

13th Annual Report
2011-12



Enabling
Global
Businesses

Aqua Logistics Limited

13th Annual General Meeting

Day & Date : Saturday, September 29, 2012

Time : 10.00 a.m

Venue : VITS Hotel Crystal Hall,
Andheri - Kurla Road,
Andheri (E), Mumbai - 59

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CORPORATE INFORMATION

Board of Directors

Mr. Rajesh G. Uchil	Chairman
Mr. M. S. Sayad	Vice-Chairman
Mr. Harish G. Uchil	Managing Director & Chief Executive Officer
Mr. B. S. Radhakrishnan	Independent Director
Mr. S. S. Balakrishnan	Independent Director
Mr. Ravi Sharma	Independent Director

Company Secretary & Compliance Officer

Mr. Bhupendra N. Shah

STATUTORY AUDITORS

M/S. Anil Nair & Associates,
Chartered Accountants
“Casablanca”, 6 Casa Major Road,
Egmore, Chennai - 600 008.

Secretarial Auditor

M/S. Pankaj & Associates
5/14, Malad CHS,
Poddar Road, Opp. Saraf Hall,
Malad (East), Mumbai - 400 097.

Bankers

Bank of India

Registered Office & Corporate Office

5th Floor, B-Wing, Trade Star,
Andheri-Kurla Road, Andheri (E),
Mumbai – 400059, Maharashtra

Mumbai Office

5th Floor, A-Wing, Trade Star,
Andheri-Kurla Road, Andheri (E),
Mumbai – 400059, Maharashtra

Delhi Office

Khasra No. 616 (4-3) Rangapuri,
Mahipalpur,
New Delhi – 110037

Chennai Office

31, VGP Murphy Square,
GST Road, St. Thomas Mount,
Chennai - 600016

Wholly-owned Subsidiary Companies

Hong Kong Office

Aqua logistics HK Pvt. Ltd.

6/F Alexandra House, 18 Charter Road,
Central Hong Kong

Sharjah Office

Aqua Logistics, FZE

P.O. Box: 122421,
SAIF-Zone, Sharjah, U.A.E

Malaysia Office

Aqua Logistics (M) SDN.BHD.

No. 78A, 1st Floor, Jalan Ipoh,
51200 Kuala Lumpur.

Registrar And Transfer Agents

M/s Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400078

Website: www.aqualogistics.com

E-mail: investor@aqualogistics.com

Corporate Identity Number (CIN)

L63090MH1999PLC121803

Demat ISIN NSDL and CDSL

INE544K01026

Listing

Bombay Stock Exchange | National Stock Exchange
Luxembourg Stock Exchange

Scrip Code

BSE: 533159 Bloomberg: AQUA:IN
NSE: AQUA Reuters: AQUA.NS
Luxembourg : US03837W1027 (GDR)

Aqua Logistics Limited

Notice

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Aqua Logistics Limited will be held on Saturday September 29, 2012 at 10.00 A.M. at Crystal Hall, VITS Hotel, Andheri Kurla Road, Andheri (E), Mumbai - 400059 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and the Profit & Loss Account for the financial year ended on that date together with the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr.S.S.Balakrishnan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Anil Nair & Associates, Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**By Order of the Board of Directors
For Aqua Logistics Limited**

**Place: Mumbai
Date: 4th September, 2012**

**Bhupendra N. Shah
Company Secretary**

Reg Office:
5th Floor, B-Wing,
Trade Star Building,
Andheri Kurla Road,
Andheri (East),
Mumbai – 400 059

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Instrument appointing a proxy must be deposited with the Company at its Registered Office, not less than 48 hours before the time for holding the Annual General Meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
5. 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.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Transfer Agents, M/s Link Intime India Private Limited.
7. Non-Resident Indian Members are requested to inform M/s. Link Intime India Private Limited, immediately of Change in their residential status on return to India for permanent settlement.
8. The notice of the Annual General Meeting will be sent to those members whose names appear on the register of members as on 31st August, 2012.
9. Annual Report is available in the Investor Relations Section of our company website www.aqualogistics.com
10. The Register of Members of the Company will remain closed from 22nd day September 2012 to 29th day September, 2012 (both days inclusive).
11. Members are requested to:
 - (a) Notify the change in address if any, with Pin Code immediately to the Company. (In case of shares held in physical mode)
 - (b) Bring their copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.
 - (c) Quote their Regd. Folio Number/DP and Client ID Nos. in all their correspondence with the Company or its Registrar and Share Transfer Agent.
12. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders desirous of making a nomination are requested to send their requests in Form 2B in duplicate (Which will be made available on request) to the Registrar and Share Transfer Agent of the Company.
13. Members having any questions on accounts are requested to send their queries at least 10 days in advance to the Company at its registered office address to enable the Company to collect the relevant information.
14. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and the same will be available for inspection at the Annual General Meeting.
15. The Ministry of Corporate Affairs has announced a “Green Initiative in Corporate Governance” thereby allowing paperless compliance through electronic mode. The Company supports this environment friendly initiative of the Government of India and proposes to send Notices for General Meetings/Annual Reports/Other Shareholder

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Communication through electronic mode to the e-mail addresses, which are registered for the purpose from time to time. The Company requested the members whose e-mail id were not registered either with registrar and transfer agents or with the depository and send e-mail to those members whose e-mail registered with depository.

**By Order of the Board of Directors
For Aqua Logistics Limited**

**Place: Mumbai
Date: 4th September, 2012**

**Bhupendra N. Shah
Company Secretary**

Reg Office:
5th Floor, B-Wing,
Trade Star Building,
Andheri Kurla Road,
Andheri (East),
Mumbai – 400 059

Particulars of the Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

Name	Mr. S.S.Balakrishnan
Age	58
Date of appointment	December 05, 2011
Expertise in functional areas	Long standing experience in the field of Arbitration.
Name of the companies in which he holds Directorship /Committee Memberships	NIL

Director's Report

To,
The Members of Aqua Logistics Limited

Your Directors are pleased to present the Thirteenth Annual Report of the Company along with Audited Statement of Accounts for the period ended on 31st March, 2012.

FINANCIAL HIGHLIGHTS

Your Company's performance during the year under review is summarized below:

(₹. in Lacs)

Particulars	For the year ended 31-03-2012	For the year ended 31-03-2011
Sales & Other Income	31298.97	38215.29
Profit Before Depreciation, Interest and Taxes	1735.95	3661.76
Interest and Financial Charges	1178.27	725.00
Depreciation	386.84	388.37
Profit before Tax	170.84	2548.39
Provision For Tax	40.00	141.56
Deferred Tax Liability	15.47	120.13
Profit after Tax Before Prior Period Item (NET)	115.37	2286.70
Prior Period Items (NET)	0.00	47.70
Profit After Tax	115.37	2239.00
Profit brought forward from Previous Year	6038.37	3,799.37
Profit carried to Balance Sheet	6153.74	6038.37

REVIEW OF OPERATIONS

During the year, your Company has registered Income from operations of Rs.31,035.01 lacs as compared to Rs. 38,087.93 lacs in the previous year.

Profit before Depreciation, Interest and Tax (PBDIT) has decreased from Rs. 3661.76 lacs for the year ended March 31, 2011 to Rs. 1735.95 lacs showing the decrease of 52.59%. During FY 2012, your Company has recorded PBDIT of 5.55% of the income from operations as against 9.58% during FY 2011. The reduction in operating margin is due to decrease in income from operation..

During the year, Profit after Tax (PAT) has decreased from Rs. 2239.00 lacs for the FY 2011 to Rs. 115.37 lacs in FY 2012 due to decrease in income from operations. During FY 2012 your Company recorded PAT margin of 0.37% as against 5.86% for FY 2011.

The Directors of your Company are currently doing their best to improve the Company's earning and the results show up in the ensuing quarters.

BUSINESS & FUTURE OUTLOOK

Business is not usual due to the changing trends and volatile market conditions. Your Company is making enormous efforts to streamline all its business verticals; be it Distribution of Resources to various verticals or the strategy itself. Allocation of resources is currently being done based on the latest information and purely based on cash-flows. The expected effect is to increase in our clientele base and to improve customer satisfaction, trust and collaborate more with

Aqua Logistics Limited

clients on their specific demands and requirement. This is truly a differentiator at Aqua Logistics Limited.

Changes are taking place as you are reading this on Strategic Level, Operational & Tactical Levels. Aqua Logistics has gone through all the different eras starting from just being a logistics support provider on to becoming a truly world class SCM Company. Aqua Logistics understands the need to specialize and is poised to becoming a fully integrated SCM Company so that more and more clients stay focused on their core competencies and let the SCM handled by Aqua Logistics. More focus being laid on understanding Customer's manufacturing, installation and service management processes. So, the focus for the future shall be on controlling cost and improving services of customers. Special Focus shall be laid on productivity measures to utilize more of our capacities and all the above with unmatched speed and efficiency is assured to our clients and investors.

DIVIDENDS

In order to conserve the profits of the business of the company, to meet the growing funding requirements, your Directors have not recommended any dividend for the year under report.

PUBLIC DEPOSITS

Your Company has neither invited nor accepted any deposits from public, within the meaning of section 58A of the Companies Act, 1956 and Rules made thereunder.

SUBSIDIARY COMPANIES

In accordance with the General Circular no. 2/2011 File no. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, granting general exemption to the Companies Under Section 212 (8) of the Companies Act, 1956 the Balance Sheet, Profit and Loss Account and other Reports and statement of the Subsidiary Companies are not being attached with the Balance Sheet of the Company. A summary of the financial information of the subsidiary companies is also attached to the Annual Report of the Company.

AMOUNT TO BE CARRIED TO RESERVES

Since it is not proposed to declare any dividend, the entire amount of Rs. 115.37 lacs is proposed to be transferred to the Reserves of the Company.

AUDITORS

M/s. Anil Nair & Associates, Chartered Accountants, Chennai, the Statutory Auditors of the Company, retires at the conclusion of this Annual General Meeting. They have furnished a certificate stating that their appointment if made will be within the limits laid down u/s 224 (1B) of the Companies Act, 1956. The Board recommends re-appointment of M/s. Anil Nair & Associates as Statutory Auditors of the Company for the current financial year and to fix their remuneration.

AUDITORS' REPORT

The notes to the Annual Accounts of the Company, referred to in the Auditor's Report are self – explanatory and do not require any clarification from the Board.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. S.S. Balakrishnan who has appointed to fill the casual vacancy which was arising out of resignation of Mr. V.S. Narayanan is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered himself for reappointment.

Mr. V. S. Narayanan resigned as Director with effect from 5th December, 2011 due to his personal works. The Board placed on record appreciation of his service to the Company during his tenure of directorship.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies (Amendment) Act, 2000, with respect to Directors' responsibility statement, it is hereby confirmed:

1. that in the preparation of the accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the period under review;
3. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the accounts for the financial year ended 31st March, 2012 on a going concern basis.

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

PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

Conservation of Energy

The Operations of the Company do not consume high levels of energy. Adequate measures have been taken to conserve energy everywhere. Your Company uses latest technology and energy efficient equipments. As energy cost forms a very small part of the total costs, the impact on cost is not material.

Technology Absorption, Adaptation and Innovation

Your Company is in an Industry, which demands absorption of emerging technologies and trends so as to cater to the needs of its esteemed Clients. Your Company has developed methods for absorption and adaptation of new / emerging / developing technologies, in consonance with the needs of its Clients and its own requirements.

Foreign Exchange Earnings and Outgo

The Earnings in Foreign Exchange were ₹ 278.96 lacs (Previous Year ₹ 61.87 lacs) as against Expenditure incurred in Foreign Currency of ₹ 238.05 Lacs (Previous Year ₹ 936.17 lacs). Since the Company does not own any manufacturing facilities, the other particulars under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

PARTICULARS OF EMPLOYEES

None of employees has received remuneration/salary exceeding the limit as stated in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENTS

Your Directors hereby wish to place on record their appreciation of the significant contribution made by each and every employee of the Company. The Directors also thank all other stakeholders for their support and encouragement. Your Directors look forward to your continued support in the years to come.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 4th September, 2012

Chairman

Management Discussion and Analysis

1.Economic Outlook

The growth prospects of the logistics industry are linked to the macro-economic indicators of the country such as GDP, domestic consumption, exports, and imports. With the Indian economy aiming to achieve a GDP growth rate of 9 %, which in turn would augment the growth of its international trade, the logistics industry in the country will grow further in importance. India's Gross Domestic Product at constant prices has almost quadrupled in the last two decades. From a slower average annual growth rate of 5.6% in the 1990s to a moderately faster average annual growth rate of 7.7% in the first decade of 2000, the growth journey has excited many investors both in India and abroad. The latter part of 2000s particularly in the period 2008-09 to 2010-11 recorded an average annual growth of 8.3%

The slowdown we witnessed in 2011-12 is expected to be temporary as the fundamentals of Indian economy are evaluated to be strong with high investment rate of 36% and growing domestic demand. IMF Economic Outlook forecasts the Indian GDP to be growing at 8.1% till 2016.

Indian Logistics Industry

Logistics cost in India is estimated to be 13% of GDP, which is much higher than the developed economies like USA which spends around 10% of its GDP as logistics cost and Japan which spends 11% of its GDP for the same. The reason for this high spending is attributed to poor infrastructure facilities, lack of implementation of IT in logistics and unnecessary check points at the National highways which wastefully increases the transportation costs. India can save upto US\$ 7.13 Billion each year in the event of a reduction in logistics cost by 1%.

Indian logistics industry is approx. 3% of the global logistics and is highly fragmented so far. Logistics industry comprises of three major segments - transportation, storage and value added services. Based on the analysis of various sub - segments in the Indian context on various comparative factors, Companies in the storage and the value added service segments are well - placed to capitalize on growing Indian economy.

Growth Drivers

The evolving business landscape and increasing competition across industries, is creating the need for more efficient and reliable logistics services than what exists today. The growth drivers for the Industry can be summarized as follows –

- **GDP growth and rise of 3PL services** – Most companies across industries like automotive, electronics, FMCG and pharmaceutical sectors are increasingly opting to outsource their logistics requirements to specialized 3PLs. This has created a demand for a range of logistics services which will benefit the productivity and efficiency of the customers supply chains.
- **Investments in infrastructure** – Given the current thrust on infrastructure investments, the growth and efficiency of Logistics Service Providers as well as their customers will be positively impacted. The government has planned investments in infrastructure development amounting Rs 20,00,000 Crore in the next 5 years. This will prove to be a major benefit for the logistics industry.
- **Qualified work force** – There has been a sudden transformation in the scale and scope of activities within the logistics sector. This growth rate needs to be supported with a parallel growth of skilled and trained manpower. Attracting and retaining talent is a major problem faced by Companies in the logistics business. There is a need to incorporate a high degree of professionalism in the functioning and approach of the Companies in this business.
- **GST Implementation to Accelerate India's growth on Logistics front** - Goods & Services Tax (GST) to be implemented in FY13 would do away with multiple taxations and other complexities that the logistics providers have