhay Steel House, Baroda Street,
Mumbai – 400 009.
E-mail: admin@shahilogistics.com

By order of the Board of Directors,

S K SHAHI
CHAIRMAN AND MANAGING DIRECTOR

Place: Mumbai

Date: 14th August 2012



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
SKS Logistics Ltd.
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by SKS Logistics Ltd. (the Company) for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchange, with the relevant records and documents maintained by the Company and furnished to us and the records on Corporate Governance as approved by the Board of Directors.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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 statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the mandatory conditions of the clause 49 of the Listing Agreement.

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

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants.

N. D. HEDA
Proprietor
Membership No. 32450

Place : Mumbai

Date : 14th August 2012



AUDITORS' REPORT

TO THE MEMBERS OF SKS LOGISTICS LIMITED (

- 1) We have Audited the attached Balance Sheet of **SKS LOGISTICS LIMITED** as at 31st March, 2012 and also the related statement of Profit and Loss of the Company for the year ended on that date annexed thereto and Cash Flow Statement of company for the year ended on that date. These financial statement are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement of the matters specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the annexure referred to in paragraph 3 above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of such books.
 - (c) The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with books of accounts.
 - (d) In our opinion, and to the best of our information the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956, to the extent applicable.
 - (e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the Directors is prima-facie disqualified as on 31st March, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the Significant Accounting Policies and other Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - I) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012.
 - II) In the case of the Statement of Profit and Loss of the Profit for the year ended on that date.
 - III) In the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants.

N. D. HEDA
Proprietor
Membership No. 32450

Place : Mumbai

Date : 14th August 2012

**ANNEXURE TO THE AUDITOR REPORT :-**

(Referred to in paragraph 3 of our Report of even date on the accounts of SKS Logistics Limited for the year ended 31st March, 2012).

1. (a) The Company is maintaining the records showing particulars including quantitative details and situation of fixed assets.
(b) Some fixed assets have been physically verified by the management during the year in accordance with phased program of verification adopted by the company. No material discrepancies between the book records and physical inventory were noticed in respect of assets physically verified during the year.
(c) The company has not disposed off substantial part of its fixed assets during the year.
2. The Company is in Shipping business, therefore clauses (ii)(a), (ii)(b) and (ii)(c) of Para 4 of the above mentioned order regarding inventory and its physical verification, etc., do not apply in its case. The Company does purchase stores and spare parts for its ships & barges which are directly treated as consumed as and when supplied to its ships & barges.
3. (a) The Company has not given any Loans, secured or unsecured to companies, firm or other parties listed in the register maintained under section 301 of Companies Act, 1956. The company has taken unsecured loan from Companies and a Director listed in the registered maintained under section 301 of the Companies Act, 1956. The maximum balance outstanding during the year is ₹ 340.45 lacs. (Previous Year ₹ 442.45 Lacs)
(b) In our opinion and according to the information and explanation given to us the unsecured loans taken by the company are interest free, the same are repayable on demand and therefore question of overdue amount does not arise.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of stores, spare parts, fixed assets and services rendered. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to ₹ 5,00,000/- (Rupees Five Lacs only) or more in respect of any party.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under. No order has been passed by the Company Law Board , or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.
7. In our opinion the company has internal Audit system commensurate with the size and nature of its business.
8. As informed to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956, in respect of activities carried on by the company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed material statutory dues in respect of provident fund, investor education and protection fund, employees state insurance, sales-tax, income-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues as applicable, have been generally regularly deposited by the Company during the year with the appropriate authorities except due is respect of Income Tax & Service Tax. The extent of the arrears of statutory dues outstanding as at 31/03/2012 for a period of more than six months from the date became payable in respect of Income Tax and Service Tax pertaining to financial years, 2010-2011 & 2011-2012 ₹ 178.23 Lacs.
(b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty or Cess Outstanding on account of any dispute.



10. The Company does not have any accumulated losses nor has it incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. According to the information and explanations given by the management, the Company has overdue repayment of loan installments of Bank Term Loans aggregating to ₹ 3,13,69,537/- and overdue installments of Interest on Bank Term Loans aggregating to ₹ 44,39,239/- relating to Financial Year 2011-2012. There are no Debenture Holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares etc.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, etc.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which they were raised.
17. Based on our examination and the information and explanation given to us, we report that the Company has not utilised any funds raised on short term basis for long term investments and vice-versa.
18. 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.
19. The Company has not issued any secured debentures during the year.
20. The company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For N. D. HEDA & CO.
Firm Registration No. 103604W
Chartered Accountants.

N. D. HEDA
Proprietor
Membership No. 32450

Place : Mumbai

Date : 14th August 2012

**BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Note No.	As at 31 March 2012 ₹	As at 31 March 2011 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	144,948,740	144,948,740
(b) Reserves and surplus	3	178,855,446	171,276,253
2 Non-current liabilities			
(a) Long-term borrowings	4	81,415,592	109,337,267
(b) Deferred tax liabilities (Net)	5	55,074,357	55,953,576
(c) Long-term provisions	6	2,823,739	2,692,526
3 Current liabilities			
(a) Short-term borrowings	7	125,477,153	82,425,034
(b) Trade payables	8	23,970,049	30,000,546
(c) Other current liabilities	9	135,557,881	172,975,542
(d) Short-term provisions	10	6,186,609	8,423,152
TOTAL		<u>754,309,566</u>	<u>778,032,636</u>
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	11	410,522,509	460,230,480
(ii) Capital work-in-progress		40,175,535	39,289,809
(b) Non-current investments	12	892,413	892,413
(c) Long-term loans and advances	13	13,925,957	27,268,784
(d) Other non-current assets	14	1,137,750	1,137,750
2 Current assets			
(a) Trade receivables	15	174,601,901	135,093,157
(b) Cash and cash equivalents	16	6,216,763	13,227,774
(c) Short-term loans and advances	17	2,567,231	3,906,490
(d) Other current assets	18	104,269,507	96,985,979
TOTAL		<u>754,309,566</u>	<u>778,032,636</u>

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants

S. K. SHAHI
Chairman & Managing Director

N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

Cmde. M. BHADA
(Director)

B. B. Bhawsar
(Whole time Director)

PLACE : MUMBAI
DATED: 14TH AUGUST 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	Refer Note No.	For the year 2011-12 ₹	For the year 2010-11 ₹
I. Revenue from operations	19	228,305,497	442,252,987
II. Other income	20	11,259,318	1,516,934
III. Total Revenue (I + II)		239,564,816	443,769,921
IV. Expenses:			
Employee benefits expense	21	21,097,189	23,645,600
Finance costs	22	42,066,051	54,844,731
Depreciation and amortization expense	11	47,019,800	47,926,940
Operation and Other expenses	23	113,371,528	278,064,256
Total expenses		223,554,568	404,481,527
V. Profit before tax (III- IV)		16,010,248	39,288,394
VI. Tax expense:			
(1) Current tax		7,625,643	7,946,653
(2) Taxation of Earlier Years		-	1,921,858
(3) Deferred tax		(879,218)	(3,230,424)
VII Net Profit for the period (V-VI)		9,263,823	32,650,307
VIII Earnings per equity share:			
(1) Basic		0.64	2.25
(2) Diluted		0.64	2.25

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants

S. K. SHAHI
Chairman & Managing Director

N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

Cmde. M. BHADA
(Director)

B. B. Bhawsar
(Whole time Director)

PLACE : MUMBAI
DATED: 14TH AUGUST 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012**

	(Amt. in ₹) 2011-12	(Amt. in ₹) 2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	16,010,248	39,288,393
Adjustment for		
Depreciation	47,019,800	47,926,938
Sundry Credit Balance written back	(953,612)	
Bad Debt Written off	9,802,463	79,424,373
Profit on sale of Assets (Net)	(8,860,433)	(85,463)
Dividend Income	(19,700)	(18,200)
Interest Income	(1,415,438)	(1,261,338)
Foreign Exchange difference	(10,136)	172,544
Interest Expenses	38,992,017	53,191,234
Operating Profit before working Capital Changes	84,554,961	179,350,090
Adjustment for		
Trade & Other receivables	(59,423,801)	7,1187,000
Trade Payables	(17,618,080)	(50,036,000)
Cash generated from operation	23,523,328	21,151,000
Direct Taxes Refund / (paid)	13,666,081	(3,492,000)
Interest paid	(34,311,780)	(56,470,195)
Net cash from operating Activities(A)	2,877,629	179,827,287
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(39,787,121)	(55,320,714)
Sale of Fixed Assets	50,450,000	542,543
Dividend Received	19,700	18,200
Interest Received	1,611,909	1,107,571
Net Cash used in Investing Activities(B)	12,294,488	(53,652,399)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	(13,770,111)	(119,582,000)
Foreign Exchange earnings	10,136	(172,544)
Dividend paid	(8,423,152)	-
Net Cash used in Financing Activities(C)	(22,183,127)	(119,754,544)
Net Changes in cash & cash equivalents(A+B+C)	(7,011,011)	6,419,774
Cash & cash equivalents in - opening Balance	13,227,774	6,808,000
Cash & cash equivalents in - Closing Balance	6,216,763	13,227,774
	(7,011,011)	6,419,774

Note:

- Purchase of Fixed Assets are stated inclusive of capital work- in progress and advances for capital goods ,between beginning and end of the year and is treated as part of investing activities.
- Proceeds from borrowings are shown as net of repayments.
- Figures in brackets indicates cash outflow

AS PER REPORT OF EVEN DATE

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(Director)

B. B. Bhawsar
(Whole time Director)

PLACE : MUMBAI

DATED: 14TH AUGUST 2012

**NOTE No.-1 SIGNIFICANT ACCOUNTING POLICIES****I Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for accounting for bonus, leave encashment and receipt of insurance claims which are accounted on cash basis.

II Tangible Assets

Tangible Assets are stated at cost of acquisition including interest during construction period. If any, less accumulated depreciation.

III Depreciation

- (i) Depreciation is provided on the Written Down Value Method at rates specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on addition to Assets and sale of Assets is calculated pro-rata, from the date of such addition and up to the date of such sale respectively.
- (iii) Cost of lease-hold land is amortised over the period of lease.

IV Investments

All Investments are considered as long term Investments and are stated at cost.

V Foreign currency transactions and translations

The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognized in the Profit and Loss Account.

VI Revenue Recognition

Income from operation consists of vessel hire charges on time charter and spot charter basis. In certain cases, time charter hire charges are billed at a composite rate, which includes reimbursement of incidental expenses.

VII Retirement Benefits

Company's contribution to Employees Provident Fund and Employees State Insurance are being charged to the Profit & Loss Account. Liability for gratuity in case of shore staff is determined on accrual basis and is provided in the books of accounts. In case of crew members, gratuity is accounted on cash basis.

VIII Treatment Of Major Repairs

Major repairs including survey expenses carried out on vessels are written off to revenue in the year the expenses are incurred. However, in the opinion of the management if such expenses carry a long benefit and in the nature of capital expenditure, the same are added to the cost of the respective vessels.

IX Stores & Spares

Stores & Spares purchased are directly issued to the Vessels and the values of such purchases are charged to the Revenue and are included in Repairs and Maintenance Account.

X Current & Deferred Tax

Tax expense for the period, comprising Current Tax and Deferred Tax are included in the determination of the net profit or loss for the period.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in India.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted by the Balance Sheet date. At each Balance Sheet date, the company re-assesses unrecognized deferred tax assets, if any.

**NOTE 2 : SHARE CAPITAL**

<u>Particulars</u>	<u>As at 31 March 2012 ₹</u>	<u>As at 31 March 2011 ₹</u>
Authorised		
3,00,00,000 Equity Shares of Rs.10 each (Previous year 3,00,00,000 Equity Shares of Rs.10/- each)	300,000,000	300,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed & Paid up		
1,44,94,874 Equity Shares of Rs. 10 each, fully paid (Previous year 1,44,94,874 Equity shares of Rs.10/- each fully paid)	144,948,740	144,948,740
Total	<u>144,948,740</u>	<u>144,948,740</u>

(a) Reconciliation of Equity Share Capital

<u>Particulars</u>	<u>As at 31st March 2012</u>		<u>As at 31st March 2011</u>	
	<u>No of Equity Shares</u>	<u>Amount ₹</u>	<u>No of Equity Shares</u>	<u>Amount ₹</u>
At the beginning of the year	14,494,874	144,948,740.00	14,494,874	144,948,740.00
Add : Issued During the year	-	-	-	-
Closing balance	14,494,874	144,948,740.00	14,494,874	144,948,740.00

(b) Details of Shareholders holding more than 5% of Equity shares in the Company

<u>Name of Shareholder</u>	<u>As at 31 March 2012</u>		<u>As at 31 March 2011</u>	
	<u>No. of Shares held</u>	<u>% of Holding</u>	<u>No. of Shares held</u>	<u>% of Holding</u>
Shahi Gasol Ltd	3,480,804	24.01%	3,480,804	24.01%
Vikas Koli	2,461,996	16.99%	2,461,996	16.99%
Anjana Shahi	1,029,917	7.11%	1,029,917	7.11%
Hugali Finvest Solution Pvt Ltd	793,602	5.48%	793,602	5.48%
Ace Shipping and Offshore Co. Pvt Ltd	780,315	5.38%	780,315	5.38%

(c) Equity Shares Issued for consideration other than cash

Out of total Issued, Subscribed & Paid Up Equity Shares, 72,47,437 Equity shares of ₹10/- each were allotted as fully paid-up bonus shares by capitalisation of General Reserve

(d) Terms / Rights - Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of ₹10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**NOTE 3 : RESERVES AND SURPLUS**

<u>Particulars</u>	<u>As at</u> <u>31 March 2012</u> ₹	<u>As at</u> <u>31 March 2011</u> ₹
a. General Reserve		
As per last Balance Sheet	106,979,421	106,979,421
(A)	<u>106,979,421</u>	<u>106,979,421</u>
b. Other Reserve		
Reserve U/s 115VT of Income Tax Act, 1961		
As per last Balance Sheet	2,461,850	2,461,850
(B)	<u>2,461,850</u>	<u>2,461,850</u>
c. Surplus in Statement of Profit and Loss		
As per last Financial Statements	61,834,982	37,607,827
(+) Net Profit after tax transferred from Statement of Profit and Loss	<u>9,263,823</u>	<u>32,650,307</u>
Amount Available For appropriation	71,098,805	70,258,134
Less: Appropriation		
(-) Proposed Dividends	(1,449,487)	(7,247,437)
(-) Dividend Distribution Tax	(235,143)	(1,175,715)
		-
Closing Balance	<u>69,414,175</u>	<u>61,834,982</u>
Total (A)+(B)+(C)	<u><u>178,855,446</u></u>	<u><u>171,276,253</u></u>

**NOTE 4 : LONG TERM BORROWINGS**

Particulars	As at	As at	As at	As at
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
	Non Current		Current	
(a) Term loans				
Secured				
<u>Term Loan From Banks</u>				
a) State Bank of India	1,801,352	8,800,000	8,800,000	8,601,749
b) UBI Bank	-	5,570,647	4,933,893	4,933,893
c) IDBI Bank	27,000,000	16,000,000	16,000,000	41,000,000
d) OBC Bank	5,400,876	37,200,000	31,716,460	15,000,000
e) OBC Bank	1,612,464	5,793,927	2,904,000	3,260,372
f) DENA Bank	21,015,822	13,800,000	13,800,000	23,905,090
g) DENA Bank	3,935,090	20,000,000	20,000,000	34,815,822
h) DENA Bank	16,815,990	-	3,900,000	-
<u>Vehicle Loan From Bank</u>				
i) HDFC Bank	453,435	1,030,005	703,508	404,521
j) ICICI Bank Ltd	628,075	336,708	336,708	855,221
	78,663,104	108,531,287	103,094,569	132,776,668
OTHERS				
<u>Vehicle Loan</u>				
k)BMW india financial Services Pvt Ltd.	2,752,488	-	730,512	-
l)TATA moters finance Ltd.	-	805,980	66,571	15,541
	2,752,488	805,980	797,083	15,541
Amount Disclosed under the head "Other Current Liabilities" (Note 9)			(103,891,653)	(132,792,209)
TOTAL	81,415,592	109,337,267	-	-

Terms of Borrowing and other details

- Repayable in quartely 28 equal installments, Last Installment falling due 30th June 2013,Interest Rate 12.50%)
Term Loan is Secured by hypothecation on vessels Hugali, Mahanadi, Sewaree, Saraswati And Vishal Laxmi, Gandak & Book debts and personal guarantee of director.
- Repayable in quarterly 20 equal installments,Last Installment falling due 15th Feb 2013 ,Interest Rate 12.25%
Term loan is secured by hypothecation on vessels of the Company and personal guarantee of director.
- Repayable in quarterly 16 installment , Last Installment falling due on 1st April 2014, Interest Rate 13.25%. Overdue Installement of interest sum of ₹12,19,880/- exist as on 31-03-2012.
Term loans is secured by hypothecation on vessels Amba, Yamuna, Tapi, Godavari, Petrol, Sharavati, Priyabandhu And personal guarantee of director.
- Repayable in quarterly 16 equal installments , Last Installment falling due 30th June 2012 ,Interest Rate 14.00%. Overdue Installment of loan sum of ₹ 3,10,17,336/- and interest sum of ₹ 11,98,939/- exist as on 31-03-2012.
Term loans are secured by hypothecation on Office Premises & R Kali, Vikrant & Gomati and personal guarantee of director.
- Repayable in monthly 44 equal installments , Last Installment falling due 1st March 2014 ,Interest Rate 14.00%. Overdue Installment of loan sum of ₹ 3,52,201/- and interest sum of ₹ 1,31,799/- exist as on 31-03-2012
Term loan are secured by hypothecation on Office Premises and personal guarantee of director.



- f. Repayable in quarterly 28 equal installments, Last Installment falling due 1st Sept 2013 ,Interest Rate 14.75%. Overdue interest sum of ₹ 6,13,833/- exist as on 31-03-2012.
Term Loan is Secured by hypothecation on vessals Hugali, Mahanadi, Sewaree, Saraswati And Vishal Laxmi, Gandhak & Book debts.
- g. Repayable in quarterly 20 equal installments , Last Installment falling due 1st Sept 2013 ,Interest Rate 14.75%. Overdue interest sum of ₹ 12,74,788/- exist as on 31-03-2012.
Term Loan is Secured by hypothecation on vessals Hugali, Mahanadi, Sewaree, Saraswati And Vishal Laxmi, Gandhak & Book debts.
- h. Repayable in quarterly 30 equal installments Last Installment falling due 30th June 2016 ,Interest Rate 14.75%
Term Loan is Secured by hypothecation on vessals Hugali, Mahanadi, Sewaree, Saraswati And Vishal Laxmi, Gandhak & Book debts
- i. Repayable in monthly 60 equal installments Last Installment falling due 7th Aug 2016 ,Interest Rate 12.50%.
- j. Repayable in monthly 60 equal installments, Last Installment falling due 15th Aug 2015 ,Interest Rate 10.05%.
- k. Repayable in monthly 84 equal installments, Last Installment falling due 1st March 2019, Interest Rate 12.00%.
- l. Repayable in monthly 48 equal installments, Last Installment falling due 11th April 2012 ,Interest Rate 10.50%

NOTE 5 : DEFERRED TAX LIABILITY

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Deferred Tax Liability	59,781,663	55,953,576
Difference between Book and Tax Depreciation		
Deferred Tax Assets	4,707,306	-
Disallowance U/S 43B of Income Tax Act, 1961		
Total	55,074,357	55,953,576

NOTE 6 : LONG TERM PROVISIONS

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Provision for Employees benefit		
Provision for Gratuity	2,823,739	2,692,526
Total	2,823,739	2,692,526

NOTE 7 : SHORT TERM BORROWINGS

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Secured		
(a) From Bank		
Working capital Borrowings repayable on demand *	60,623,697	31,966,445
Unsecured		
(b) Loans and advances from related parties		
From Related parties	32,595,456	30,045,456
From Others	32,258,000	20,413,133
Total	125,477,153	82,425,034

* Working Capital Borrowings repayable on demand is secured by principal security of hypothecation of Book Debts & collateral security of: 1) extension of mortgage on the Registered Office Premises 2) Exclusive 1st charge over 5 vessels of the company by way of mortgage/hypothecation, valued at ₹ 1000 lacs. namely: a) M V Vishalaksmi b) D B Mahanadi c) M V Royal Gandak d) Royal Sewree e) Royal Saraswati.

**NOTE 8 : TRADE PAYABLES**

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Trade payables	23,970,049	30,000,546
Total	<u>23,970,049</u>	<u>30,000,546</u>

NOTE 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
a) Current Maturities of Long Term Debt (refer Note 4)	103,094,569	132,792,209
b) Current Maturities of Other Loans (refer Note 4)	797,083	-
c) Interest Accrued and Due	7,841,276	3,161,039
d) Unclaimed dividends*	633,169	806,555
e) Other payables		
(i) Trade / security deposits received	1,450,000	1,450,000
(ii) Others		
- Salary & Remuneration	3,236,435	2,456,765
- Other Outstanding Expenses	542,161	798,036
- Advance against Sale of Fixed assets	-	2,750,000
- Statutory Dues	15,504,405	25,817,880
- Other Payable	2,458,784	2,943,058
Total	<u>135,557,882</u>	<u>172,975,542</u>

* There is no amount due & outstanding as on 31st March 2012 to be credited to investors education & protection fund.

NOTE 10 : SHORT TERM PROVISIONS

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Provision - Others		
(i) Proposed equity dividend (Refer note below)	1,449,487	7,247,437
(ii) Dividend Distribution Tax	235,143	1,175,715
(iii) Provision for Tax (net of advance tax/ TDS Rs. 1,10,27,626)	4,501,979	-
Total	<u>6,186,609</u>	<u>8,423,152</u>

Note: The Board of Directors has recommended dividend ₹ 0.10 per equity share of ₹ 10/- each on 1,44,94,874 equity shares for the year ended 31st March 2012 (Previous year ₹ 0.50 per equity share of ₹ 10 each on 1,44,94,874 equity shares)



NOTE 11 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 31st March 2011	Addition during the year	Deduction during the year	As at 31st March 2012	As at 31st March 2011	Depreciation / Amortisation for the year	Adjustment in respect of assets sold	As at 31st March 2012	As at 31st March 2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a									
Tangible Assets									
Freehold Land	845,316	-	-	845,316	-	-	-	-	845,316
Leasehold Land	4,709,760	-	-	4,709,760	566,032	78,496	-	644,528	4,065,232
Buildings *	22,140,786	-	-	22,140,786	7,016,284	756,225	-	7,772,509	14,368,277
Plant and Machinery	11,439,358	-	-	11,439,358	7,043,117	611,517	-	7,654,634	4,396,241
Furniture & Fixtures	11,000,020	75,112	-	11,075,132	6,686,608	792,554	-	7,479,162	4,313,412
Vehicles	37,583,155	5,937,295	619,015	42,901,435	26,273,814	3,177,835	520,962	28,930,687	11,309,341
Office Equipments	12,239,284	379,563	-	12,618,847	9,122,392	705,120	-	9,827,512	3,116,892
Electrical Instalments	2,008,505	-	-	2,008,505	1,324,052	95,207	-	1,419,259	684,453
Fleets	1,040,246,273	32,509,425	121,805,465	950,950,233	623,949,678	40,802,846	80,313,951	584,438,573	416,296,595
Total (a)	1,142,212,457	38,901,395	122,424,480	1,058,689,372	681,981,977	47,019,800	80,834,913	648,166,864	460,230,480
b									
Capital Work-in-progress	39,289,809	885,726	-	40,175,535	-	-	-	-	39,289,809
Total (b)	39,289,809	885,726	-	40,175,535	-	-	-	-	39,289,809
TOTAL	1,181,502,266	39,787,121	122,424,480	1,098,864,907	681,981,977	47,019,800	80,834,913	648,166,864	499,520,289
Previous year	1,126,293,761	55,320,714	2,112,209	1,181,502,266	635,710,168	47,926,938	1,655,129	681,981,977	492,583,593

* The Building includes ₹ 1750/- (Previous year ₹ 1750/-) being the value of shares held in Co-operative societies.

**NOTE 12 : NON CURRENT INVESTMENTS**

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Investments (At cost):		
A. Trade Investment		
Equity share - Unquoted		
(i) Subsidiaries		
SKS waterways Ltd (34994 Equity shares of ₹ 10 each Fully paid)	349,940	349,940
Royal Logistics (Ship) Ltd (34994 Equity shares of ₹ 10 each Fully paid)	349,940	349,940
Shahi Shipping (Bangladesh) Ltd (997 Equity shares of 100 Bangladesh Takka each Fully Paid)	87,483	87,483
B. Non Trade Investment		
(a) Equity share - Quoted		
Bank of Baroda (1000 Equity shares of ₹ 10 each Fully paid)	85,000	85,000
(b) Equity share - Unquoted		
Shamrao Vithal Co-op Bank (400 Equity shares of ₹ 25 each Fully paid)	10,000	10,000
Saraswat Co-op Bank Ltd (1005 Equity shares of ₹ 10 each Fully paid)	10,050	10,050
Total	892,413	892,413
Aggregate market value of Quoted Investment	793,413	963,650

Note: All the above Investments are intended to be held on a long term basis and have been classified accordingly.

NOTE 13 : LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Unsecured, considered good		
(a) Security deposits	6,109,714	6,874,554
(b) Advance Tax paid (Net of Provision 81,79,190/-)		12,530,081
(c) Loans and advances to related parties *	2,841,333	2,841,333
(d) To Others		
Electricity Deposits	63,006	57,166
Telephone Deposits	90,650	82,650
Others (Operating in nature)	4,821,254	4,883,000
Total	13,925,957	27,268,784

* Due from Subsidiaries and Other Companies where Directors are interested

**NOTE 14 : OTHER NON CURRENT ASSETS**

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Unamortised expenses		
Share Issue Expenses	1,137,750	1,137,750
Total	1,137,750	1,137,750

NOTE 15 : TRADE RECEIVABLES

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	94,889,275	40,671,311
Others	79,712,626	94,421,846
Total	174,601,901	135,093,157

NOTE 16 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
(a) Cash on hand	2,861,111	268,495
(b) Balances with banks		
(i) In current accounts	637,208	2,203,843
(ii) In earmarked accounts		
- Unpaid dividend accounts	718,445	806,555
- Margin Money deposit	2,000,000	9,948,881
Total	6,216,763	13,227,774

NOTE 17 : SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Unsecured, Considered good		
(a) Balances with government authorities		
Service tax Credit Receivable	621,899	1,232,875
(b) Loans and advances to employees	1,089,485	541,942
(c) Prepaid expenses	469,313	460,866
(d) To Others		
Advance for Operative expenses	272,640	1,595,807
Others	113,894	75,000
Total	2,567,231	3,906,490

**NOTE 18 - OTHER CURRENT ASSETS**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
(a) Accruals		
Interest accrued on Fixed deposit	42,297	238,768
(b) Others		
Interest Subsidy Receivable (refer note (iii) on Note.24)	64,523,144	64,523,144
Salvage (refer note (iv) on Note.24)	32,224,066	32,224,066
Receivable on Sale of Fixed Assets	7,480,000	-
Total	104,269,507	96,985,978

NOTE 19 - REVENUE FROM OPERATIONS

Particulars	2011-2012 ₹	2010-2011 ₹
Revenue from Operation		
Freight (Net)	228,305,497	442,252,987
Revenue from operations (Total)	228,305,497	442,252,987

NOTE 20 - OTHER INCOME

Particulars	2011-2012 ₹	2010-2011 ₹
1) Interest Income		
i) From Bank		
Fixed Deposit	650,880	250,374
ii) Interest on Income Tax refund	764,558	1,010,964
2) Dividend Income on other than Trade Investments	19,700	18,200
From Domestic Company		
3) Other Non-Operating Income		
(i) Sundry balances written back	953,612	151,933
(ii) Gain on Foreign Currency Transactions	10,136	-
(iii) Profit on sale of Assets (Net)	8,860,433	85,463
Total	11,259,318	1,516,934

NOTE 21 -EMPLOYEES BENEFIT EXPENSES

Particulars	2011-2012 ₹	2010-2011 ₹
Salaries, Bonus and allowances	19,579,556	21,487,831
Contribution to Provident Fund and Other funds	870,043	1,300,417
Staff Welfare Expenses	647,590	857,352
Total	21,097,189	23,645,600

NOTE 22 - FINANCE COST

Particulars	2011-2012 ₹	2010-2011 ₹
Interest	38,992,017	53,191,234
Other borrowing costs	3,074,034	1,653,497
Total	42,066,051	54,844,731

**NOTE 23 - OTHER EXPENSES**

Particulars	2011-2012	2010-2011
	₹	₹
Power and fuel	864,628	882,096
Repairs and Maintenance		
- Building	-	37,500
- Others	286,983	3,789,399
Rent	884,038	1,440,654
Rates and taxes	1,109,143	448,265
Insurance	1,182,718	1,538,573
Payment to Auditors	480,500	474,500
Loss on Foreign currency transactions	-	172,544
Legal and Professional expenses	3,241,734	4,169,756
Motor car expenses	2,376,230	3,456,938
Bad debts	9,802,463	79,424,373
Repair and Maintenance - Ships	34,372,344	41,789,971
Ship Operation Expenses	9,226,892	29,115,832
Fuel & Oil (Ship)	19,785,716	35,173,427
Hire Transportation and Water Charges	8,965,716	27,283,204
Port Related Expenses	7,275,288	17,166,762
Agency Fees	-	4,344,722
Miscellaneous Expenses	13,517,135	27,355,740
Total	113,371,528	278,064,256

NOTE NO-24 NOTES TO ACCOUNTS**I Contingent liability not provided for:**

- (a) On account of guarantees executed by the company's Bankers for ₹ 169.87 lacs (previous year ₹ 258.43 lacs), which is partly secured by the Margin Money amounting to ₹ 20.00 lacs (previous year ₹ 99.46 lacs) retained by the Bank.
- (b) Claim against the Company not acknowledged as debts ₹ 30.37 Lacs (previous year ₹ 30.37 lacs)
- II** Debtors include ₹ 22.67 lacs (Previous year ₹ 22.67 lacs) in respect of cases which are under arbitration/ dispute. In the opinion of the management the said debts are considered good.
- III** The other current assets in Note No.18 includes ₹ 645.23 lacs (Previous year ₹ 645.23 lacs) of interest subsidy receivable from Central Government Inland Waterways Authority. To recover the same the petition is pending before the Delhi High Court. The amount outstanding is considered good by the management,
- IV** The company has lodged the claim of sum of ₹ 396.23 lacs in the Financial Year 2009-10, in respect of main engine break down of a ship during the voyage. The salvage expenses sum of ₹ 316.58 (Previous year 316.58lacs) which has been incurred on account of above has been included in the other current assets in Note No.18 . As per Company accounting policy the insurance claim are accounted on cash basis, the above said insurance claim has not been received hence not recorded in the books of accounts. The amount outstanding is considered good by the management.
- V** Trade receivable, Trade Payable, Loans, Advances & Deposit Taken, Loan, Advances & Deposit given are subject to confirmation.
- VI** In the opinion of the Board, Current Assets, Loans, Advances and Deposit have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
- VII** The company is engaged only in the business of shipping and as such there is no separate reportable segment as per Accounting Standard 17.
- VIII** There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes on account of principal amount together with the interest and accordingly no additional disclosures have been made.



The above information regarding Micro, Small and Medium Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

- IX** The company's two Subsidiary Companies namely SKS Waterways Ltd and Royal Logistics (Ship) Ltd have not yet started operations. Shahi Shipping (BD) Ltd, is in the process of liquidation, hence the consolidated financial statement of the SKS Logistics Limited and its subsidiaries SKS Waterways Ltd, Royal Logistics (Ship) Ltd and Shahi Shipping (BD) Ltd has not been prepared.

X Expenditure in Foreign Currency:	31st March 2012 (₹)	31st March 2011 (₹)
Travelling	5,31,477/-	98,463/-
XI Earnings in Foreign Currency:		
From Operations	NIL	8,52,80,128/-
XII Auditors' Remuneration includes:		
For Company Law Audit	1,60,000/-	1,60,000/-
For Tax Audit	50,000/-	50,000/-
For Taxation	1,39,500/-	1,12,000/-
For Certification	1,31,000/-	1,52,000/-
For Reimbursement of Expenses	NIL	3,633/-

- XIII** There was no impairment loss on fixed assets on the basis of review carried out by the management in accordance with the Accounting Standard 28 issued by the Institute of Chartered Accountants of India.

XIV Earnings per Share	31st March 2012	31st March 2011
Profit after taxation as per Statement of Profit & Loss	92,63,823/-	3,26,50,307/-
Number of equity shares outstanding for basic and diluted EPS	1,44,94,874	1,44,94,874
Basic & diluted EPS	₹ 0.64/-	₹ 2.25/-
Face value per share	₹ 10/-	₹ 10/-

- XV** Prior period expenses debited during the year was ₹ 2.61 lacs (previous year was ₹ 18.38 Lacs).

- XVI** The remuneration committee has approved the remuneration of shri Sarvesh Kumar Shahi Chairman & Managing Director a sum of Rs 3.50 lacs per month with effect from 1st April 2011. The Company will seek the approval of the shareholder of the Company by way of a special resolution in the ensuring Annual General Meeting for the aforesaid remuneration paid by it to its Chairman & Managing Director.

XVII Related parties Disclosures:

Description of relationship	Names of related parties
(a) Where Control Exists	Shahi Shipping (BD) Limited India First Logistics Limited Shahi Gasol Limited SKS Shipyards Pvt. Ltd Royal Logistics (Ship) Ltd. SKS Waterways Ltd.
(b) Key Management Personnel and Relatives	Mr.S.K Shahi Chairman & Managing Director Mrs.Anjana Shahi Relative of Mr.S.K.Shahi

**TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR**

Type of Related Party	Nature Of Transaction	₹ in Lacs Amount 2011-12	₹ in Lacs Amount 2010-11
Where Control Exists	Loans Received	52.75	-
	Loan Repaid	12.75	42
	Reimbursement Of Expences	-	35.54
	Professional Fees	-	0.27
Key Management Personnel	Remuneration paid to Key management Personnel	43.8	45.05
	Loans Taken	9.90	21.80
	Loans Repaid	19.40	119.80

OTHER BALANCES OUTSTANDING AS AT THE YEAR END

	₹ in Lacs As on 31st march 2012	₹ in Lacs As on 31st march 2011
Where Control Exists		
Advances Given	28.41	28.41
Unsecured Loans taken	132.50	87.50
Sundry Creditors	-	3.43
Key Management Personnel & Relatives		
Unsecured Loans taken	203.45	214.95

XVIII Till the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

The Notes are an Integral part of these financial statements

AS PER REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR N. D. HEDA & CO
Firm Registration No. 103604W
Chartered Accountants

S. K. SHAHI
Chairman & Managing Director

N. D. HEDA
PROPRIETOR
MEMBERSHIP NO. 32450

Cmde. M. BHADA
(Director)

B. B. Bhawsar
(Whole time Director)

PLACE : MUMBAI
DATED: 14TH AUGUST 2012

**DETAILS OF FLEET AS ON 31ST MARCH 2012**

NAME OF VESSELS	TYPE OF VESSELS	LOADED DRAFT METERS	DEAD WEIGHT TONNES
BULK CARGO CARRIERS			
1. M.V. ROYAL AMBA	BULK CARRIER	3.20	2458
2. M.V. YAMUNA	BULK CARRIER	3.20	2458
3. M.V. ROYAL SARASWATI	BULK CARRIER	3.20	2458
4. M.V. ROYAL TAPI	BULK CARRIER	3.20	2458
5. M.V. ROYAL SHARAVATI	BULK CARRIER	3.20	2458
6. M.V. ROYAL GANGA	BULK CARRIER	3.20	2450
7. M.V. ROYAL GOA	BULK CARRIER	3.20	2450
8. M.V. ROYAL VIKRANT	BULK CARRIER	3.16	1804
9. M.V. ROYAL KALI	BULK CARRIER	3.11	1804
10. M.V. VISHAL LAXMI	BULK CARRIER	2.80	1150
LIQUID CARGO CARRIERS			
11. M.V. ROYAL GOMATI	CHEMICAL CARRIER	3.20	2450
12. D.B. ROYAL PETROL	(CHEMICAL) DUMB BARGE	3.10	2800
13. D.B. MAHANADI	DUMB BARGE	1.25	200
14. D.B. PRIYABANDHU	DUMB/FLOATING BARGE	2.50	650
15. M.V. SHASTHA	OIL TANKER	1.80	450
16. M.V. KRISHNA	OIL TANKER	1.60	310
17. M.V. ROYAL GANDAK	TANKER	2.40	710
18. M.V. SUPER	TANKER	1.50	300
19. M.V. ROYAL PAMBA	TANKER	2.00	350
20. M.V. ROYAL JOSNA	TANKER	1.70	200
MULTIPURPOSE VESSELS (BCD/CONTAINER)			
21. M.V. ROYAL SUTLEJ	MPV (BCD/CONTAINER)	4.20	3600
22. M.V. ROYAL BRAHMPUTRA	MPV (BCD/CONTAINER)	4.20	3600
23. M.V. ROYAL HUGLI	MPV (BCD/CONTAINER)	4.20	3600
OTHER			
24. M.V. ROYAL GODAVARI	TUG (TOWING)	3.10	121*
25. M.V. ROYAL SEWREE	MOTOR LAUNCH	1.50	9.30*
26. M.V. ROYAL OCEANPRIDE	MOTOR LAUNCH	2.12	31.59*

*Denotes the gross Registered Tonnage.



22nd Annual Report 2011-2012



LOGISTICS LTD.



SKS LOGISTICS LTD.

Regd. Office: 404, Abhay Steel House, Baroda Street, Mumbai - 400 009.

PROXY FORM

DP ID * _____

Master Folio _____

Client ID * _____

No. of Shares _____

I/We _____ of _____

being a member / members of SKS LOGISTICS LTD. hereby appoint _____ of _____

_____ or falling him / her _____ of _____

as my / our proxy to vote for me / us on my / our behalf at the TWENTYSECOND ANNUAL GENERAL MEETING of the Company be held on Wednesday the 26th September 2012 at 3.00 pm and at any adjournment thereof.

Signed this _____ day of _____ 2012 Signature _____

Affix
1 Rupee
Revenue
Stamp

Notes: The form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.

Tear Here

Tear Here



SKS LOGISTICS LTD.

Regd. Office: 404, Abhay Steel House, Baroda Street, Mumbai - 400 009.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

22nd ANNUAL GENERAL MEETING - Wednesday the 26th September 2012

I hereby record my presence at the TWENTYSECOND ANNUAL GENERAL MEETING of the Company at Kilachand Conference Hall, Second Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020. on Wednesday the 26th September 2012 at 3.00 pm.

Full Name of the Member : _____
(in BLOCK LETTER)

DP ID * : _____ Master Folio: _____

Client ID * : _____ No. of Shares: _____

Full Name of proxy : _____
(in BLOCK LETTER)

Member's / Proxy's Signature : _____



Book-Post

SKS LOGISTICS LIMITED

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Website : www.shahilogistics.com

