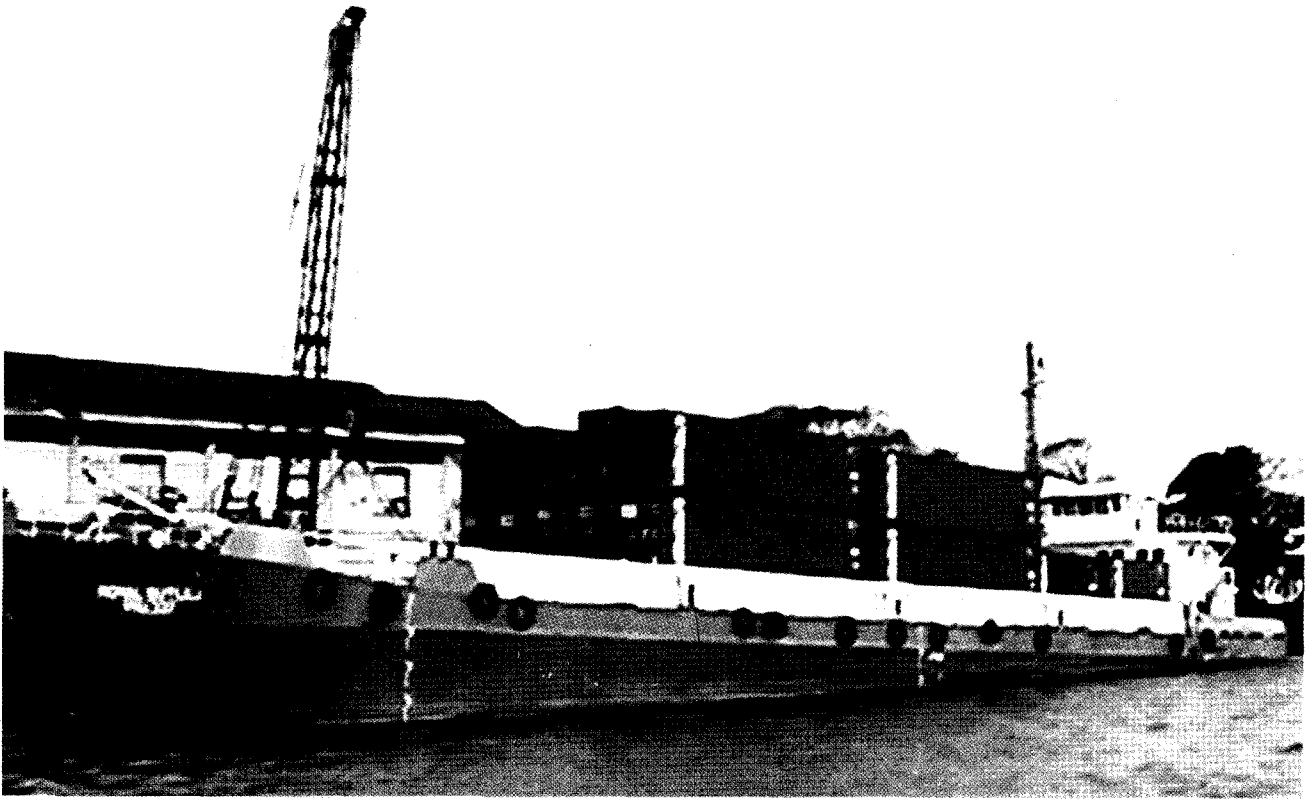




LOGISTICS LTD.

*connecting ports*



ANNUAL REPORT  
**2008-09**



**SARVESH KUMAR SHAHI**  
Chairman & Managing Director

**19th Annual Report 2008-2009**  
**SKS LOGISTICS LIMITED****BOARD OF DIRECTORS**

Mr. S. K. Shahi	Chairman & Managing Director
Mr. F. M. Koli	Wholetime Director
Capt. Walter Gonsalves	Wholetime Director
Mr. R. V. Iyer (up to 31/8/2008)	IDBI Nominee Director
Cmdr. M. Bhada I. N. (Retd.)	Director
Mr. B. B. Bhawsar	Director
Mr. Tony Adam (up to 5/5/2009)	Director

**COMPANY SECRETARY**

Mr. A. Thanthoni Rao

**BANKERS**State Bank of Indore, 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) 23487350 / 51  
Website: [www.shahilogistics.com](http://www.shahilogistics.com)  
E-mail: [shahi@bom3.vsnl.net.in](mailto: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  
E-mail: [sks@sksship.com](mailto:sks@sksship.com)**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](mailto:zip@sysss.com)

Contents	Page
Board of Directors .....	1
Chairman's Statement .....	2
Notice .....	3
Directors' Report .....	6
Management Discussion, Analysis and Review .....	8
Report on Corporate Governance .....	10
Auditors' Report .....	19
Balance Sheet .....	22
Profit & Loss Account .....	23
Cash Flow Statement .....	24
Schedules .....	25
Notes to Accounts .....	31
Balance Sheet Abstract .....	35
Details of Fleet .....	36

## CHAIRMAN'S STATEMENT

Dear Shareholders,

The year gone by has indeed been one of the most challenging for the world economy. The unprecedented financial crisis, acknowledged today as the worst since the Great Depression, has brutally shaken the foundations of some of the strongest economies in the world. Bankruptcy of companies and job losses continue to haunt the developed as well as developing economies. Though Governments across continents have responded speedily and in rare unison, the path to recovery is expected to be long and arduous.

Indian economy was also not immune to this shock. The economy is estimated to have recorded growth rate of about 6.5% during the year ended 31st March 2009 as against 8.7% during the year ended 31st March 2008.

The performance of the company during the year has been adversely impacted. The income from operations during the year was Rs. 32.83 crores as against Rs 45.93 crores in the previous year. The Gross Profit of Rs 15.99 crores was almost down by about 17% from the previous year figure of Rs 19.33 crores. In view of above, your directors have decided to skip declaration of dividend for the current year and I am sure all of you will support the management at this crucial juncture.

To meet the extra ordinary situation arising out of financial instability, your company has initiated several steps at micro level. These include fleet rationalization (getting rid of vessels that were un economical), rationalizing the branch infrastructure and significant reduction in operational costs on all fronts. While doing this, the quality of service has not been compromised anywhere as your company is well aware of the importance of quality.

Your company is also in the process of setting up floating dry dock and is at the advanced stage of discussion. Floating dry dock is a relatively new concept and will be the first of its kind here. Preliminary inspection and negotiations have already taken place in this regard.

As you are aware, your company has signed MOU with Inland Waterways Authority of India for acquisition and running of barges on the eastern sector about which I have spoken to you in my earlier communiqué. We are now going ahead with acquisition of five barges in the next few months. The project will be fully on steam within a period of year or so.

On behalf of the Board of Directors and on my on behalf, I place on record our sincere thanks to our customers, shareholders, bankers and other stakeholders for their unstinting support.

I would also like to thank all the employees of the company for their commitment and consistent efforts that helped us overcome several challenges and look forward to their continued contribution as the company grows from the strength within.



## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of SKS LOGISTICS LIMITED will be held on Friday, 25th September, 2009, at 11.30 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building (4th Floor), Churchgate, Mumbai - 400 020, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009, the Profit and Loss Account for the year ended as on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Commodore Medioma Bhada, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary resolution.

"RESOLVED THAT M/s 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"

By order of the Board of Directors,

Place : Mumbai  
Date : 14<sup>th</sup> August 2009

**S. K. Shahi**  
Chairman and Managing Director

**Registered Office**  
404, Abhay Steel House,  
Baroda Street, Mumbai - 400009

**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/HER SELF 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. 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.
4. Register of Members and Share Transfer books will be closed from 19th September 2009 to 25th September 2009 (both days inclusive) for the purpose of AGM.
5. 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.
6. Members who wish to obtain any information on the Company as regards the accounts for the financial year 31st March 2009 are requested to write to the Company at least 10 days before the Annual General Meeting.
7. 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.
8. 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.
9. 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.
10. Members who hold shares in dematerialized form are requested to bring their depository account number for identification.
11. Pursuant to Section 205A(5) of the Companies Act, 1956, the Company has transferred all unclaimed / unpaid dividends on their respective due date to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 C of the Companies Act, 1956. Shareholders who have not so far encashed the dividend warrants(s) are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Transfer Agents, M/s System Support Services. Shareholders are requested to note that no claims shall lie against the said fund or the Company in respect of any amount of unclaimed dividend once the same is transferred to the above fund.
12. Details of the Director seeking re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

1. Name of Director	<b>COMMODORE MEDIOMA BHADA I.N (Rstd.)</b>
2. Date of Birth	21-03-1940
3. Experience in Specific Functional area and Position held	<p>Comde. Bhada was General Manager, Projects and Corporate Administration of Mahindra and Mahindra Limited and was handed over the additional responsibility as CEO of Guestline Hospitality and Management Development Services Limited. He was in charge of Management of the company's projects and properties and Administration of Corporate Centre.</p> <p>He has retired from the Indian Navy in the rank of Commodore in 1994 after 32 years of service. He is a member of the Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee.</p>



4. Qualification	Graduate from National Defence Academy, M.Sc (Defence Studies), Certificate in Advance Management from Jamnalal Bajaj Institute of Management, Mumbai.
5. Directorship in other Companies (Excluding foreign Companies)	Total Service Providers Pvt. Ltd.
6. Shareholding	NIL

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

By order of the Board of Directors,

Place : Mumbai  
Date : 14<sup>th</sup> August 2009

**S. K. Shahi**  
Chairman and Managing Director



## DIRECTORS' REPORT

To

The Members of SKS Logistics Limited

Your directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts of the company for the financial year ended on 31st March 2009.

### 1. FINANCIAL RESULTS:

The summary of financial results of the company for the year ended 31st March 2009 is furnished below.

Particulars	2008-2009 Rs. In Lacs	2007-2008 Rs. In Lacs
Gross Profit	1599	1933
Less: Interest and Finance Charges	718	674
Less: Provision for Depreciation	763	806
Profit before Tax	118	453
Less: Provision for Taxation:		
Current Tax	13	135
Deferred Tax	87	46
Fringe Benefit Tax	10	11
Profit After Tax	8	261

### 2. DIVIDEND:

In view of inadequacy of profits, your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March 2009.

### 3. PERFORMANCE:

Income from operations during the current year was Rs.32.83 Crores as against Rs.45.93 crores in the previous year. This indicates decline of about 29% over the previous year. The gross profit of Rs.15.99 crores registered a decrease of about 17% over the previous year's Rs. 19.33 crores. During the current year the interest and finance charges have increased from Rs 6.74 crores to Rs. 7.18 crores which indicates increase of about 7% over the previous year.

The economy worldwide went through major recessionary phase and drastically impacted the economies of countries like US, UK and other European countries. The Indian economy also has witnessed the major recession.

There are however definite signs of recovery. Green shoots are evident in certain manufacturing and services sectors.

### 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 judgments 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 | Rs. NIL       |
| (b) Foreign Exchange Outgo  | Rs. 0.29 lacs |

**10. SUSBSIDIARIES:**

As required under section 212 of the Companies Act, 1956, we are required to attach to the Directors Report, the Balance Sheet and Profit and Loss account of subsidiary companies. However SKS Logistics (Singapore) Pte Ltd and Shahi Shipping (BD) Ltd have not started their business operations. The Board reviewed the position from time to time and has decided to liquidate the aforesaid subsidiary companies. Accordingly the consolidated statements of SKS Logistics Limited and the subsidiaries viz SKS Logistics (Singapore) Pte Ltd and Shahi Shipping (BD) Ltd have not been prepared and do not form part of the accounts.

**11. DIRECTORS:**

At the ensuing Annual General Meeting, Commodore Medioma Bhada retires by rotation and is eligible for re-appointment. Brief resume of Commodore Medioma Bhada, the nature of his expertise in specific functional areas and other details as stipulated under clause 49 of the listing agreement with the stock exchange are provided in the report on the corporate governance forming part of this Annual Report.

**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 Deptt, 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

Place: Mumbai  
Date: 14-8-2009

S. K. Shahi  
Chairman and Managing Director

**ANNEXURE - A****MANAGEMENT DISCUSSION, ANALYSIS AND REVIEW****(a) INDUSTRY STRUCTURE AND DEVELOPMENT**

Economies around the world have been seriously affected by the financial crisis and slump in activity. The advanced economies experienced an unprecedented 7½ percent decline in real GDP during the fourth quarter of Calendar Year 2008, and output has fallen almost as fast during the first quarter of 2009. Going forward, the stabilisation of the financial markets might take longer than previously envisaged, even with strong efforts being made by policymakers. Monetary policy interest rates are expected to be lowered or remain near the zero bound in the major advanced economies, while central banks continue to explore ways to use both the size and composition of their balance sheets to ease credit conditions. Fiscal deficits are expected to widen sharply in both advanced and emerging economies, as governments are assumed to implement fiscal stimulus plans in G20 countries amounting to 2 percent of GDP in 2009 and 1½ percent of GDP in 2010.

**Overview of the Indian Economy**

The Indian economy, which was on a robust growth path up to 2007-08 averaging at 8.9 per cent during the period 2003-04 to 2007-08, witnessed moderation in 2008-09, with the deceleration turning out to be somewhat sharper in the third quarter. The slowdown in the Indian economy during 2008-09 has been associated with a deceleration in investment demand, which had been an important driver of growth in recent years. The adverse conditions for access to external capital, and the depressing effects of the global crisis on domestic business confidence contributed to the moderation in investment demand.

Based on recent production / sales data on cement, steel and automobiles there are visible indications of a strong recovery in the industrial sector. The current recovery seen in cement, steel, automobile and in the core industries index is expected to gather further momentum as the two major problems that the industry faced in the October-December quarter of the financial year 2008-09 are being addressed - inventory levels declining and liquidity easing. The industrial sector continues to repose faith in domestic demand as its investment intentions remain robust. Several new capacities whose commissioning was deferred during October-December 2008 are now being commissioned. New capacity expansion plans are being announced. Hence we are likely to see growth albeit at a slower rate than the one witnessed in last 5 years.

**Your Company's Business Performance, Opportunities and Outlook**

The Container Division has witnessed a major setback. Hence the overall performance of the company reduced by 29%.

**(b) OUTLOOK ON OPPORTUNITIES**

Notwithstanding the decline in turnover of Shipping Industry, it is expected that the industry would post a healthy growth rate in the coming years. Continuous robust economic growth accompanied by increase in domestic consumption would lead to vibrant growth especially for shipping industries in container, bulk cargo both in liquid and dry cargo segments.

The Government, with a view to giving boost to shipping industry, is undertaking various initiatives such as encouraging private and public investments in development of ports, tonnage tax, dedicated freight corridors, 100% FDI in shipping etc. As per the draft NMDP the Government proposes to invest Rs. 1,00,000/- crores in NMDP in the next 10 years.

All these initiatives coupled with economic growth would translate into better opportunities for Indian shipping industry including coastal shipping.

With certain inherent advantages i.e. mixed fleet with a focus on coastal shipping, efficient utilisation of fleet, experienced personnel and innovation and diversification, that your Company has, it is expected to be benefited from this emerging scenario.

**(c) THREATS, RISKS AND CONCERNS**

India's shipping industry is governed by the Ministry of Shipping and thus is exposed to risks arising from political instability and changes in government policies from time to time.

The industry is also capital intensive. A single ship can cost anything between US \$ 20 mn to US \$ 300 mn. Also there are a large number of players in the market due to which no single company has significant pricing power.

The substantial upsurge in fuel costs world over in the past year has created a hindrance in the growth of the profitability of the company since fuel forms a major part of operating costs for ships.

The developed world may reduce its oil consumption but the developing world will increase its consumption resulting in growing opportunities in developing countries like China, India and Indonesia.

Due to current economic meltdown, there will be good opportunities for acquisition of good quality vessels at reduced prices. However, at the same time due to global economic slowdown and financial crisis, it will become increasingly difficult to obtain financing for acquisition of vessels in the global market.

The freight rates are mainly determined by the fine balance between future demand and supply of ships. Currently, there is a large order book of vessels in most sectors which coupled with economic slowdown may affect the freight rates adversely but at the same time with increased difficulty in obtaining finance for new building which are on order, it is expected that some of the new building orders will be cancelled.



The Company in its endeavour to minimise the risks associated with its type of business is employing competent team of professionals and is focused towards implementation of modern shore based management practices. Manning scale standards, levy of duty on oil bunkers and spares continue to be a concern.

In order to mitigate the risks the Company has taken various steps to limit the factors that emanate risks. These factors include:

- Insurance
- Proper credit check of the client portfolio
- A judicious mix of time and voyage charters to hedge spurt in the freight rates.
- Supporting customers, growth and competitiveness
- Engaging in long term charter hires.

**(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 31 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 coming years. 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.

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

**(f) PROJECT**

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

**(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 continues to have the prestigious ISO 9001-2000 Certification 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**

The Company has adequate and effective internal control systems commensurate with the size of its operations. The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures and ensures optimal use of resources at its disposal.

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

#### INTRODUCTION

Corporate Governance has become an integral part of the business at your company aligning, the organization to the best national and international practices and principles of good governance. This encompasses the value systems of integrity, fairness, transparency and adoption of the highest standards of business ethics, which aim to benefit the stakeholders.

#### 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, provision of equal opportunity in employment, political non alignment, promotion of health, safety and welfare, generation of quality service, compliance with all the relevant laws, regulations, improvement in quality of life and meeting social responsibility.

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.

#### 2. BOARD OF DIIRECTORS

The company has an Executive Chairman. The number of independent directors on the Board as on 31<sup>st</sup> March 2009 has been 50% of the total number of Directors. Mr. Tony Adam, an independent director, has since resigned with effect from 6<sup>th</sup> May 2009.

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 other Directorships	No. of Board committees (other than SKS Logistics Ltd.) where Chairman	No. of other Board committees (other than SKS Logistics Ltd.) where Member
Mr. S. K. Shahi	Promoter, Executive Chairman and Managing Director	5	-	-
Mr. F. M. Koli	Promoter, Executive Whole time Director	2	-	-
Capt. Walter Gonsalves	Non Promoter, Executive Whole time Director	1	-	-



Name of Directors	Category	No. of other Directorships	No. of Board committees (other than SKS Logistics Ltd.) where Chairman	No. of other Board committees (other than SKS Logistics Ltd.) where Member
Comde. M. Bhadal. I.N. (Retd.)	Non Promoter, Non Executive Independent Director	2	-	-
Mr. B. B. Bhawsar	Non Promoter, Non Executive Independent Director	-	-	-
Mr. Tony Adam (Up to 5th May,2009)-	Non Promoter, Non Executive Independent Director	1	-	-
Mr. R. V. Iyer (up to 31st August,2008)	Non Promoter, Non Executive Independent Director (Nominee of IDBI)	-	-	-

**Note:**

\*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 seven meetings of the Board of Directors were held during the year under review on 29-04-08, 30-07-08, 12-08-08, 27-08-08, 27-10-08, 29-01-09 and 26-03-09.

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	Meeting held during the tenure of the said director	Meeting Attended	Attendance during the General Body Meeting
Mr. S. K. Shahi	7	6	YES
Mr. F. M. Koli	7	2	NO
Capt. Walter Gonsalves	7	5	YES
Comde. M. Bhada I. N. (Retd.)	7	5	YES
Mr. B. B. Bhawsar	7	6	YES
Mr. Tony Adam (up to 5/5/2009)	7	1	YES
Mr. R. V. Iyer (up to 31/8/2008)	4	3	NO

**3. AUDIT COMMITTEE****BROAD TERMS OF REFERENCE**

The composition of the Audit Committee meets the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Company Secretary is the Secretary to the Audit Committee. 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 on 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 the 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.

The Chairman of the Audit Committee Cmde. M Bhada I. N. (Retd) was present at 18th Annual General Meeting held on 26th Sept 2008.

#### COMPOSITION

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

Name of Director	Designation	Status	No. of meetings held	No. of meetings attended
Cmde. M. Bhada I. N. (Retd)	Chairman	Non Executive, Independent Director	4	3
Mr. B. B. Bhawsar	Member	Non Executive, Independent Director	4	4
Capt. W. Gonsalves	Member	Executive, Whole Time Director	4	4

During the year 2008-2009 four meetings of the Audit Committee were held on the following dates: 30th July 2008, 12th August 2008, 27th October 2008 and 29th January 2009

#### 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	Independent, Non Executive
Mr. Tony Adam (Up to 5/5/09)	Member	Independent, Non Executive

During the year 2008-2009, the committee has not met.

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

The Non Executive Directors are paid sitting fees @ Rs 2500/ for each 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 appointment of Chairman and Managing Director is governed by resolutions passed by the Board of directors and shareholders of the company, which covers the terms of such appointment and remuneration read with service rules of the company. Payment of remuneration to Chairman and Managing Director is governed by the respective agreements executed between him and the company. Remuneration paid to Chairman and Managing Director is recommended by the Remuneration committee, approved by the Board and is within the limits set by the shareholders at the Annual General Meetings.

The remuneration package of Chairman and Managing Director comprises of salary, perquisites and allowances, commission and contribution to Provident and other retirement benefit funds as approved by the shareholders at the Annual General Meetings. Annual increments are linked to performance and are decided by the Remuneration Committee and recommended to the Board for approval thereof.

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 (Rs.)	Salary & Perquisites (Rs.)	Bonus/ Commission (Rs.)	Service Contract
Mr. S. K. Shahi	Promoter, Executive Chairman and Managing Director	-	41,30,000		5 years w.e.f 1st April 2008
Mr. F. M. Koli Whole time Director	Promoter, Executive	-	1,80,000		Renewed w.e.f 1/6/08
Capt. Walter Gonsalves Director	Executive Whole time	-	7,45,000		Renewed w.e.f 1/2/08
Cmdr .M. Bhada I. N. (Retd.)	Non Executive Independent Director	20,000			No service contract
Mr. B. B. Bhawsar	Non Executive Independent Director	25,000			No service contract
Mr. Tony Adam (upto 5/5/09)	Non Executive Independent Director	2,500			No service contract
Mr. R. V. Iyer (upto 31/8/08)	Non Executive Independent Director	7,500			N.A

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE**

The Share holders / Investors' Grievance Committee consists of the following:-

Name of Directors	Designation	Status
Mr. B. B. Bhawsar	Chairman	Independent, Non-Executive
Cmdr. M. Bhada I. N. (Retd.)	Member	Independent. Non-Executive
Capt. Walter Gonsalves	Member	Executive, Whole Time Director



The committee met 9 times during the year 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. A. Thanthoni Rao, Company Secretary as the compliance officer.

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

Number of Shareholders complaints received during the year:	6
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 14<sup>th</sup> August 2009.

#### **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
2005-06	AGM	22.09.2006	11:30 AM	Walchand Hirachand Hall, Churchgate, Mumbai.
2006-07	EOGM	09.01.2007	11:00 AM	Corporate Office, Vashi, Navi Mumbai
2006-07	AGM	27.09.2007	11.00 AM	Walchand Hirachand Hall, Churchgate, Mumbai
2007-08	EOGM	29.05.2007	11:00 AM	Corporate Office, Vashi, Navi Mumbai.
2007-08	AGM	26.09.2008	11.30 AM	Walchand Hirachand Hall, Churchgate, Mumbai

- 1) At the EOGM held on 29<sup>th</sup> May 2007, amendments to object clause was carried out.
- 2) At the 16th Annual General Meeting held on 22.09.2006 the company obtained approval of share holders by passing Special Resolution for revision in the remuneration payable to Mr. S.K. Shahi, Chairman & Managing Director. The same was further revised at the AGM held on 26<sup>th</sup> September 2008.



**7. SUBSIDIARIES**

Subsidiary companies viz SKS Logistics (Singapore) Pte Ltd and Shahi Shipping (BD) Ltd have not started their business operations. The Board has reviewed the position from time to time and has decided to liquidate the aforesaid subsidiary companies. Necessary formalities in this connection are being initiated. Suitable disclosure is also made in the notes to the accounts.

**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. A. Thanthoni Rao, Company Secretary is the compliance officer for adherence to the Regulations.

**10. CODE OF CONDUCT**

The Board of Directors have 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](http://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](http://www.shahilogistics.com) and of the Bombay Stock Exchange Ltd, Mumbai at [www.bseindia.com](http://www.bseindia.com). (The Management Discussion and Analysis Report forms part of the Annual Report.)

**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	: Friday, September 25, 2009 at 11.30 a.m.
Venue	: Walchand Hirachand Hall, 4th Floor, Indian Merchants', Chamber, Churchgate, Mumbai – 400 020

**(b) FINANCIAL CALENDAR**

Financial reporting for	
Quarter ending 30th June 2009	: July 2009
Quarter ending 30th September 2009	: October 2009
Quarter ending 31st December 2009	: January 2010
Year ending 31st March 2010	: April 2010



- (c) **DATE OF BOOK CLOSURE** : 19<sup>th</sup> September 2009 to 25<sup>th</sup> September 2009.  
 (d) **Listing of Equity shares** : **Bombay Stock Exchange Limited**

The Company has paid listing fees to the Bombay Stock Exchange Limited for the financial year 2008-09.

- (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 2009 is as under:

Month	High (Rs.)	Low (Rs.)
April 2008	40.75	30.05
May 2008	38.00	31.00
June 2008	33.75	25.00
July 2008	30.25	20.80
August 2008	31.00	24.35
September 2008	27.70	18.00
October 2008	20.00	8.50
November 2008	14.00	10.11
December 2008	16.69	11.00
January 2009	16.29	12.27
February 2009	15.75	11.23
March 2009	13.24	10.30

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

209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Sakinaka, Mumbai -- 400 072.

Telephone: 28500835. Fax 2850143, E-mail: [zip@sysss.com](mailto:zip@sysss.com)

- (i) **Distribution of shareholding as on 31st March 2009:**

Shareholding	No of Share holders	% to no of Share holders	Np. of Shares	% to paid up Capital
Up to 500	4768	87.374	9,31,227	6.425
501 – 1000	354	6.487	2,92,497	2.018
1001 – 2000	157	2.877	2,49,582	1.722
2001 – 3000	46	0.843	1,18,692	0.819
3001 – 4000	30	0.550	1,11,442	0.769
4001 – 5000	18	0.330	84,577	0.583
5001 – 10000	30	0.550	2,30,904	1.593
10001 and above	54	0.990	1,24,75,953	86.071
<b>Total</b>	<b>5457</b>	<b>100.00</b>	<b>1,44,94,874</b>	<b>100.00</b>

**(j) Shareholding Pattern as on 31 March 2009:**

Category	No. of Shares	Percentage
Promoters	85,24,049	58.808
Mutual fund	200	0.001
Bank /Financial / Institutions	200	0.001
Corporate bodies	26,88,072	18.545
FII / NRI / OCB	139,068	0.960
Indian Public	31,43,285	21.685
<b>Total</b>	<b>144,94,874</b>	<b>100.000</b>

**(k) Dematerialization of shares**

The Company's shares are compulsorily traded in dematerialized form. As on 31st March 2009, 95,75,929, shares were in dematerialisation form with the NSDL & CDSL. This work out to 66.06 % 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](mailto:zip@sysss.com)

Mr. A. Thanthoni Rao, Company Secretary & Compliance Officer  
404, Abhay Steel House, Baroda Street,  
Mumbai – 400 009  
E-mail: [admin@shahilogistics.com](mailto:admin@shahilogistics.com)

Place : Mumbai  
Date : 14<sup>th</sup> August, 2009

**S. K. SHAHI**  
Chairman & Managing Director



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of  
SKS LOGISTICS LIMITED  
Mumbai

We have examined the compliance of the conditions of Corporate Governance by SKS Logistics Ltd. (the Company) for the year ended 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges .

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 conditions of Corporate Governance as stipulated in the above mentioned 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**  
Chartered Accountants

Place : Mumbai  
Date : 14<sup>th</sup> August 2009

**N. D. HEDA**  
Proprietor  
Membership No. 32450



## 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, 2009 and also the annexed Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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, 2009 and taken on record by the Board of Directors, none of the Directors is prima-facie disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) Disclosure of Deferred Tax Liability is made under the head "Reserve an Surplus" for the reasons stated in note 27 of schedule 19.
  - (g) 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, 2009.
    - II) In the case of the Profit and Loss Account 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**  
Chartered Accountants

**N. D. HEDA**  
Proprietor  
Membership No. 32450

Place : Mumbai  
Date : 14<sup>th</sup> August 2009

**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, 2009).

1. (a) The Company has maintained on year to year basis the records showing particulars including quantitative details of fixed assets and company is in process of updating the fixed assets register.  
(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 Rs. 219.00 lacs (previous year Rs. 171.00 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 Rs. 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.
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 statutory dues in respect of provident fund, investor education and protection fund, employees state insurance, sales-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 in respect of Self Assessment Income Tax & Fringe Benefit Tax. The extent of the arrears of statutory dues outstanding as at 31/03/2009 for a period of more than six months from the date became payable in respect of Income Tax & Fringe Benefit Tax pertaining to financial years, 2006-07 & 2007-08 Rs. 47.35 Lacs.



- (b) According to the information & explanation given to us the Income Tax Demand under The Income Tax Act 1961 pertaining to financial year 2003-04 sum of Rs 7.16 Lacs disputed before the Income Tax Appellate Tribunal and sum of Rs 139 Lacs pertaining to financial years 2003-04 to 2006-07 disputed before the Commissioner of Income Tax (Appeal) which have not been deposited by the Company on account of dispute with concerned authorities and same is being contested by the Company.
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. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders, as at the balance sheet date.
  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**  
Chartered Accountants

Place : Mumbai  
Date : 14<sup>th</sup> August 2009

**N. D. HEDA**  
Proprietor  
Membership No. 32450

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Sch No.	As At 31st March 2009	As At 31st March 2008
<b>SOURCES OF FUNDS</b>			
Share Capital	1	144,948,740	144,948,740
Reserves & Surplus	2	298,552,938	289,117,316
Secured Loans	3	517,934,106	518,436,000
Unsecured Loans	4	26,562,960	10,600,000
		<b>987,998,744</b>	<b>963,102,056</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5	715,964,984	781,929,181
Investments	6	192,560	192,560
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors	7	232,910,518	163,605,572
Cash & Bank Balances	8	2,789,143	4,535,261
Other Current Assets	9	64,648,816	68,515,109
Loans & Advances	10	124,386,529	75,843,491
		<b>424,735,006</b>	<b>312,499,433</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	92,340,068	57,201,206
Provisions	12	61,691,488	75,455,662
		<b>154,031,556</b>	<b>132,656,868</b>
<b>NET CURRENT ASSETS</b>			
		<b>270,703,450</b>	<b>179,842,565</b>
<b>MISCELLANEOUS EXPENDITURE</b>	13	1,137,750	1,137,750
(to the extent not written off or adjusted)			
		<b>987,998,744</b>	<b>963,102,056</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND</b>			
<b>NOTES TO THE ACCOUNTS</b>			
	19		

The Schedules referred to above form an integral part of Balance Sheet

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

**For N.D.HEDA & CO.**  
Chartered Accountants

**S.K.SHAHI**  
Chairman & Managing Director

**CMDE. M. BHADA**  
Director

**N.D.HEDA**  
Proprietor  
Membership No.32450

**A.T.RAO**  
Company Secretary

Place : Mumbai

Dated : 14th August 2009.



**PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2009.**

	Sch No.	As At 31st March 2009	As At 31st March 2008
<b>INCOME</b>			
Income from Operations	14	328,291,062	459,340,495
Other Income	15	13,061,286	7,711,866
Profit on sale of Assets		3,187,182	89,598
		<b>344,539,530</b>	<b>467,141,959</b>
<b>EXPENDITURE</b>			
Direct Operation expenses	16	122,773,540	188,984,816
Administrative expenses	17	61,742,451	82,998,852
Financial expenses	18	71,831,519	67,460,896
Depreciation		76,208,245	80,561,802
Loss on Sale of Assets		201,962	1,869,471
		<b>332,757,717</b>	<b>421,875,837</b>
<b>Profit before Taxation</b>		<b>11,781,813</b>	<b>45,266,122</b>
Less : Current Tax		1,375,000	13,461,000
Less : Deferred Tax		8,662,000	4,627,000
Less : Fringe Benefit Tax		971,191	1,094,839
<b>Profit after Tax</b>		<b>773,622</b>	<b>26,083,283</b>
Add: Surplus from Previous Year		118,707,045	111,234,126
<b>Profit available for Appropriations</b>		<b>119,480,667</b>	<b>137,317,409</b>
<b>APPROPRIATIONS:</b>			
Transfer to General Reserve		-	2,500,000
Proposed Dividend		-	13,770,130
Income Tax on Proposed Dividend		-	2,340,234
<b>BALANCE CARRIED FORWARD</b>		<b>119,480,667</b>	<b>118,707,045</b>
Earnings per share (Rs.) (Basic & Diluted)		<b>0.05</b>	<b>1.80</b>

**SIGNIFICANT ACCOUNTING POLICIES AND****NOTES TO THE ACCOUNTS**

19

The Schedules referred to above form an integral part of Profit & Loss Account

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

**For N.D.HEDA & CO.**  
Chartered Accountants

**S.K.SHAHI**  
Chairman & Managing Director

**CMDE. M. BHADA**  
Director

**N.D.HEDA**  
Proprietor  
Membership No.32450

**A.T.RAO**  
Company Secretary

Place : Mumbai

Dated : 14th August 2009.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	(Rs. In'000s) 2008-2009	(Rs. In'000s) 2007-2008
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extraordinary Items	11,782	45,266
<b>Adjustment for</b>		
Depreciation	76,208	80,562
Loss /( Profit) on sale of Assets (Net)	(2,985)	1,779
Dividend Income	(12)	(6)
Interest Income	(251)	(510)
Foreign Exchange rate difference	(14)	
Interest Expenses	69,846	148,191
<b>Operating Profit before working Capital Changes</b>	<b>154,574</b>	<b>193,457</b>
<b>Adjustment for</b>		
Trade & Other receivables	(114,346)	(44,408)
Trade Payables	22,697	(33,407)
<b>Cash generated from operation</b>	<b>62,925</b>	<b>160,050</b>
Direct Taxes paid	-	(466)
Fringe Benefit Tax Paid	-	(749)
Interest paid	(57,431)	(66,366)
<b>Net cash from operating Activities(A)</b>	<b>5,494</b>	<b>92,469</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(33,516)	(82,855)
Sale of Fixed Assets	26,257	3,996
Dividend Received	12	6
Interest Received	149	565
<b>Net Cash used in Investing Activities(B)</b>	<b>(7,098)</b>	<b>(78,288)</b>
	(1,604)	14,181
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	15,461	(6,061)
Foreign Exchange rate difference	14	
Dividend paid	(15,617)	(12,719)
<b>Net Cash used in Financing Activities( C )</b>	<b>(142)</b>	<b>(18,780)</b>
<b>Net Changes in cash &amp; cash equivalents(A+B+C)</b>	<b>(1,746)</b>	<b>(4,599)</b>
<b>Cash &amp; cash equivalents in - opening Balance</b>	<b>4,535</b>	<b>9,134</b>
<b>Cash &amp; cash equivalents in - Closing Balance</b>	<b>2,789</b>	<b>4,535</b>
	<b>1,746</b>	<b>4,599</b>

**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 our report of even date

FOR AND ON BEHALF OF THE BOARD

For N.D.HEDA & CO.  
Chartered AccountantsS.K.SHAHI  
Chairman & Managing DirectorCMDE. M. BHADA  
DirectorN.D.HEDA  
Proprietor  
Membership No.32450A.T.RAO  
Company Secretary

Place : Mumbai

Dated : 14th August 2009.

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009**

	As At 31st March 2009	As At 31st March 2008
<b>SCHEDULE :1</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>AUTHORISED SHARE CAPITAL</b>		
300,00,000 EQUITY SHARES OF RS.10/-EACH	<u>300,000,000</u>	<u>300,000,000</u>
(Previous year 3,00,00,000 Equity Shares of Rs.10/- each )		
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
1,44,94,874 EQUITY SHARES OF RS.10/-EACH FULLY PAID	<u>144,948,740</u>	<u>144,948,740</u>
(Previous year 1,44,94,874 Equity Shares of Rs.10/-each fully paid )		
(Out of the above 72,47,437 Equity Shares of Rs.10/-each was allotted as fully paid-up bonus shares by capitalisation of general reserve)		
<b>SCHEDULE :2</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b>GENERAL RESERVE</b>		
AS PER LAST BALANCE SHEET	106,979,421	104,479,421
Add: Transferred from Profit & Loss Account	-	2,500,000
	<u>106,979,421</u>	<u>106,979,421</u>
<b>RESERVES U/S 115VT of Income Tax Act,1961</b>		
AS PER LAST BALANCE SHEET	2,461,850	2,461,850.00
	<u>2,461,850</u>	<u>2,461,850</u>
<b>DEFERRED TAX RESERVE</b>		
AS PER LAST BALANCE SHEET	60,969,000	56,342,000
Add : Transferred from Profit & Loss A/C	8,662,000	4,627,000
	<u>69,631,000</u>	<u>60,969,000</u>
<b>PROFIT AND LOSS ACCOUNT</b>		
	<u>119,480,667</u>	<u>118,707,045</u>
	<u>298,552,938</u>	<u>289,117,316</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009**

	As At 31st March 2009	As At 31st March 2008
<b>SCHEDULE :3</b>		
<b>SECURED LOANS</b>		
<b>11% SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURE</b> (Privately placed with the Financial Institution .Secured by hypothecation of charges on specific barges and personal guarantee of certain Directors as per deed of hypothecation redeemable in 20 quarterly instalments commenced from April,2004)	-	16,500,000
<b>IDBI</b> (Secured by hypothecation of specific barges & assignment of receivable of specific barges and Personal guarantee of some of the Directors)	<b>69,000,000</b>	5,868,639
<b>DENA BANK SHORT TERM LOAN</b> (Secured by hypothecation of specific barges & Personal guarantee of certain Directors)	<b>49,530,178</b>	49,988,720
<b>DENA BANK - TERM LOAN</b> (Secured by hypothecation of specific barges & Personal guarantee of certain Directors)	<b>55,140,666</b>	57,900,666
<b>CASH CREDIT FACILITY FROM STATE BANK OF INDORE</b> (Secured by Book Debts, hypothecation of specific barges & personal guarantee of certain Directors)	<b>60,099,164</b>	53,032,408
<b>STATE BANK OF INDORE-TERM LOAN</b> (Secured by hypothecation of specific barges & personal guarantee of certain Directors)	<b>31,053,865</b>	35,092,991
<b>UNITED BANK OF INDIA - TERM LOAN</b> (Secured by hypothecation of specific barges & personal guarantee of certain Directors)	<b>31,936,917</b>	38,438,417
<b>DENA BANK / TERM LOAN - ROYAL PISCES</b> (Secured by hypothecation of specific barges & Personal guarantee of certain Directors)	<b>109,322,227</b>	121,900,565.00
<b>PUNJAB NATIONAL BANK CORPORATE LOAN</b> (Secured by hypothecation of specific barges & Personal guarantee of certain Directors)	<b>4,910,000</b>	18,743,379.00
<b>STATE BANK OF HYDERABAD- CORPORATE LOAN</b> (Secured by hypothecation of specific barges & Personal guarantee of certain Directors)	-	12,499,172.00
<b>HDFC BANK LTD</b> (Secured by deposit of Title Documents of Vashi Site)	<b>18,982,421</b>	11,074,667.00
<b>CAR LOAN-HDFC BANK</b> (Secured by hypothecation of Motor vehicles).	<b>3,489,029</b>	5,540,403
<b>CAR LOAN-STATE BANK OF INDORE</b> (Secured by hypothecation of Motor vehicles).	<b>1,386,961</b>	2,013,625
<b>CAR LOAN-Tata Motors Finance Ltd.</b> (Secured by hypothecation of Motor vehicles).	<b>2,113,505</b>	-
<b>SREI INFRASTRUCTURE FINANCE LTD.</b> (Secured by hypothecation of specific barges and personal guarantee of some of the Directors)	<b>78,101,961</b>	89,842,348
<b>KOTAK MAHINDRA -TERM LOAN</b> (Secured by Personal guarantee of Managing Director)	<b>2,867,212</b>	-
<b>TOTAL</b>	<b>517,934,106</b>	<b>518,436,000</b>
<b>SCHEDULE :4</b>		
<b>UNSECURED LOANS</b>		
From Corporate Bodies	<b>22,762,960</b>	9,400,000
From Directors	<b>3,800,000</b>	1,200,000
	<b>26,562,960</b>	10,600,000

**SCHEDULE : 5**  
**FIXED ASSETS**



PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.3.2008 Rs.	ADDITIONS DURING THE YEAR Rs.	DEDUCTIONS DURING THE YEAR Rs.	AS AT 31.03.2009 Rs.	UP TO 31.03.2008 Rs.	DEP. FOR THE YEAR Rs.	ADJUSTMENT IN RESPECT OF ASSETS SOLD	UP TO 31.03.2009 Rs.	AS AT 31.03.2009 Rs.	AS AT 31.3.2008 Rs.
FREEHOLD LAND	845,316	-	-	845,316	-	-	-	-	845,316	845,316
LEASE HOLD LAND	4,709,760	-	-	4,709,760	330,544	78,496	-	409,041	4,300,719	4,379,216
FLEET	1,251,267,656	34,314,401	56,214,680	1,229,367,377	565,237,313	68,127,401	34,532,697	598,832,017	630,535,360	686,030,343
MACHINERY	10,489,358	-	-	10,489,358	5,037,692	758,327	-	5,796,019	4,693,339	5,451,666
TANKERS	1,615,728	-	-	1,615,728	1,406,121	62,882	-	1,469,003	146,725	209,607
BUILDINGS*	22,140,786	-	-	22,140,786	4,500,311	882,024	-	5,382,335	16,758,451	17,640,475
ELECTRICAL INSTLTNS.	2,008,505	-	-	2,008,505	935,787	149,215	-	1,085,002	923,503	1,072,718
FURNITURE, FIXTURES	7,776,524	2,023,279	-	9,799,803	4,211,742	788,898	-	5,000,640	4,799,163	3,564,782
TYPE WRITER	54,103	-	-	54,103	46,900	1,002	-	47,902	6,201	7,203
COMPUTER	4,711,774	118,084	-	4,829,858	3,482,310	524,631	-	4,006,941	822,917	1,229,464
OFFICE EQUIPMENT	5,454,284	347,444	-	5,801,728	2,827,496	390,734	3,218,230	2,583,498	2,626,788	
VEHICLES	36,307,619	3,529,988	4,466,179	35,371,428	20,918,969	4,421,685	2,876,182	22,464,472	12,906,956	15,388,650
SUNDRY ASSETS COSTING BELOW RS.5000/- WRITTEN OFF	502,516	22,950	-	525,466	502,516	22,950	-	525,466	-	-
	1,347,883,929	40,356,146	60,680,859	1,327,559,216	609,437,701	76,208,245	37,408,879	648,237,068	679,322,148	738,446,228
CAPITAL WORK-IN-PROGRESS & ADVANCES FOR CAPITAL GOODS	43,482,953	1,377,602	8,217,720	36,642,835	-	-	-	36,642,835	43,482,953	
<b>TOTAL RUPEES</b>	<b>1,391,366,882</b>	<b>41,733,748</b>	<b>68,898,579</b>	<b>1,364,202,051</b>	<b>609,437,701</b>	<b>76,208,245</b>	<b>37,408,879</b>	<b>648,237,068</b>	<b>715,964,984</b>	<b>781,929,181</b>
PREVIOUS YEAR	1,319,545,123	85,525,737	13,703,978	1,391,366,882	534,133,088	80,561,801	5,257,188	609,437,700	781,929,181	785,412,035

\* The Building includes Rs.1750/= being the value of shares hold in co-operative Societies

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009**

	As At 31st March 2009	As At 31st March 2008
<b>SCHEDULE :6</b>		
<b><u>INVESTMENTS.</u></b>		
Investments in Equity Shares (at cost)		
<b>Quoted :</b>		
<b>Other Than Trade</b>		
Equity Shares of Bank of Baroda (1000 Equity Shares of Rs.10/- each fully paid) ( Market Value Rs. 2,34,550/-)	85,000	85,000
<b>Unquoted :</b>		
<b>I. Other Than Trade</b>		
Equity Shares of Shamrao Vithal Co-op Bank (400 Equity Shares of Rs.25/- each Fully Paid)	10,000	10,000
Equity Shares of Saraswat Co-op Bank Ltd. (1005 Equity Shares of Rs.10/- each Fully Paid)	10,050	10,050
<b>II. Trade</b>		
<b>In Subsidiary Companies:</b>		
Equity Shares of Shahi Shipping (Singapore) Ltd. (1Equity Share of 1 Singapore \$ each)	27	27
Equity Shares of Shahi Shipping (Bangladesh) Ltd. (997 Equity Shares of 100 Bangladesh Takka each)	87,483	87,483
	<u>192,560</u>	<u>192,560</u>
<b>SCHEDULE :7</b>		
<b><u>SUNDRY DEBTORS (Considered Good)</u></b>		
Debts outstanding for a period exceeding six months*	158,018,422	76,592,432
Other Debts	74,892,096	87,013,140
	<u>232,910,518</u>	<u>163,605,572</u>
(includes Rs. Nil ( Previous year Rs.33,181/-) due from a Company under the same Management.)		
<b>SCHEDULE :8</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash balance on hand	419,412	327,350
Foreign Currency in hand	74,086	59,706
<b>Bank balances with Scheduled Banks :</b>		
Margin Money Deposit against Guarantees	1,115,495	461,623
Current Accounts	262,564	2,964,152
Dividend Accounts	917,586	702,430
Cheques on hand	-	20,000
	<u>2,789,143</u>	<u>4,535,261</u>
<b>SCHEDULE :9</b>		
<b><u>OTHER CURRENT ASSETS</u></b>		
Interest accrued on Bank FDR's	125,672	23,684
Interest Subsidy Receivable	64,523,144	64,523,144
Receivable from Bank in respect of foreign exchange contract	-	3,968,281
	<u>64,648,816</u>	<u>68,515,109</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009**

	As At 31st March 2009	As At 31st March 2008
<b>SCHEDULE :10</b>		
<b>LOANS &amp; ADVANCES (Considered good)</b>		
Tax paid (including TDS)	71,670,875	60,257,517
Deposit with statutory bodies	1,581,225	1,306,226
Deposit with others	5,785,630	5,494,219
Advances Recoverable in Cash or in kind for value to be received *	45,348,799	8,785,529
* Includes Rs.30,26,901/- (Previous year Rs.2,956,670/-) dues from subsidiaries and Rs.30,46,182/- (Previous year Rs.26,43,420/-) dues from companies where directors are interested .	<u>124,386,529</u>	<u>75,843,491</u>
<b>SCHEDULE :11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	89,975,189	54,918,123
Trade Deposits	1,450,000	1,583,360
Unclaimed Dividend*	914,879	699,723
* (There are no amount due and outstanding to be credited to Investor Protection Fund)	<u>92,340,068</u>	<u>57,201,206</u>
<b>SCHEDULE :12</b>		
<b>PROVISIONS</b>		
For Taxation	59,542,000	58,167,000
For Fringe Benefit Tax	2,149,488	1,178,298
For Proposed Dividend	-	13,770,130
For Tax on Proposed Dividend	-	2,340,234
	<u>61,691,488</u>	<u>75,455,662</u>
<b>SCHEDULE :13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Expenditure incurred for Public Issue (To the extent of not written off or adjusted)	1,137,750	1,137,750
	<u>1,137,750</u>	<u>1,137,750</u>
<b>SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009</b>		
<b>SCHEDULE :14</b>		
<b>INCOME FROM OPERATIONS</b>		
Income from Operations	<u>328,291,062</u>	<u>459,340,495</u>
	<u>328,291,062</u>	<u>459,340,495</u>
<b>SCHEDULE :15</b>		
<b>OTHER INCOME</b>		
Interest from Banks & Others	251,053	510,119
Dividend	11,500	6,000
Insurance Claim Received	-	416,375
Rebate and Discount Received	168,210	242,850
Sundry balances written back (Net)	12,569,402	6,527,522
Misc. Income	61,122	9,000
	<u>13,061,286</u>	<u>7,711,866</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	As At 31st March 2009	As At 31st March 2008
<b>SCHEDULE :16</b>		
<b><u>DIRECT OPERATION EXPENSES</u></b>		
Hire, Transportation & Water Charges	14,935,922	10,230,301
Voyage Expenses	391,972	915,955
Agency fees	4,012,248	12,918,037
Crane Charges	2,022,758	3,737,310
Repairs & Maintainance (Fleet)	18,452,444	28,403,784
Barge Operation Expenses	27,443,302	47,360,951
Port Dues	8,752,036	15,076,222
Fuel & Oil	39,887,817	58,681,203
Insurance Charges	5,823,007	8,987,745
Survey Charges	1,052,034	2,673,309
	<u>122,773,540</u>	<u>188,984,816</u>
<b>SCHEDULE :17</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Salary& Bonus & Gratuity etc.	23,522,490	27,836,883
Contribution to PF & other Funds	1,507,744	1,723,904
Staff welfare	907,174	1,607,005
Rent	1,332,219	1,307,697
Insurance charges	996,458	292,563
Travelling expenses	4,577,757	5,049,734
Telephone,Telex ,Fax Expenses	1,799,488	2,567,702
Auditors remuneration	414,446	422,453
Advertisement & publicity expenses	700,987	1,490,279
Bad debts written off	72,419	201,518
Directors remuneration	4,875,000	4,781,352
Directors sitting fees	60,000	75,000
Electricity charges	1,218,391	1,201,074
Printing & Stationery expenses	577,102	967,493
Legal,professional & consultancy charges	7,059,541	9,097,852
Secretarial expenses	153,385	212,839
conveyance expenses	104,540	955,151
Other expenses	6,084,664	8,699,428
Rebates & discounts	2,645,887	9,826,529
Repairs & maintenance - Building	39,409	39,733
Repairs & maintenance (others)	3,093,351	4,642,663
	<u>61,742,451</u>	<u>82,998,852</u>
<b>SCHEDULE :18</b>		
<b><u>FINANCE EXPENSES</u></b>		
Interest to Banks & Financial Institution	69,845,540	66,365,686
Bank Charges & Commission	1,985,978	1,095,210
	<u>71,831,519</u>	<u>67,460,896</u>



**SCHEDULE: 19****Significant Accounting Policies and Notes to the Accounts: -****1. Method of Accounting:**

The accounts are prepared under historical cost convention and are based on the accrual basis of accounting except that liability for bonus, leave encashment and receipt of insurance claims, which are accounted on cash basis.

**2. Fixed Assets:**

Fixed assets are stated at cost of acquisition including interest during construction period, if any, less accumulated depreciation.

**3. Capital Work in Progress and Advances for Capital Goods:**

Capital work-in-progress and Advances for capital goods includes advances for projects and advances for capital goods.

**4. 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.

**5. Investments:**

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

**6. Foreign Exchange Transaction:**

Loan in foreign currency from banks and financial institutions for acquisition of fixed assets are converted at the rate of exchange prevailing on the date of Balance Sheet.

Government of India, Ministry of Corporate Affairs vide notification No. GSR 225 (E) dated 31<sup>st</sup> March 2009 issued Companies ( Accounting Standards) Amendment Rules, 2009 with effect from Accounting year commencing on or after 7<sup>th</sup> December,2006.

In terms of the notification referred above, exchange differences arising on reporting of long term foreign currency loans, so far as they relate to acquisition of depreciable Capital Assets. Is added to or deducted from the cost of the assets and depreciated over the balance life of the assets and in other cases it is accumulated in Foreign Currency Monetary items Translation Difference Account and amortised over balance period of such long term liability but not beyond 31<sup>st</sup> March,2011.

Current assets and current liabilities are converted at the rate prevailing on the Balance Sheet date and the net results is taken into Profit & Loss Account.

**7. 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.

**8. 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 for on cash basis.

**9. 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 are of a capital nature, the same are added to the cost of the respective vessels.

**10. Stores & Spares:**

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

**11. Taxes on Income**

Provision for current tax is made, based on tax payable under Income Tax Act 1961. The company has provided for Deferred Tax Liability which arises due to the timing difference between accounting income and taxable income except on income under tonnage tax scheme for the Financial years 2004-2005 to 2007-2008, as no deferred tax is applicable to such income as there are no timing differences.

**12. Issue expenses:**

Issue expenses pertaining to the projects are capitalized.

**13. Contingent liability not provided for:**

- a) On account of guarantees executed by the company's Bankers for Rs. 73.90 lacs (previous year Rs. 43.22 lacs), which is partly secured by the Margin Money amounting to Rs. 11.15 lacs (previous year Rs. 4.62 lacs) retained by the Bank.
  - b) Demand in respect of additional Income Tax disputed in Appeal Rs. 146.16 lacs ( Previous year NIL ).
14. Government of India, Ministry of Corporate Affairs vide notification No. GSR 225 (E) dated 31<sup>st</sup> March 2009 issued Companies (Accounting Standards) Amendment Rules, 2009 with effect from Accounting year commencing on or after 7<sup>th</sup> December,2006.

In terms of the notification referred above, exchange differences arising on reporting of long term foreign currency loans, so far as they relate to acquisition of depreciable Capital Assets. Is added to or deducted from the cost of the assets and depreciated over the balance life of the assets and in other cases it is accumulated in Foreign Currency Monetary items Translation Difference Account and amortised over balance period of such long term liability but not beyond 31<sup>st</sup> March,2011.

Accordingly loss on foreign exchange contract in respect of FCDL loan relating to acquisition of depreciable Capital assets amounting to RS. 39.68 lacs of the previous year are added to the cost of such assets.

15. Debtors include Rs. 22.67 lacs (Previous year Rs. 22.67 lacs) in respect of cases which are under arbitration/ dispute. In the opinion of the management the said debts are considered good.
16. On account of being a shipping company, details in connection with Para 3 of Part II of Schedule VI of the Companies Act, 1956 have not been given.
17. The other current assets in schedule 9 includes Rs. 645.23 lacs (Previous year Rs. 645.23 lacs) of interest subsidy receivable from Central Government Inland Waterways Authority. The amount outstanding is considered good by the management,
18. The Sundry Debtors, Sundry Creditors, Loans, Deposits and Loans & Advances are subject to confirmation/ reconciliation. The management does not expect any material difference affecting the current financial statements.
19. In the opinion of the Board, Current Assets, Loan and Advances 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.
20. The company is engaged only in the business of shipping and as such there is no separate reportable segment as per Accounting Standard 17.
21. (a) Sundry Creditors include amounts due to small scale Industrial undertakings –  
Rs.50,333/-(previous year Rs. 1.57 lacs ).
- (b) There were no party being small scale /ancillary industrial undertaking to whom amount exceeding Rs. 100,000/- is outstanding for more than 30 days but not overdue: (Previous year -Dipti Fire Services )
- (c) There were no amounts overdue to Small Scale and/or Ancillary Industrial suppliers on account of principal and / or interest as at the close of the year.
- (d) The above disclosure is based on the information/ documents available with the company.



22. The SKS Logistics (Singapore) Pte Ltd. and Shahi Shipping (BD) Ltd, the aforesaid two subsidiaries companies of SKS Logistics Ltd (Parent Company) has been not started any business operation and in the process of liquidation, accordingly the control of the parent company is temporary. Hence the consolidated financial statement of the SKS Logistics Limited and its subsidiaries SKS Logistics (Singapore) Pte Ltd. and Shahi Shipping (BD) Ltd has not been prepared.

23. Previous year's figures have been regrouped and rearranged wherever necessary to confirm to those of the current year.

24. **Expenditure in Foreign Currency:**

	<u>31<sup>st</sup>March 2009 (Rs)</u>	<u>31<sup>st</sup>March 2008 (Rs)</u>
Traveling	NIL	10,67,978
VHF Expenses	28,662/-	Nil
Subscription	NIL	23,863
Purchase of Spares	NIL	16,85,672
<b>25. Earnings in Foreign Currency:</b>		
From Operations	NIL	NIL
<b>26. Auditors' Remuneration includes:</b>		
For Company Law Audit	1,60,000	1,40,450
For Tax Audit	50,000	44,944
For Taxation	30,000	28,090
For Certification	1,64,609	2,00,115
For Reimbursement of Expenses	10,579	8,854
<b>27. The break-up of net Deferred Tax Liability is as under:</b>		
<b>Deferred Tax Assets</b>	<b>NIL</b>	<b>NIL</b>
<b>Deferred Tax Liability</b>		
Difference between Book & Tax Depreciation	<b>696.31</b>	609.69
Net deferred tax liability on account timing differences	<b>696.31</b>	609.69

As in the past years the accumulated credit balance in the Deferred Tax Account has been shown under the head "Reserves & Surplus ", as in the opinion of the management the liability for deferred tax does not exist on the date of the Balance Sheet.

28. 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.

29. **Earnings per Share**

	<u>31<sup>st</sup>March 2009</u>	<u>31<sup>st</sup>March 2008</u>
Profit after taxation as per Profit & Loss Account	7,73,622	2,60,83,283
Number of equity shares outstanding for basic and diluted EPS	14494874	14494874
Basic & diluted EPS	Rs. 0.05	Rs. 1.80
Face value per share	Rs.10/-	Rs.10/-

30. Prior period expenses debited during the year was NIL (previous year was Rs. Rs. 2.73 lac).

31. **A. Remuneration to Directors including Managing Director & Whole-time Directors.**

	<u>Rs. In Lacs 2008-09</u>	<u>Rs. In Lacs 2007-08</u>
Salary, Bonus & Perquisites	48.75	42.60
Contribution to Provident Fund and other funds	1.80	1.80
Commission to Managing Director	NIL	5.21
	<b>50.55</b>	<b>49.61</b>

**32. Related Party Disclosures:****RELATED PARTY RELATIONSHIPS:**

- a) Where control exists: SKS Logistics (Singapore) Pte Limited  
Shahi Shipping (BD) Limited  
India First Logistics Limited  
Shahi Gasol Limited  
SKS Shipyard Pvt.Ltd.  
Royal Logistics ( Ship ) Ltd.
- b) Key Management Personnel: Mr. S. K. Shahi  
Chairman & Managing Director  
Mr. F. M. Koli  
Wholetime Director  
Capt. W. Gonsalves  
Wholetime Director
- c) Other Related Parties: Aryan Transport Company Pvt Ltd.  
Royal Cruise Liners Limited  
Koli Finance Pvt. Limited

**TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR:**

TYPE OF RELATED PARTY	NATURE OF TRANSACTIONS	Rs. In Lacs	Rs. In Lacs
		AMOUNT 2008-09	AMOUNT 2007-08
<b>Where control exists</b>	Advance given	4.73	2.44
	Loans Taken	107.00	55.00
	Loans Repaid	70.00	30.00
	Crew Maint. Charges	42.65	0.00
<b>Key Management Personnel</b>	Remuneration paid to Key Management Personnel	50.55	49.60
	Loans Taken	21.00	55.00
	Loans Repaid	NIL	55.00
<b>Other related parties</b>	Loans taken	NIL	150.00
	Loans Repaid	NIL	105.00

**OTHER BALANCES OUTSTANDING AS AT THE YEAR END**

	Rs. In Lacs AMOUNT 2008-09	Rs. In Lacs AMOUNT 2007-08
<b>1. Where Control Exists</b>		
Debtors	NIL	0.33
Advances given	60.73	56.00
Unsecured Loans taken	107.00	25.00
Sundry Creditors	6.76	NIL
<b>2. Key Management Personnel</b>		
Unsecured Loans taken	33.00	12.00
<b>3. Other Related Parties</b>		
Unsecured Loans taken	24.00	69.00
Trade Deposit	14.50	14.50

**30. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration Number

0 5 8 6 8 0

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 0 9

**II. Capital raised during the year ( Amount in Rs. Thousands)**

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Issue

N I L

**III. Position of Mobilisation and deployment of funds ( Amount in Rs. Thousands)**

Total Liabilities

1 1 4 2 0 3 0

Total Assets

1 1 4 2 0 3 0

Source of Funds

Paid up Capital

1 4 4 9 4 9

Reserves &amp; Surplus

2 9 8 5 5 2

Secured Loans

5 1 7 9 3 4

Unsecured Loans

2 6 5 6 3

Application of Funds

Net Fixed Assets

7 1 5 9 6 5

Investments

1 9 3

Net Current Assets

2 7 0 7 0 3

Misc. Expenditure

1 1 3 7

Accumulated Losses

N I L

**IV. Performance of Company ( Amount in Rs Thousands)**

Turnover ( Gross Revenue)

3 4 4 5 4 0

Total Expenditure

3 3 2 7 5 8

Profit(+)/ Loss(-) before Tax

1 1 7 8 2

Profit(+)/ Loss(-) after Tax

7 7 4

Earning per Share in Rs.

0. 0 5

Dividend Rate (%)

N I L

**V. Generic Names of Three principal Products/ Services of the Company ( as per Monetary Terms)**

Item Code No. ( ITC Code)

N I L

Product Description

S H I P P I N G

As per our report of even date

FOR AND ON BEHALF OF THE BOARD

**For N.D.HEDA & CO.**  
Chartered Accountants**S.K.SHAHI**  
Chairman & Managing Director**CMDE. M. BHADA**  
Director**N.D.HEDA**  
Proprietor  
Membership No.32450**A.T.RAO**  
Company SecretaryPlace : Mumbai  
Dated : 14th August 2009.

**DETAILS OF FLEET AS ON 31ST MARCH 2009**

<b>NAME OF VESSELS</b>	<b>TYPE OF VESSELS</b>	<b>LOADED DRAFT METERS</b>	<b>DEAD WEIGHT TONNES</b>
<b>BULK CARGO CARRIERS</b>			
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 SHARYU	BULK CARRIER	3.20	2458
6. M.V. ROYAL KAVERI	BULK CARRIER	3.20	2458
7. M.V. ROYAL SHARAVATI	BULK CARRIER	3.20	2458
8. M.V. ROYAL GANGA	BULK CARRIER	3.20	2450
9. M.V. ROYAL GOA	BULK CARRIER	3.20	2450
10. M.V. ROYAL VIKRANT	BULK CARRIER	3.16	1804
11. M.V. ROYAL KALI	BULK CARRIER	3.11	1804
12. M.V. VISHAL LAXMI	BULK CARRIER	2.80	1150
<b>LIQUID CARGO CARRIERS</b>			
13. M.V. ROYAL GOMATI	CHEMICAL CARRIER	3.20	2450
14. D.B. ROYAL PETROL	(CHEMICAL) DUMB BARGE	3.10	2800
15. D.B. MAHANADI	DUMB BARGE	1.25	200
16. D.B. PRIYABANDHU	DUMB/FLOATING BARGE	2.50	650
17. M.V. SHASTHA	OIL TANKER	1.80	450
18. M.V. KRISHNA	OIL TANKER	1.60	310
19. M.V. ROYAL GANDAK	TANKER	2.40	710
20. M.V. SUPER	TANKER	1.50	300
21. M.V. ROYAL PAMBA	TANKER	2.00	350
22. M.V. ROYAL JOSNA	TANKER	1.70	200
<b>MULTIPURPOSE VESSELS (BCD/CONTAINER)</b>			
23. M.V. ROYAL SUTLEJ	MPV (BCD/CONTAINER)	4.20	3600
24. M.V. ROYAL BRAHMPUTRA	MPV (BCD/CONTAINER)	4.20	3600
25. M.V. ROYAL HUGLI	MPV (BCD/CONTAINER)	4.20	3600
26. M.V. ROYAL VIJAYA	DUMB BARGE	5.20	9508
<b>OTHER</b>			
27. M.V. ROYAL GODAVARI	TUG (TOWING)	3.10	121*
28. M.V. VIMLA	TUG	4.00	428*
29. M.V. ROYAL SEWREE	MOTOR LAUNCH	1.50	9.30*
30. M.V. ROYAL OCEANPRIDE	MOTOR LAUNCH	2.12	31.59*
31. M.V. ROYAL PISCES	MPP CONTAINER	5.97	4562

\*Denotes the gross Registered Tonnage.





# 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 NINETEENTH ANNUAL GENERAL MEETING of the Company be held on Friday the 25th September 2009 at 11.30 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009 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)

**19th ANNUAL GENERAL MEETING - Friday the 25th September, 2009**

I hereby record my presence at the NINETEENTH ANNUAL GENERAL MEETING of the Company at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020. on Friday the 25th September, 2009 at 11.30 a.m.

Full Name of the Member : \_\_\_\_\_  
(in BLOCK LETTER)

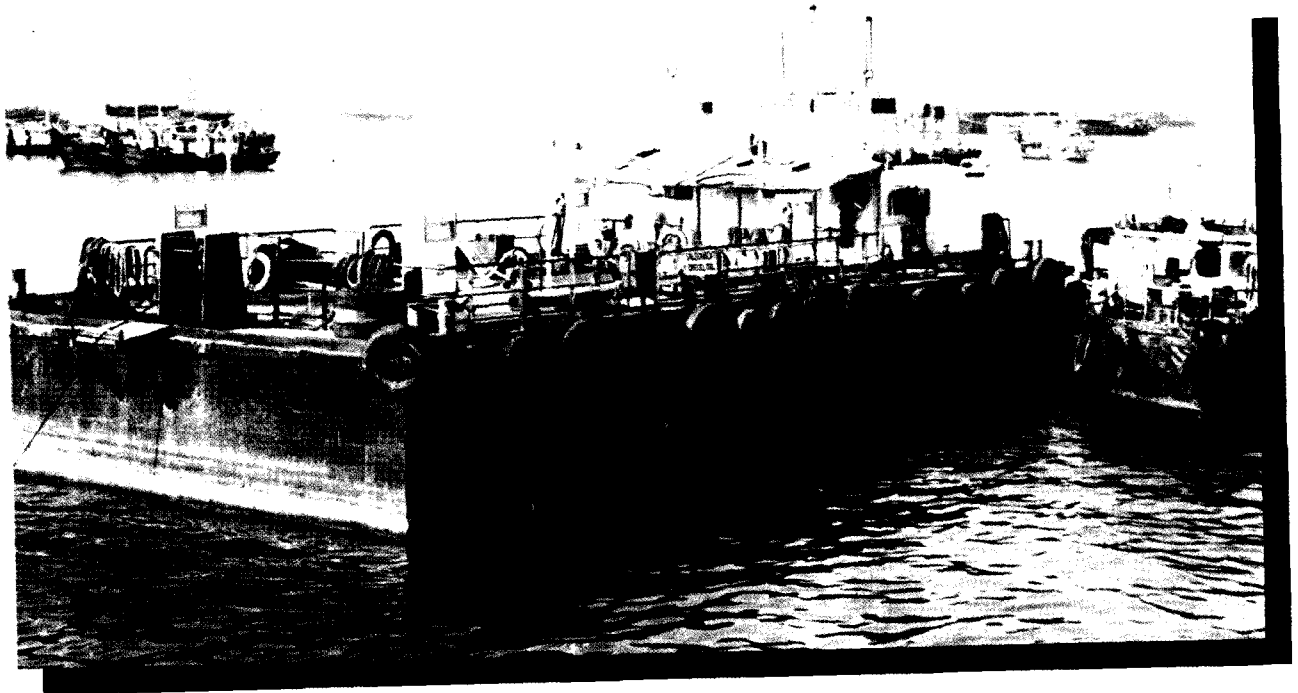
DP ID \* : \_\_\_\_\_ Master Folio: \_\_\_\_\_

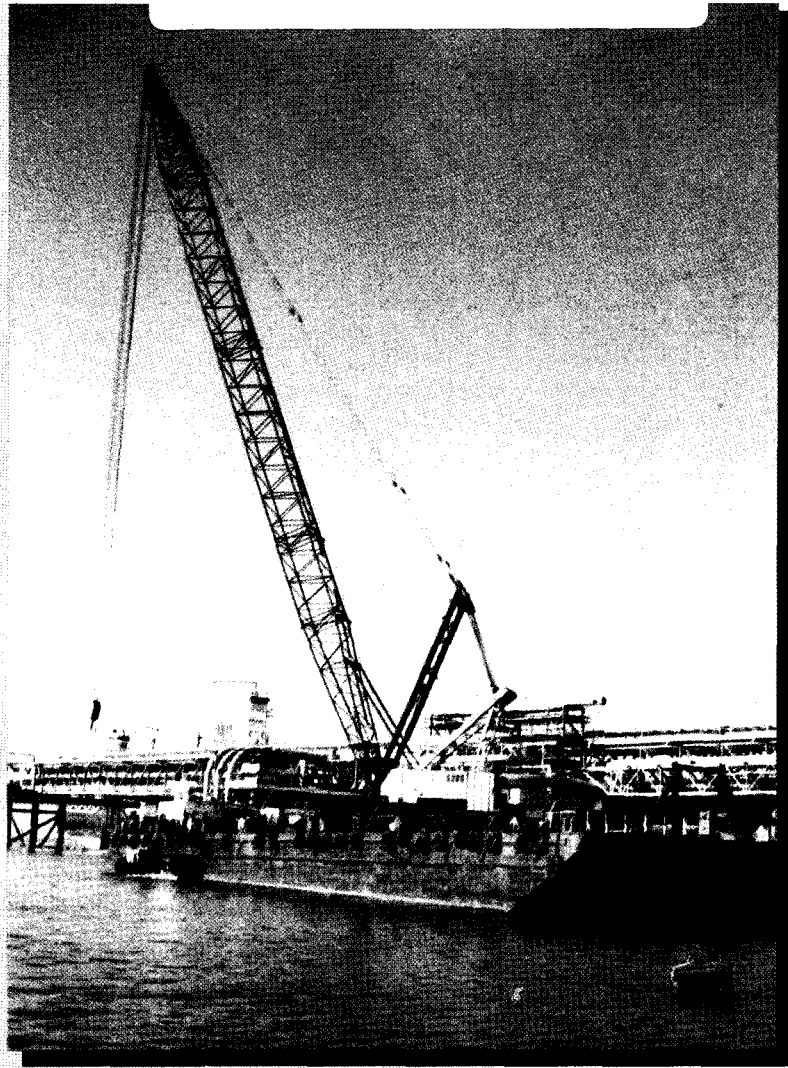
Client ID \* : \_\_\_\_\_ No. of Shares: \_\_\_\_\_

Full Name of proxy : \_\_\_\_\_  
(in BLOCK LETTER)

Member's / Proxy's Signature : \_\_\_\_\_







## **SKS LOGISTICS LIMITED**

404, Abhay Steel House, Baroda Street, Mumbai - 400 009. India.  
Tel: 91 (22) 61454545 / 23487340/41/42 Fax: 91 (22) 23487350, 23487349  
Website : [www.skslogistic.com](http://www.skslogistic.com)