

# PKF SRIDHAR & SANTHANAM

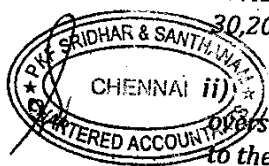
Chartered Accountants

## Review Report

To,

The Board of Directors of Shreyas Shipping and Logistics Ltd

1. We have reviewed the accompanying statement of 'Un-audited consolidated financial results for the quarter ended September 30, 2011 of Shreyas Shipping and Logistics Ltd hereinafter referred to as 'Statement' except for the disclosures regarding "Public Shareholding and Promoter and Promoter Group Shareholding" which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been prepared by the management on the basis of separate interim financial statements and other financial information regarding components, for the quarter under review and has been approved by the Board of Directors. This Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India, which has been initiated by us for identification purposes. Our responsibility is to issue a report on the Statement based on our limited review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, "Engagements to Review Financial Statements" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We report that the above referred 'Statement' has been prepared by Shreyas Shipping and Logistics Ltd's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006
5. We did not review the interim financial information of one subsidiary included in the 'Statement' whose interim financial information reflect total revenue of Rs. 352.63 lacs and Profit after tax of Rs.(2.22) lacs for this quarter. The unaudited financial statement and other financial information of this subsidiary have been reviewed by another auditor whose report has been furnished to us, and our report on the 'Statement', to the extent they have been derived from such interim financial statement is based solely on the report of such other auditor
6. a) *As per the Guidance provided by the Accounting Standards Board of The Institute of Chartered Accountants of India through frequently asked questions on AS 11 Notification, the exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs are to be considered as "borrowing costs" and accounted for in accordance with Accounting Standard 16 (AS16)-Borrowing Costs. Shreyas Shipping and Logistics Ltd has not considered the "borrowing costs" while adjusting the foreign currency differences to the cost of the assets. In view of this*
  - i) *Cumulative foreign exchange loss is understated to the extent of Rs 238.64 lacs (of this Rs 17.42lacs relate to this quarter and Rs 221.23 lacs to the earlier period from April 1, 2007 to June 30,2011)*
  - ii) *Depreciation related to above including the adjustment to opening reserves is cumulatively understated to the extent of Rs 35.27 lacs (of this Rs 3.29 lacs relate to this quarter and Rs 31.98 lacs to the earlier period from April 1, 2007 to June 30, 2011)*



b) Company has deferred the Dry dock expenses incurred during this quarter proportionately to the remaining three quarters of the year instead of charging off the same to the Profit and loss account on their incurrence, which is not in accordance with Accounting Standard 25 on Interim financial reporting, due to which dry dock expenses are understated to the extent of Rs 192.94 lacs for this quarter (to the extent carried forward) and

c) hence in view of (a) and (b) above, loss for this quarter is understated to the extent of Rs 276.06 lacs and the reserves as at 30<sup>th</sup> September 2011 are higher to the extent of Rs. 203.37lacs.

7. Subject to the above, based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement prepared, fairly in all material respects, in accordance with the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For PKF Sridhar & Santhanam  
Chartered Accountants  
Firm Regn. No. 003990S



S Narasimhan  
Partner  
M.No. 206047

Place: Mumbai  
Date: 01<sup>st</sup> Nov. 2011

