

**THE SHIPPING CORPORATION OF INDIA LTD.**  
**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31,2015**

PART I					Amount in Rs.lakhs	
SR NO	PARTICULARS	QUARTER ENDED			YEAR ENDED	
		31.03.2015 Audited	31.12.2014 Unaudited	31.03.2014 Audited	31.03.2015 Audited	31.03.2014 Audited
1 a)	Net Sales/Income from Operations	102,832	98,333	120,395	415,373	415,517
b)	Other Operating Income	1,361	4,251	7,515	3,669	15,073
c)	Profit on Sale of Ships	3,503	6,314	284	12,055	9,927
	Total Income	107,696	108,898	128,194	431,097	440,517
2	Expenditure -					
a	Cost of Materials Consumed	NA	NA	NA	NA	NA
b	Purchases of stock - in - trade	NA	NA	NA	NA	NA
c	Changes in inventories of finished goods, work-in-progress and stock-in-trade	NA	NA	NA	NA	NA
d	Employee Cost (ashore & floating)	12,390	10,006	10,840	41,363	41,106
e	Bunker	20,145	26,323	33,503	118,420	141,895
f	Port dues	9,190	6,667	9,390	36,066	39,120
g	Cargo Handling Expenses	4,166	4,694	6,225	16,418	25,457
h	Repairs & Maintenance	5,401	7,433	10,314	25,947	28,197
i	Charter Hire	11,653	14,105	15,169	47,372	38,437
j	Provisions	927	3,248	4,277	5,810	5,125
k	Depreciation	18,975	19,385	21,254	77,016	85,645
l	Other Expenditure	12,050	11,574	13,454	44,805	50,282
m	Total	94897	103435	124426	413,217	455,264
3	<b>Profit / (Loss) from Operations before Other Income, finance costs &amp; Exceptional Items (1-2)</b>	12,799	5,463	3,768	17,880	(14,747)
4 a)	Interest Income	3,288	3,567	2,593	14,589	10,329
b)	Other Income	136	148	40	13,076	3,053
c)	Total	3,424	3,715	2,633	27,665	13,382
5	<b>Profit / (Loss) before finance cost and Exceptional Items(3+4)</b>	16,223	9,178	6,401	45,545	(1,365)
6	Finance Costs	3,554	4,443	4,650	17,932	20,774
7	<b>Profit / (Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)</b>	12,669	4,735	1,751	27,613	(22,139)
8	Exceptional Items	-	-	-	-	-
9	<b>Profit / (Loss) from Ordinary Activities before Tax</b>	<b>12,669</b>	<b>4,735</b>	<b>1,751</b>	<b>27,613</b>	<b>(22,139)</b>
10	Tax Expense					
a)	Provision for Taxation	2,520	1,600	1,405	7,520	6,305
b)	Excess Provision Written Back	-	-	(678)	-	(678)
c)	MAT credit	-	-	(300)	-	(300)
d)	Total	2,520	1,600	427	7,520	5,327
11	<b>Net Profit / (Loss) from Ordinary Activities after</b>	<b>10149</b>	<b>3135</b>	<b>1324</b>	<b>20,093</b>	<b>(27466)</b>
12	Extra Ordinary Items	-	-	-	-	-
13	<b>Net Profit/ (Loss) for the period/year (11-12)</b>	<b>10149</b>	<b>3135</b>	<b>1324</b>	<b>20,093</b>	<b>(27466)</b>
14	Paid Up Equity Share Capital (Face value Rs.10 each)	46,580	46,580	46,580	46,580	46,580
15	Reserves excluding Revaluation Reserves				606,780	587,402
16	Earning per Share (in Rs.)					
a)	Basic and diluted EPS before Extraordinary Items	2.18	0.67	0.28	4.31	(5.90)
b)	Basic and diluted EPS after Extraordinary Items	2.18	0.67	0.28	4.31	(5.90)

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**PART II****Select Information for the Quarter ended 31/03/2015**

<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>					
1	Public Shareholding					
	- No. of Shares	168,856,033	168,856,033	168,856,033	168,856,033	168,856,033
	- % of Shareholding	36.25	36.25	36.25	36.25	36.25
2	Promoters and promoters group Shareholding					
	a) Pledged / Encumbered					
	- No. of Shares	NIL	NIL	NIL	NIL	NIL
	- % of Shares ( as a % of a total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL
	- % of Shares ( as a % of a total share capital of the company)	NIL	NIL	NIL	NIL	NIL
	b) Non- Encumbered					
	- No. of Shares	296,942,977	296,942,977	296,942,977	296,942,977	296,942,977
	- % of Shares ( as a % of a total shareholding of promoter and promoter group)	100	100	100	100	100
	- % of Shares ( as a % of a total share capital of the company)	63.75	63.75	63.75	63.75	63.75

NA indicates Not Applicable

	<b>Particulars</b>	<b>3 Months ended 31.03.2015</b>
<b>B</b>	<b>INVESTORS COMPLAINTS</b>	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed of during the quarter	Nil
	Remaining unresolved at the end of the quarter/year	Nil

## Segment-wise Revenue, Results and Capital Employed

Amount in ₹lakhs

SR NO	PARTICULARS	QUARTER ENDED			YEAR ENDED	
		31.03.2015 (AUDITED )	31.12.2014 (UNAUDITED)	31.03.2014 (AUDITED)	31.03.2015 (AUDITED )	31.03.2014 (AUDITED)
1	<b>Segment Revenue</b>					
	i. Liner Segment	19,812	23,240	27,843	90,374	93,399
	ii. Bulk Segment	79,054	76,444	84,545	304,700	298,877
	iii. Technical & Offshore Segment	8,493	8,990	10,014	34,893	37,507
	iv. Others	337	180	256	1,086	810
	Total	107,696	108,854	122,658	431,053	430,593
	Unallocated Revenue	137	192	5,576	13,120	12,977
	Total	107,832	109,046	128,234	444,173	443,570
2	<b>Segment Results</b>					
	Profit/(Loss) before Tax and Interest					
	i. Liner Segment	3,582	(1,199)	(699)	3,183	(19,521)
	ii. Bulk Segment	9,606	3,970	(2,920)	4,952	(16,476)
	iii. Technical & Offshore Segment	2,571	2,835	5,279	11,128	14,676
	iv. Others	269	47	168	720	481
	Total	16,028	5,653	1,828	19,983	(20,840)
	Add: Unallocated income (Net of expenditure)	(3,093)	(42)	1,980	10,973	9,146
	Profit/(Loss) before Interest and Tax	12,935	5,611	3,808	30,956	(11,694)
	Less: Interest Expenses	3,554	4,443	4,650	17,932	20,774
	Add: Interest Income	3,288	3,567	2,593	14,589	10,329
	Profit/(Loss) before Tax	12,669	4,735	1,751	27,613	(22,139)
3	<b>Capital Employed</b>					
	i. Liner Segment	21,030	5,073	99,899	21,030	99,899
	ii. Bulk Segment	954,007	1,072,313	1,056,592	954,007	1,056,592
	iii. Technical & Offshore Segment	159,298	131,526	136,912	159,298	136,912
	iv. Others	(87)	(116)	(12)	(87)	(12)
	Total Capital Employed in Segments	1,134,248	1,208,796	1,293,391	1,134,248	1,293,391
	Unallocable Capital Employed	40,851	27,897	3,841	40,851	3,841
	Total Capital Employed in Company	1,175,099	1,236,693	1,297,232	1,175,099	1,297,232

Notes:

1. The above results were approved by the Board of Directors at its meeting held on 21.05.2015. In the absence of independent directors, Audit Committee could not be constituted and the results were placed directly before the Board of Directors.
2. Segment Results:
  - a. Segment definitions: Liner segment includes breakbulk, container transport, passenger vessels and also passenger vessels & research vessels managed on behalf of other organisations. Bulk segment includes tankers (both crude and product), dry bulk carriers, gas carriers, phosphoric acid carriers and LNG vessels managed on behalf of joint venture companies. Technical & Offshore services segment include company owned offshore vessels, offshore vessels managed on behalf of other organisations and income from technical consultancy. Others segment include income earned from Maritime Training Institute. Unallocable items and interest income/expenses are disclosed separately.
  - b. Expense & revenue items are allocated vessel wise wherever possible. Expense & revenue items that cannot be allocated vessel wise are allocated on the basis of unit cum GRT method i.e. 50% allocated on the basis of units & balance 50% on the basis of adjusted GRT. For vessels which are bigger than 20000 GRT, GRT is adjusted to one third of GRT or 20000 GRT, whichever is more.
3. The details of foreign exchange loss/gain for the period is as under:

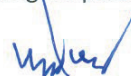
₹ in lakhs

Period	Capitalised to cost of vessels	Included in "Other expenditure"/"Other income"
For the quarter ended 31 <sup>st</sup> March , 2015	8005 lakhs(Gain)	110 lakhs(loss)
For the quarter ended 31 <sup>st</sup> December , 2014	19281 lakhs (loss)	2951 lakhs (gain)
For the quarter ended 31 <sup>st</sup> March , 2014	21373 lakhs (gain)	3208 lakhs (gain )
For the year ended 31 st March , 2015	28260 lakhs(loss)	1169 lakhs (loss)
For the year ended 31 st March , 2014	80082 lakhs (loss)	7062 lakhs (gain)

4. During the quarter ended 31.03.2015, the company took delivery of one VLCC M T Desh Vibhor of DWT 316634.
5. During the quarter ended 31.03.2015, the Company sold one Crude Oil Tanker J L Nehru of DWT 94512 .
6. During FY 2014-15, the Company has revised the useful life of their vessels (fleet) to comply with useful life mentioned in Schedule II of the Companies Act, 2013. Also, the Company has changed its accounting policy in respect of providing depreciation on assets other than vessels. The depreciation on these assets which was earlier being provided under the "Written Down Value" method is now being provided for as per "Straight Line Method" over the "useful life" of assets mentioned in Schedule II of the Companies Act, 2013. Due to these changes, the depreciation for the quarter/year ended 31st March 2015 is lower by ₹ 1415 lakhs/ ₹ 5847 lakhs and profit for the quarter/year ended 31st March 2015 is higher by ₹ 1415 lakhs/ ₹ 5847 lakhs respectively .

7. The auditors in their audit report for the quarter ended 31st March, 2015 have brought out that
- a. The direct access of overseas foreign agents to fund collected on account of freight and other charges in the absence of matching bank guarantees, any policy on fixation of credit limits based on credit rating & other factors and regular monitoring mechanism is prone to risk of non / short payment, the consequential effect of which on the Statement of Profit and Loss remains unascertainable.
  - b. Adjustments that may be required in the account on working of the actual amount payable to all eligible employees for self lease for staff and officers from 26-11-2008 to 31.03.2015, the impact of which on the statement of profit and loss and Balance Sheet remains presently unascertainable.
8. The management's views on the above observations are as below:
- a. SCI has opened bank accounts in its name for collection of freight and other charges directly from customers at all ports except the ports where local laws do not permit opening such accounts by non resident companies. Rating of agents is done bi-annually. Bank guarantee amounts are constantly revised depending on freight collections. Agents' performance, remittances, accounts and outstanding are regularly monitored at various levels. Minimum freight guidelines (MFG) module is already implemented in ERP for all major container ports and agents cannot book freight below the level fixed by SCI management. MFG is revised periodically.
  - b. Management has offered self lease facility to its employees w.e.f. 26-11-2008 on the terms and conditions approved by the Ministry of Shipping. Applications have been received from some of the employees and they are under scrutiny. The final amount payable is yet to be worked out. However, as a prudent accounting practice, Management has made a provision in the books of account on the basis of number of employees who have applied, estimated amount per employee and period of self lease. We do not expect material impact on profit and loss account.
9. The audited annual accounts are subject to review by the Comptroller & Auditor General of India under section 143(6) of the Companies Act , 2013
10. The figures of the previous year/ period have been regrouped or rearranged wherever necessary / practicable to conform to current year / period's transactions.

For The Shipping Corporation of India Ltd.



A.K.Gupta

Chairman & Managing Director

Place: Mumbai  
Date: 21/05/2015



## THE SHIPPING CORPORATION OF INDIA LTD.

STATEMENT OF ASSETS AND LIABILITIES		As at 31-03-2015 ( Audited )	As at 31-03-2014 ( Audited )
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
	a) Share Capital	46,580	46,580
	b) Reserves & Surplus	606,780	587,402
<b>2 Non-current liabilities</b>			
	a) Long- term borrowings	556,994	657,074
	b) Other long-term liabilities	41	36
	c) Long- term provisions	13,797	12,427
<b>3 Current liabilities</b>			
	a) Short Term Borrowings	3,500	58,454
	b) Trade payables	125,742	131,931
	c) Other current liabilities	162,797	154,519
	d) Short- term provisions	4,257	4,731
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,520,488</b>	<b>1,653,154</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
	a) Fixed Assets		
	(i) Tangible assets	1,143,237	1,191,115
	(ii) Intangible assets	1,209	2,358
	(iv) Capital work-in-progress	49,093	6,288
	b) Non- current investments	1,306	1,306
	c) Long-term loans and advances	44,472	159,134
	d) Other non-current assets	1,215	446
<b>2 Current assets</b>			
	a) Current investments	7,708	10,043
	b) Inventories	9,193	19,045
	c) Trade receivables	78,782	105,999
	d) Cash & cash equivalents	125,616	101,893
	e) Short-term loans and advances	48,406	39,938
	f) Other current assets	10,251	15,589
<b>TOTAL - ASSETS</b>		<b>1,520,488</b>	<b>1,653,154</b>

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
THE SHIPPING CORPORATION OF INDIA LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **THE SHIPPING CORPORATION OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at **March 31<sup>st</sup>, 2015**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the matters stated in Section 134(5) of the Companies Act 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We have conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Basis for Qualified Opinion

- 1) The direct access of overseas foreign agents to fund collected on account of freight and other charges in the absence of matching bank guarantees, any policy on fixation of credit limits based on credit rating & other factors and regular monitoring mechanism is prone to risk of non /short-payment, the consequential effect of which on the Statement of Profit and Loss remains unascertainable.
- 2) Adjustments that may be required in the account on working of the actual amount payable to all the eligible employees for self lease from 26-11-2008 to 31-03-2015, the impact of which on the statement of profit and loss and Balance Sheet remains unascertainable (Refer Note No. 41 to the Financial Statements).

## Opinion

In our opinion and to the best of our information and according to the explanations given to us **except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention of the management to the following observations without qualifying our opinion:

- 1) Change in the accounting policy in respect of method of depreciation which has overstated the fixed assets by ₹ 5847 lakhs, overstated the profit for the year by ₹ 5847 lakhs (Refer Note 38 to the financial statements)
- 2) The adjustments required in the accounts are not likely to be material, in the opinion of management, on confirmation and reconciliation of outstandings in respect of trade payables, trade receivables and loans & advances (Refer Note 40 to the financial statements)

## Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) **Except for the effects of the matter described in the basis for qualified opinion paragraph above**, In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) **Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above**, In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.





- f) On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act.
3. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- i) The Company has disclosed the amount of pending litigations on its financial position in Note-30 to the Financial Statements which is in the nature of contingent liability being not required to be provided in the accounts.
  - ii) The Company does not anticipate any material foreseeable losses, on long- term contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For MKPS & Associates**  
**Chartered Accountants**  
**Firm's Regn. No. 302014E**

  
**CA Mahendra K Agrawala**  
**Partner**  
**M. No. 051764**

**Mumbai**  
**21<sup>st</sup> May, 2015**



**For GMJ & Co.**  
**Chartered Accountants**  
**Firm's Regn. No. 103429W**

  
**CA Atul Jain**  
**Partner**  
**M. No. 037097**

**Mumbai**  
**21<sup>st</sup> May, 2015**



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

### **Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory requirements" of our Independent Auditors' Report of even date**

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
b) The Fixed assets of the Company have been physically verified by the management which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.
- ii. a) In our opinion, physical verification of inventory lying with the company has been conducted at reasonable intervals by the management.  
b) In our opinion, the procedures of physical verification of inventory followed by the management are adequate in relation to the size of the Company and the nature of its business.  
c) The Company has maintained proper records of inventory other than the inventory lying with third parties for which **neither records are maintained nor the third party confirmations are available**. No material discrepancies have been noticed on physical verification between physical stock and book records.
- iii. The Company has granted loans to five bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
  - a) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, this paragraph is not applicable to the Company in respect of repayment of the principal amount.
  - b) There are no overdue amounts of more than rupees one lakh in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, Inventory and sale of goods and services subject to **special emphasis required on the continued failure to correct weakness in internal control systems as applicable to SAP and other sub systems in relation to the accounting of agents working and timely verification by the Company**. Emphasis also needs to be given on addressing the deficiencies in the implementation of SAP-ERP system pointed out by office of C&AG of India and also in the system audit report conducted by the external organization, to establish checks on the complete and proper recording of the transaction relating to the expenses and revenue.



- v. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits during the year under audit.
- vi We have been informed by the company that the maintenance of cost record under section 148 (1) of the Act has not been prescribed by the Central Government.
- vii. a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess, ESI, Investor Education and Protection Fund, provident fund and other statutory dues as applicable, with the appropriate authorities .
- b) The details of dues of Sales Tax, Service Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of any dispute, are given as under:

Sr. No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Financial Year to which it pertains	₹ In Lakhs
1	Income Tax Act,1961	U/s. 195	Bombay High Court	2003-04 to 2005-06	9820
2	Income Tax Act,1961	Tax u/s.143(3)	Bombay High Court	2006-07	2901
3	Income Tax Act,1961	Tax u/s.143(3) & 147	ITAT Mumbai	2004-05 & 2005-06	3330
4	Income Tax Act,1961	Penalty u/s 271(1)	CIT (A) Mumbai	2004-05 & 2005-06	323
5	Income Tax Act,1961	Tax u/s.143(3)	ITAT Mumbai	2007-08	1013
6	Income Tax Act,1961	Tax u/s.143(3)	CIT (A) Mumbai	2009-10	1180
7	Income Tax Act,1961	Tax u/s.143(3)	CIT (A) Mumbai	2011-12	393
8	Finance Act, 1994	Service Tax	Commissioner (Appeals)	2002-03 to 2007-08	2
9	AP VAT Act, 2005	VAT	CTO	2011-12	10
	<b>Total</b>				<b>18972</b>



- c) According to the information and explanations given to us, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provision of the Act and rules there under has been transferred to such fund within time.
- viii. The company has accumulated losses as on 31<sup>st</sup> March 2015, which is less than 50% of its net-worth. Further, it has not incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.
- ix. The Company has not defaulted in repayment of dues to banks during the year under audit.
- x. In our opinion, in respect of the guarantee given by the company for the loans taken by others, the terms and conditions thereof are not, prima facie, prejudicial to the interest of the company.
- xi. In our opinion, the term loans have been used for the purpose for which the same were obtained.
- xii. The committee constituted to investigate the matter of one of the foreign agents who manipulated the container movement report from time to time in earlier years and not paid the company its rightful dues as mentioned in the statutory auditors' report of previous year, has submitted the report to the Board on 5-8-2014 stating that **the company is exposed to both debtors risk as well as risk of non-payment to vendors and in case of continuing with this agency, the company shall be constantly vulnerable to the above risks. The company still continued with the same agency to recover the outstanding as informed to us who later on defaulted in payment of the rightful dues of the company to the extent of Rs 27 crs (net). The agency was then terminated with six months notice period during which the agent went for Joint Administrators showing its insolvency and incapability to pay the defaulted amount.** Except as mentioned in the forgoing lines, any other material fraud on or by the company has not been noticed or reported during the year nor we have been informed of any such case by the management that causes the financial statements to be materially misstated.

For MKPS & Associates  
Chartered Accountants  
Firm's Regn. No. 302014E

  
CA Mahendra K Agrawala  
Partner  
M. No. 051764

Mumbai  
21<sup>st</sup> May, 2015



For GMJ & Co.  
Chartered Accountants  
Firm's Regn. No. 103429W

  
CA Atul Jain  
Partner  
M. No. 037097

Mumbai  
21<sup>st</sup> May, 2015

