

**20th Annual Report 2009-2010**  
**SKS LOGISTICS LIMITED****BOARD OF DIRECTORS**

Mr. S. K. Shahi	Chairman & Managing Director
Mr. F. M. Koli (upto 8/2/10)	Wholetime Director
Capt. Walter Gonsalves (upto 30/10/09)	Wholetime Director
Commodore. M. Bhada I. N. (Retd.)	Director
Mr. B. B. Bhawsar	Director
Mr. Tony Adam (up to 5/5/2009)	Director
Mr. Homiyar Madan (From 29/4/10)	Additional Director

**COMPANY SECRETARY**

Mrs. Mamta D. Jain

**BANKERS**

State Bank of Indore, Mumbai  
DBS Bank Limited, Mumbai  
HDFC Bank Ltd., Mumbai

**AUDITORS**

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

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENT**

System Support Services  
209, Shivai Industrial Estate,  
89, Andheri Kurla Road,  
Sakinaka, Mumbai - 400 072.  
Tel.: 2850 0835 / 3940  
Fax: 2850 1438  
E-mail: sysss72@yahoo.com

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

I welcome you all to the 20<sup>th</sup> Annual General Meeting of your company.

As you are all aware, financial year 2008-2009 was indeed a challenging one for the world economy. The unprecedented financial crisis, brutally shook the foundations of some of the strongest economies in the world. Bankruptcy of companies and job losses haunted developed as well as developing economies. Thanks to the all out efforts of the Governments across continents, to a great extent the negative trend has been greatly reversed.

The year 2009-2010 started off on a good note. The country's economy grew by 7.4%, thanks mainly to higher than expected growth in agriculture, mining and manufacturing sectors. During last quarter of 2009-2010, the country's GDP Growth turned out to be most robust showing record growth of 8.6% as compared to 5.8% for the same quarter in the previous year.

While 2010 looks to be much brighter than 2009, shipping industry is still to come out from the effect of depression. The Baltic index has currently shown a great improvement over the past month<sup>1</sup>. The Chinese authorities have been taking steps to moderate the growth in the real estate by increasing margins on second home sales and stress testing their banks to estimate the impact of a sixty per cent fall in property prices. Such measures have impact of cooling the metal prices and reduction in their shipment which has wide ranging impact on various industries including shipping. The world growth outlook turning uncertain has also affected world trade. After United States, the Japanese economy is also lagging in growth. The emerging Asia and Europe, especially Germany, have good growth prospects. India's growth prospects are good. However, the foreign trade is going to take a while to see the pre crisis growth levels. Consequently, there is, indeed, no speedy escape from its problems for the industry.

For most of the last three decades till 2007, the global shipping industry saw container volume growing by average of 10% consistently. This was more than three times the average growth rate for the world GDP. This resulted in additional capacity building (orders were placed with shipyards) which was based on the historical growth rates. With downturn in the economic activity, there was 10% global volume decline in container business and 30% additional capacity building – a debilitating combination.

The performance of your company has been greatly impacted by various internal as well as external factors. During the year we had taken a big hit on sale of our vessel Royal Pieces. Besides, higher cost of funds continues to be a matter of concern. The container division, however, has done well and witnessed a growth of 50%. I am sure the same will grow in the coming year also. With a view to conserving resources for the expansion of fleet, your Board has decided to skip dividend for the second year in succession. 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 will be diversifying in setting up Floating Dry Dock in and around Mumbai Harbour. The floating dry dock will carry out repair of Offshore vessels, our own Fleet and the Coastal vessel. There is great demand of floating dry dock in view of Mumbai Port Trust closing down one of the two dry docks. The company is also discussing with the Professionals for diversifying into acquiring Dredgers to be used for deepening and maintenance of the Channel of the Port. Dredgers will also be suitable for reclamation of the land or the Port. Once both the Projects are commissioned we will inform all the Shareholders seperately with our letter.

As you 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. This project will be on steam shortly.

I am also happy to welcome Mr Homiyar Madan, a prominent Chartered Accountant on the Board. I am sure his vast experience and exposure in the financial markets will help company to benefit immensely. As you know, during the year Mr F M Koli, one of the most experienced director passed away on February 08, 2010.

Lastly 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.

<sup>1</sup> The Baltic Dry Index, is an index which tracks rates to ship dry commodities. A fall in Baltic Dry Index in London often causes weakened shipping and logistics stocks on the Bombay Stock Exchange (BSE).



## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of SKS Logistics Ltd will be held on Thursday, 23rd September, 2010, at 12.00 noon at Kilachand Conference Room, Indian Merchants' Chamber Building (2nd Floor), Churchgate, Mumbai – 400 020, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, 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 Mr. B. B. Bhawsar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

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

### SPECIAL BUSINESS:

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

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

By order of the Board of Directors,

Place : Mumbai  
Date : 13<sup>th</sup> August 2010

**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 20th September 2010 to 23rd September 2010 (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 2010 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	Mr.B.B.Bhawsar
2. Date of Birth	04/11/1944
3. Experience in Specific Functional area and Position Held:	Mr.B.B.Bhawsar has a career spanning 37 years & has wide range of experience in areas of accounts, costing & execution of multifarious activities. He has been associated with the company for the last 12 years. He has been served in several senior positions with various companies in manufacturing sector. He is a non-executive independent director & member of the Audit, Remuneration & Shareholder Investor Grievance Committees.
4. Qualification	M.Com
5. Directorship in other Companies (Excluding foreign Companies)	NIL
6. Shareholding	NIL



1. Name of Director	Mr.Homiyar Madan
2. Date of Birth	12/06/1964
3. Experience in Specific Functional area and Position Held:	Mr. Homiyar Madan has a career spanning 27 years & has wide range of experience in areas of accounts, costing & execution of multifarious activities. He has been associated with F.K.F. Madan & Company, Chartered Accountants from 1983-86. He has worked with Cornelius & Davar, Chartered Accountants from 1986-90. From 1990 onwards he is associated with H.F.K. Madan & Company, Chartered Accountants till present.
4. Qualification	FCA
5. Directorship in other Companies (Excluding foreign Companies)	DAKS Copy Services Private Limited
6. Shareholding	NIL

13. Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting as per Section 187 of the Companies Act, 1956.
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 : 13<sup>th</sup> August 2010

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



## DIRECTORS' REPORT

To

The Members of SKS Logistics Limited

Your directors have pleasure in presenting the 20th Annual Report together with the Audited Accounts of the company for the financial year ended on 31st March 2010.

### 1. FINANCIAL RESULTS:

The summary of financial results of the company for the year ended 31st March 2010 is furnished below.

Particulars	2009-2010 ₹ In Lacs	2008-2009 ₹ In Lacs
Gross Profit/Loss	345	1599
Less: Interest and Finance Charges	689	718
Less: Provision for Depreciation	577	763
Profit before Tax	-921	118
Less: Provision for Taxation:		
Current Tax	2	13
Deferred Tax	-104	87
Fringe Benefit Tax	Nil	10
Profit After Tax	-819	8

### 2. DIVIDEND:

In view of loss in the current year your directors has not recommended any dividend.

### 3. PERFORMANCE:

Income from operations during the current year was Rs.29.42 crores as against Rs.32.83 crores in the previous year. This indicates decline of about 10.38% over the previous year as a result of the economic recession which continued to affect us till December 2009. The gross profit of Rs.3.45 crores registered a decrease of about 21.58% over the previous year's 15.99 crores. The drop in profits is largely due to loss on sale of vessel M.V. Royal Pisces. During the current year the interest and finance charges have decreased from Rs 7.18 crores to Rs.6.84 crores.

Global economy showed signs of turnaround with Asian economies experiencing a relatively stronger rebound. India's GDP growth for the last quarter of 2009-10 turned out to be robust, it showed record growth of 8.6% as compared to 5.8% in the same quarter of previous year.

### 4. FIXED DEPOSITS:

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

### 5. POLLUTION, ENVIRONMENT AND SAFETY:

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

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

### 6. DIRECTORS RESPONSIBILITY STATEMENT:

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

- (1) In the preparation of the annual Accounts, the applicable accounting standards have been followed with explanatory notes relating to material departures.
- (2) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit and loss account of the company for that year.
- (3) Proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (4) The annual accounts have been prepared on a going concern basis.

**7. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:**

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

**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. 1.52 Lacs

**10. SUBSIDIARIES:**

For the SKS Logistics (Singapore) Pte Ltd. necessary winding up process has been completed and for winding up of Shahi Shipping (BD) Ltd, necessary formalities are in the final stage.

**11. DIRECTORS:**

Board of Directors noted with deep regret the sad demise of the Company's Promoter and Executive Director Mr F M Koli on February 09, 2010. Mr Koli was known for his dignified unassuming personality, intellect, meticulous planning and business acumen. The Board places on record its gratitude for the valuable guidance provided by Mr Koli during his association with the company since its inception.

Mr. Tony Adam, Independent Director resigned with effect from 05/05/2009 due to personal reasons. The Board places on record its gratitude for the valuable guidance provided by Mr Tony Adam during his tenure.

Mr. Homiyar Madan, a prominent Chartered Accountant, has been co opted as an Additional Director of the company with effect from 29/04/10. He retires at the ensuing Annual General Meeting but being eligible, offers himself for reappointment. The Company has received a notice from a member of the intention to propose his candidature for the post of Directorship under section 257 of the Act.

At the ensuing Annual General Meeting, Mr.B.B.Bhawsar retires by rotation and offers himself for re-appointment. The Board recommends his appointment.

**12. AUDITORS:**

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

**13. ACKNOWLEDGEMENTS:**

Your directors take this opportunity to place on record the appreciation of the technical, commercial and financial teams of the company for their untiring efforts. Your directors also wish to thank the officials of Directorate General of Shipping, Indian Registry of Shipping, Mercantile Marine Dept., Financial institutions and Banks for their continued support during the year. Your directors are also thankful to the shareholders and other business partners for the trust reposed in them. Your directors also thank the employees at all the levels without whose support the growth levels achieved by the company would not have been possible

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date : 13-8-2010

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



## ANNEXURE - A

### MANAGEMENT DISCUSSION, ANALYSIS AND REVIEW

#### (a) INDUSTRY STRUCTURE AND DEVELOPMENT

##### Corporate Overview

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

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

##### Overview of the Indian Economy

India has emerged as one of the leading economic power houses in the international arena. Its' success story has redefined the International business environment, with service sector contributing handsomely to the Gross Domestic Product (GDP) of the country. The economic sentiments of India Inc are positive as most sectors are registering growth and the capital market is growing each passing day.

The economic crisis left an impact on the oil industry. The economic downturn that followed resulted in unprecedented demand contraction. The industry however, is on path to recovery due to various measures announced by the governments. This augurs well for your company as it means good business for offshore support vessels.

The risks that India faces are more external in nature. The risk of the global economy experiencing a downturn, sovereign default or failure of banks threaten India's impressive growth rate.

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

The last quarter of this financial year showed a remarkable growth in profits for your company as a result of our sustained efforts to reduce costs and the overall economic revival boosting sales. The Container Division has witnessed a growth in volumes of more than 50% in the last quarter of this year and the same is likely to grow with increase in trade in the coming year.

#### (b) OUTLOOK ON OPPORTUNITIES

The world sea-borne-trade at around 5.5 billion tonnes in 1999 represents nearly 95% of the total merchandise trade and has been growing at 3% over the past two decades. In terms of value, the global shipping industry is estimated to be more than USD 225 billion and constitutes a significant part of the world GDP.

As India makes transition from an "import-substitution" closed economy model, to an outward oriented trade regime, the importance of shipping as an enabler of trade and economic growth can not be over emphasized.

#### (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.

Shipping is a global business whose performance is closely linked to the state of the global economy. Therefore, the earning of your company could be impacted negatively if the global economic situation does not improve over the long term.

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

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.

#### (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, lighterage operations of Petroleum & Chemical Products, lighterage operations of Bulk Cargo, Tug services for port related activities, supply of bunkers to vessels and Container Feeder Service on Indian Coasts through its fleet of 29 vessels. The Industry being seasonal in nature, operations close during rains for a period of three/four months. The lean period provides an opportunity for repairs and maintenance. The fleet utilization during the period under review has been efficient.





**(e) OUTLOOK**

The shipping industry is poised for growth in the 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 in on the opportunities provided.

Your Company has since last few years taken initiatives to become leaner and focus on high margin businesses and dispose off non-profitable assets to maximize gains in a recessionary environment.

**(f) PROJECT**

1. The process of setting up dry-dock facility at Alibaug, in the state of Maharashtra, is in its finalization stage and the commencement of work will take place soon. The project is spread over 35 Acres of land.
2. Your Company will start its ship repair facility at Mumbai Harbour to be acquired shortly. The Company will initially invest Rs. 15 Crores to purchase the fully automated Floating Dry Dock for the purpose of ship repairs services. The Company expects order worth Rs. 150 Crores in 5 years once the repairs service is commenced, which will significantly grow the profitability of the Company.

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

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

**(h) QUALITY & SAFETY**

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

**(i) HUMAN RESOURCES**

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

**(j) ADEQUACY OF INTERNAL CONTROLS**

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

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

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

**(k) CAUTIONARY STATEMENT**

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

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

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

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

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

**1.1 GOVERNANCE STRUCTURE**

Your Company's Corporate Governance Structure is as under:

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

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

**2. BOARD OF DIIRECTORS**

The company has an Executive Chairman who is a promoter director. The company has three independent Directors drawn from diverse fields. The composition of the Board of Directors meets the requirements of clause 49 of the listing agreement.

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

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

Name of Directors	Category	No. of Directorships in other companies	No. of Board committees (other than SKS Logistics Ltd.) where Chairman	No. of Board committees (other than SKS Logistics Ltd.) where Member
Mr. S. K. Shahi	Promoter, Executive Chairman & Managing Director	5	-	-
Mr. F. M. Koli (upto 08/02/2010)	Promoter, Executive Whole Time Director	2	-	-
Capt. Walter Gonsalves (upto 30/10/2009)	Non Promoter, Executive Whole time Director	1	-	-
Commodore M. Bhada I. N. (Retd.)	Non Promoter, Non Executive Independent Director	3	-	-
Mr. B. B. Bhawsar	Non Promoter, Non Executive Independent Director	-	-	-



Name of Directors	Category	No. of Directorships in other companies	No. of Board committees (other than SKS Logistics Ltd.) where Chairman	No. of Board committees (other than SKS Logistics Ltd.) where Member
Mr.Homiyar Madan (w.e.f 29/04/2010)	Non Promoter, Non Executive Independent Director	1	-	-
Mr.Tony Adam (up to 05-05-2009)	Non Promoter, Non Executive Independent Director	-	-	-

**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 six meetings of the Board of Directors were held during the year under review on 06-05-09, 30-07-09, 14-08-09, 30-10-09, 28-01-10 and 29-01-10.

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	6	6	YES
Mr. F. M. Koli	3	-	NO
Capt. Walter Gonsalves	3	1	NO
Commodore M. Bhada I. N. (Retd.)	6	5	YES
Mr. B. B. Bhawsar	6	6	YES
Mr. Homiyar Madan	Nil	Nil	NA
Mr. Tony Adam	1	1	YES

**3. AUDIT COMMITTEE**

The Audit Committee of the Company inter alia performs all the functions specified under the companies Act, 1956 & clause 49 of the listing agreement. The committee comprise three directors, all of them are independent directors. 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 any significant findings and follow up thereon.
- Discussion with external auditors before the commencement of audit, the nature and scope of audit and also to discuss the areas of concern on basis of audit findings.
- Reviewing the company's financial and risk management policies including any other item referred to it by the Board of directors.

The audit committee inter alia has following powers:

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

The Chairman of the Audit Committee Commodore M Bhada I. N. (Retd) was present at 19th Annual General Meeting held on 25th Sept 2009.

#### COMPOSITION

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

Name of Director	Designation	Status	No. of meeting held	No. of meeting attended
Commodore M. Bhada I. N. (Retd)	Chairman	Non Executive, Independent Director	4	4
Mr. B. B. Bhawsar	Member	Non Executive, Independent Director	4	4
Capt. W. Gonsalves	Member	Executive, Whole Time Director	4	1
Mr. Homiyar Madan (w.e.f 29th April 2010)	Member	Non Executive, Independent Director	-	-

During the year 2009-2010 four meetings of the Audit Committee were held on the following dates: 6th May 2009, 30th July 2009, 14th August 2009 and 29th January 2010.

#### 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
Commodore M. Bhada I. N. (Retd)	Chairman	Independent, Non Executive
Mr. B. B. Bhawsar	Member	Independent, Non Executive
Mr. Homiyar Madan(w.e.f 29/04/10)	Member	Independent, Non Executive

During the year 2009-2010, 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 them 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 Fund 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 (₹)	Salary & Perquisites (₹)	Bonus/Commission (₹)	Service Contract
Mr. S. K. Shahi	Promoter, Executive Chairman and Managing Director	-	37,80,000	-	5 years w.e.f 1st April 2008
Mr. F. M. Koli Upto 08/02/10	Promoter, Executive Whole time Director	-	1,54,821	-	-
Capt. Walter Gonsalves (upto 30/09/2009)	Executive Whole time Director	-	-	-	-
Commodore M. Bhada I. N. (Retd.)	Non Executive Independent Director	22,500	-	-	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

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

The Shareholders / Investors Grievances Committee consists of the following:

Name of Directors	Designation	Status
Mr. B. B. Bhawsar	Chairman	Independent, Non-Executive
Commodore M. Bhada I. N. (Retd.)	Member	Independent, Non-Executive
Capt. Walter Gonsalves (ceased to be director with effect from 30/09/2009)	Member	Executive, Whole Time Director
Mr Homiyar Madan (w.e.f 29/04/10)	Member	Independent, Non-Executive



The committee met during the year 7 times to discuss various matters relating to:

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

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

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

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

#### **COMPLIANCE OFFICER**

The Board has designated Mrs Mamta D.Jain, 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:	3
Number of complaints not solved to the satisfaction of shareholders:	NIL
Number of pending share transfer: (Except those rejected on technical grounds)	NIL

#### **CEO/CFO CERTIFICATION**

The requisite CEO/CFO certification pursuant to Sub- clause V of the Clause 49 of the Listing Agreement has been placed before the board at the meeting of Directors held on 13th August 2010.

#### **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
2006-07	AGM	27.09.2007	11.00 AM	Walchand Hirachand Hall, Churchgate, Mumbai
2007-08	AGM	26.09.2008	11.30 AM	Walchand Hirachand Hall, Churchgate, Mumbai
2008-09	AGM	25.09.2009	11.30 AM	Walchand Hirachand Hall, Churchgate, Mumbai

### **7. SUBSIDIARIES**

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

### **8. DISCLOSURES**

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



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

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

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

#### **9. INSIDER TRADING**

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

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

Mrs. Mamta D.Jain, 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 : Thursday, September 23, 2010 at 12.00 noon  
Venue : Kilachand Hall, 2nd Floor,  
Indian Merchants' Chamber, Churchgate,  
Mumbai – 400 020

##### **(b) FINANCIAL CALENDAR**

Financial reporting for  
Quarter ending 30th June 2010 : August 14, 2010  
Quarter ending 30th September 2010 : November 15, 2010  
Quarter ending 31st December 2010 : January 14, 2011  
Year ending 31st March 2011 : May 30, 2011

**(c) DATE OF BOOK CLOSURE** : 20th September 2010 to 23rd September 2010 (both days inclusive)



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

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

- (e) **Scrip code** : 526508 SKS LOGISTICS LIMITED

- (f) **Demat ISIN No** : INE 825 D 01016

- (g) **Stock market data:**

The month-wise movement (High & Low) of the equity shares of the Company at the Bombay Stock Exchange Limited, Mumbai, during each month for the year ended 31st March 2010 is as under:

Month	High ₹	Low ₹
April 2009	15.49	11.20
May 2009	20.40	12.55
June 2009	23.75	16.20
July 2009	18.45	14.40
August 2009	26.00	15.15
September 2009	23.40	17.50
October 2009	20.55	15.60
November 2009	18.40	15.30
December 2009	19.75	15.80
January 2010	21.75	16.60
February 2010	19.00	15.50
March 2010	19.00	15.50

- (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: sysss72@yahoo.com

- (i) **Distribution of shareholding as on 31st March 2010:**

Shareholding	No of Share holders	% to no of Share holders	No. of Shares	% to paid-up Capital
Up to 500	4547	86.808	8,95,278	6.177
501 – 1000	356	6.796	2,93,467	2.025
1001 – 2000	157	2.997	2,47,675	1.709
2001 – 3000	43	0.821	1,07,692	0.743
3001 – 4000	37	0.706	1,37,344	0.948
4001 – 5000	19	0.363	90,470	0.624
5001 – 10000	29	0.554	2,20,149	1.519
10001 and above	50	0.955	1,25,02,799	86.257
<b>Total</b>	<b>5238</b>	<b>100.00</b>	<b>1,44,94,874</b>	<b>100.00</b>



**(j) Shareholding Pattern as on 31 March 2010:**

Category	No. of Shares	Percentage
Promoters	85,24,049	58.808
Mutual fund	200	0.001
Bank /Financial / Institutions	200	0.001
Corporate bodies	2661279	18.36
FII / NRI / OCB	138,715	0.960
Indian Public	31,70,431	21.87
<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 2010, 95,85,829, shares were in dematerialisation form with the NSDL & CDSL. This work out to 70.16 % 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: sysss72@yahoo.com

**Mrs. Mamta D.Jain,**  
Company Secretary & Compliance Officer  
404, Abhay Steel House, Baroda Street,  
Mumbai – 400 009.  
E-mail: cs@shahilogistics.com

Place : Mumbai  
Date : 13<sup>th</sup> August, 2010

**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 31<sup>st</sup> March 2010, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the mandatory conditions of the clause 49 of the Listing Agreement, except that it has not fulfilled the requirement for the period 30/10/2009 to 28/04/2010 of Clause 49 (II) (A) (i) of the Listing Agreement which specifies that the Audit Committee shall have minimum three directors as members.

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  
Firm Registration No. 103604W

Place : Mumbai  
Date : 13<sup>th</sup> August 2010

**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 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, none of the Directors is prima-facie disqualified as on 31<sup>st</sup> March, 2010, 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 and Surplus" for the reasons stated in note 26 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 31<sup>st</sup> March, 2010.
    - II) In the case of the Profit and Loss Account of the Loss 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  
Firm Registration No. 103604W

Place : Mumbai  
Date : 13<sup>th</sup> August 2010

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

**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, 2010).

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.466.45 lacs. (Previous Year Rs 219 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 is respect of Income Tax, Fringe Benefit Tax & Service Tax. The extent of the arrears of statutory dues outstanding as at 31/03/2010 for a period of more than six months from the date became payable in respect of Income Tax, Fringe Benefit Tax & Service Tax pertaining to financial years, 2007-08 & 2008-09 & 2009-10 Rs 127.52 Lacs .



- (b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty or Cess Outstanding on account of any dispute.
10. The Company does not have any accumulated losses nor has it incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
  11. 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  
Firm Registration No. 103604W

Place : Mumbai  
Date : 13<sup>th</sup> August 2010

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

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Sch No.	As At 31st March 2010	As At 31st March 2009
<b>SOURCES OF FUNDS</b>			
Share Capital	1	144,948,740	144,948,740
Reserves & Surplus	2	206,233,098	298,552,938
Secured Loans	3	390,329,661	517,934,106
Unsecured Loans	4	53,807,494	26,562,960
		<b>795,318,993</b>	<b>987,998,744</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5	492,583,593	715,964,984
Investments	6	892,413	192,560
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors	7	216,432,022	232,910,518
Cash & Bank Balances	8	6,807,809	2,789,143
Other Current Assets	9	64,607,825	64,648,816
Loans & Advances	10	139,281,421	124,386,529
		<b>427,129,077</b>	<b>424,735,006</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	64,587,235	92,340,068
Provisions	12	61,836,605	61,691,488
		<b>126,423,840</b>	<b>154,031,556</b>
<b>NET CURRENT ASSETS</b>		<b>300,705,237</b>	<b>270,703,450</b>
<b>MISCELLANEOUS EXPENDITURE</b>	13	1,137,750	1,137,750
(to the extent not written off or adjusted)			
		<b>795,318,993</b>	<b>987,998,744</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND 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  
Firm Registration No. 103604W

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

**Commodore M. BHADA**  
Director

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

**MAMTA JAIN**  
Company Secretary

Place : Mumbai  
Dated : 13th August 2010

**PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2010**

	Sch No.	As At 31st March 2010	As At 31st March 2009
<b>INCOME</b>			
Income from Operations	14	294,241,764	328,291,062
Other Income	15	5,868,041	13,061,286
Profit on sale of Assets		135,871	3,187,182
		<b>300,245,676</b>	<b>344,539,530</b>
<b>EXPENDITURE</b>			
Direct Operation expenses	16	118,085,165	122,773,540
Administrative expenses	17	46,188,957	61,742,451
Financial expenses	18	68,918,916	71,831,519
Depreciation		57,780,689	76,208,245
Loss on Sale of Assets		101,446,672	201,962
		<b>392,420,399</b>	<b>332,757,717</b>
<b>Profit/Loss before Taxation</b>		<b>(92,174,723)</b>	11,781,813
Less : Current Tax		228,575	1,375,000
Less : Deferred Tax		(10,447,000)	8,662,000
Less : Fringe Benefit Tax		(83,458)	971,191
<b>Profit/Loss after Tax</b>		<b>(81,872,840)</b>	<b>773,622</b>
Add: Surplus from Previous Year		119,480,667	118,707,045
<b>BALANCE CARRIED FORWARD</b>		<b>37,607,827</b>	<b>119,480,667</b>
Earnings per share (Rs.) (Basic & Diluted)		<b>(5.65)</b>	0.05

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

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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  
Firm Registration No. 103604W

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

**Commodore M. BHADA**  
Director

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

**MAMTA JAIN**  
Company Secretary

Place : Mumbai  
Dated : 13th August 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010**

	(Rs. In'000s) 2009-2010	(Rs. In'000s) 2008-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extraordinary Items	(92,175)	11,782
<b>Adjustment for</b>		
Depreciation	57,781	76,208
Loss /( Profit) on sale of Assets (Net)	101,311	(2,985)
Dividend Income	(12)	(12)
Interest Income	(123)	(251)
Foreign Exchange difference	16	(14)
Interest Expenses	66,645	69,846
<b>Operating Profit before working Capital Changes</b>	<b>133,443</b>	<b>154,574</b>
<b>Adjustment for</b>		
Trade & Other receivables	1,836	(114,346)
Trade Payables	(21,778)	22,697
<b>Cash generated from operation</b>	<b>113,501</b>	<b>62,925</b>
Direct Taxes paid	(252)	-
Interest paid	(72,620)	(57,431)
<b>Net cash from operating Activities(A)</b>	<b>40,629</b>	<b>5,494</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(51,482)	(33,516)
Sale of Fixed Assets	115,772	26,257
Dividend Received	12	12
Interest Received	164	149
Purchase of shares in Subsidiary company	(700)	-
Sundry Credit Balance written back	-	-
<b>Net Cash used in Investing Activities(B)</b>	<b>63,766</b>	<b>(7,098)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	(100,360)	15,461
Foreign Exchange earnings	(16)	14
Dividend paid	-	(15,617)
<b>Net Cash used in Financing Activities( C )</b>	<b>(100,376)</b>	<b>(142)</b>
<b>Net Changes in cash &amp; cash equivalents(A+B+C)</b>	<b>4,019</b>	<b>(1,746)</b>
<b>Cash &amp; cash equivalents in - opening Balance</b>	<b>2,789</b>	<b>4,535</b>
<b>Cash &amp; cash equivalents in - Closing Balance</b>	<b>6,808</b>	<b>2,789</b>
	<u>4,019</u>	<u>1,746</u>

**Note:**

1. 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.
2. Proceeds from borrowings are shown as net of repayments.
3. 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 Accountants  
Firm Registration No. 103604W

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

**Commodore M. BHADA**  
Director

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

**MAMTA JAIN**  
Company Secretary

Place : Mumbai  
Dated : 13th August 2010



**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010**

	As At 31st March 2010	As At 31st March 2009
<b>SCHEDULE :1</b>		
<b>SHARE CAPITAL</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>RESERVES &amp; SURPLUS</b>		
<b>GENERAL RESERVE</b>		
AS PER LAST BALANCE SHEET	<u>106,979,421</u>	<u>106,979,421</u>
	<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	<u>2,461,850</u>	<u>2,461,850.00</u>
	<u>2,461,850</u>	<u>2,461,850</u>
<b>DEFERRED TAX RESERVE</b>		
AS PER LAST BALANCE SHEET	<u>69,631,000</u>	<u>60,969,000</u>
Less: Transferred to Profit & Loss A/C	<u>(10,447,000)</u>	<u>8,662,000</u>
	<u>59,184,000</u>	<u>69,631,000</u>
<b>PROFIT AND LOSS ACCOUNT</b>		
	<u>37,607,827</u>	<u>119,480,667</u>
	<u>206,233,098</u>	<u>298,552,938</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010**

	As At 31st March 2010	As At 31st March 2009
<b>SCHEDULE :3</b>		
<b>SECURED LOANS</b>		
<b>IDBI</b>	<b>61,500,000</b>	69,000,000
(Secured by hypothecation of specific barges & assignment of receivable of specific barges and Personal guarantee of some of the Directors)		
<b>DENA BANK SHORT TERM LOAN</b>	-	49,530,178
(Secured by hypothecation of specific barges & Personal guarantee of certain Directors)		
<b>DENA BANK - TERM LOAN</b>	<b>51,700,666</b>	55,140,666
(Secured by hypothecation of specific barges & Personal guarantee of certain Directors)		
<b>CASH CREDIT FACILITY FROM STATE BANK OF INDORE</b>	<b>60,274,548</b>	60,099,164
(Secured by Book Debts, hypothecation of specific barges & personal guarantee of certain Directors)		
<b>STATE BANK OF INDORE-TERM LOAN</b>	<b>28,511,828</b>	31,053,865
(Secured by Book Debts, hypothecation of specific barges & personal guarantee of certain Directors)		
<b>UNITED BANK OF INDIA - TERM LOAN</b>	<b>17,847,027</b>	31,936,917
(Secured by Book Debts, hypothecation of specific barges & personal guarantee of certain Directors)		
<b>DENA BANK+ TERM LOAN</b>	<b>74,743,297</b>	109,322,227
(Secured by hypothecation of specific barges & Personal guarantee of certain Directors)		
<b>PUNJAB NATIONAL BANK CORPORATE LOAN</b>	<b>1,643,000</b>	4,910,000
(Secured by hypothecation of specific barges & Personal guarantee of certain Directors)		
<b>ORIENTAL BANK OF COMMERCE</b>	<b>90,000,000</b>	-
(Secured by hypothecation of specific barges, deposit of Title Documents of Vashi Site & Personal guarantee of certain Directors)		
<b>HDFC BANK LTD.</b>	-	18,982,421
(Secured by deposit of Title Documents of Vashi Site)		
<b>CAR LOAN-HDFC BANK</b>	<b>2,368,589</b>	3,489,029
(Secured by hypothecation of Motor vehicles).		
<b>CAR LOAN -STATE BANK OF INDORE</b>	-	1,386,961
(Secured by hypothecation of Motor vehicles).		
<b>CAR LOAN - TATA MOTORS FINANCE LTD.</b>	<b>1,501,349</b>	2,113,505
(Secured by hypothecation of Motor vehicles).		
<b>SREI INFRASTRUCTURE FINANCE LTD.</b>	-	78,101,961
(Secured by hypothecation of specific barges and personal guarantee of some of the Directors)		
<b>KOTAK MAHINDRA -TERM LOAN</b>	<b>239,357</b>	2,867,212.00
( Secured by Personal guarantee of Managing Director)		
<b>TOTAL</b>	<b>390,329,661</b>	517,934,106
<b>SCHEDULE :4</b>		
<b>UNSECURED LOANS</b>		
From Corporate Bodies	<b>21,312,494</b>	22,762,960
From Director	<b>31,995,000</b>	3,300,000
From Others	<b>500,000</b>	500,000
	<b>53,807,494</b>	26,562,960



**SCHEDULE : 5  
FIXED ASSETS**

PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K			
	AS AT 31.3.2009 Rs.	ADDITIONS DURING THE YEAR Rs.	DEDUCTIONS DURING THE YEAR Rs.	AS AT 31.03.2010 Rs.	UP TO 31.03.2009 Rs.	DEP. FOR THE YEAR Rs.	ADJUSTMENT IN RESPECT OF ASSETS SOLD	UP TO 31.03.2010 Rs.	AS AT 31.03.2010 Rs.	AS AT 31.3.2009 Rs.
FREEHOLD LAND	845,316	-	-	845,316	-	-	-	-	845,316	845,316
LEASE HOLD LAND	4,709,760	-	-	4,709,760	409,040	78,496	-	487,536	4,222,224	4,300,719
FLEET	1,229,367,377	49,392,278	286,051,073	992,708,582	598,832,017	50,807,601	69,139,192	580,500,426	412,208,156	630,535,360
MACHINERY	10,489,358	-	-	10,489,358	5,796,019	652,843	-	6,448,862	4,040,496	4,693,339
TANKERS	1,615,728	-	-	1,615,728	1,469,003	44,018	-	1,513,021	102,707	146,725
BUILDINGS*	22,140,786	-	-	22,140,786	5,382,335	837,923	-	6,220,258	15,920,528	16,758,451
ELECTRICAL INSTLTNS.	2,008,505	-	-	2,008,505	1,085,002	128,459	-	1,213,461	795,044	923,503
FURNITURE, FIXTURES	9,799,803	-	-	9,799,803	5,000,640	868,649	-	5,869,289	3,930,514	4,799,163
TYPE WRITER	54,103	-	-	54,103	47,902	863	-	48,765	5,338	6,201
COMPUTER	4,829,858	47,000	-	4,876,858	4,006,942	336,532	-	4,343,474	533,384	822,916
OFFICE EQUIPMENT	5,801,728	66,742	-	5,868,470	3,218,230	362,745	-	3,580,975	2,287,495	2,583,499
VEHICLES	35,371,428	-	1,339,277	34,032,151	22,464,472	3,659,061	1,168,397	24,955,136	9,077,015	12,906,956
SUNDRY ASSETS COSTING BELOW RS.5000/- WRITTEN OFF	525,466	3,499	-	528,965	525,466	3,499	-	528,965	-	-
	1,327,559,216	49,509,519	287,390,350	1,089,678,385	648,237,068	57,780,689	70,307,589	635,710,168	453,968,217	679,322,148
CAPITAL WORK-IN-PROGRESS & ADVANCES FOR CAPITAL GOODS	36,642,835	1,972,541	-	38,615,376	-	-	-	-	38,615,376	36,642,835
TOTAL RUPEES	1,364,202,051	51,482,060	287,390,350	1,128,293,761	648,237,068	57,780,689	70,307,589	635,710,168	492,583,593	781,929,181
PREVIOUS YEAR	1,391,366,882	41,733,748	68,898,579	1,364,202,051	609,437,701	76,208,245	37,408,879	648,237,068	715,964,984	781,929,181

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

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010**

	As At 31st March 2010	As At 31st March 2009
<b>SCHEDULE :6</b>		
<b>INVESTMENTS</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. 6,39,250/-)	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
Equity Shares of SKS Waterways Ltd.* ( 34,994 Equity shares of Rs. 10/- each)	349,940	-
Equity Shares of Royal Logistics (Ship) Ltd.* ( 34,994 Equity shares of Rs. 10/- each)	349,940	-
Equity Shares of Shahi Shipping (Bangladesh) Ltd. (997 Equity Shares of 100 Bangladesh Takka each)	87,483	87,483
	<u>892,413</u>	<u>192,560</u>
* Shares are held in the name of a Director with beneficially ownership with the Company.		
<b>SCHEDULE :7</b>		
<b>SUNDRY DEBTORS (Considered Good)</b>		
Debts outstanding for a period exceeding six months	123,017,862	158,018,422
Other Debts	93,414,160	74,892,096
	<u>216,432,022</u>	<u>232,910,518</u>
<b>SCHEDULE :8</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash balance on hand	207,144	419,412
Foreign Currency in hand	102,062	74,086
<b>Bank balances with Scheduled Banks :</b>		
Margin Money Deposit against Guarantees	1,628,137	1,115,495
Current Accounts	3,967,523	262,564
Dividend Accounts	902,943	917,586
	<u>6,807,809</u>	<u>2,789,143</u>
<b>SCHEDULE :9</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest accrued on Bank FDR's	84,681	125,672
Interest Subsidy Receivable	64,523,144	64,523,144
	<u>64,607,825</u>	<u>64,648,816</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010**

	As At 31st March 2010	As At 31st March 2009
<b>SCHEDULE :10</b>		
<b>LOANS &amp; ADVANCES (Considered good)</b>		
Tax paid (including TDS)	85,536,909	71,670,875
Deposit with statutory bodies	3,099,381	1,581,225
Deposit with others	7,188,192	5,785,631
Advances Recoverable in Cash or in kind for value to be received *	43,456,939	45,348,799
	<u>139,281,421</u>	<u>124,386,530</u>
* Includes Rs.3656245/- (Previous year Rs.30,26,901/-) dues from subsidiaries and Rs.2645647/-(Previous year Rs.30,46,182 dues from companies where directors are interested .		

**SCHEDULE :11****CURRENT LIABILITIES**

Sundry Creditors	62,234,293	89,975,189
Trade Deposits	1,450,000	1,450,000
Unclaimed Dividend*	902,942	914,879
	<u>64,587,235</u>	<u>92,340,068</u>
*( There are no amount due and outstanding to be credited to Investor Protection Fund)		

**SCHEDULE :12****PROVISIONS**

For Taxation	59,770,575	59,542,000
For Fringe Benefit Tax	2,066,030	2,149,488
	<u>61,836,605</u>	<u>61,691,488</u>

**SCHEDULE :13****MISCELLANEOUS EXPENDITURE**

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>

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010****SCHEDULE :14****INCOME FROM OPERATIONS**

Income from Operations	294,241,764	328,291,062
	<u>294,241,764</u>	<u>328,291,062</u>

**SCHEDULE :15****OTHER INCOME**

Interest from Banks & Others	123,505	251,052
Dividend Received	12,500	11,500
Excess Gratuity Provision Written Back	262,102	-
Rebate and Discount Received	357,007	168,210
Sundry balances written back (Net)	5,081,198	12,569,402
Misc. Income	31,729	61,122
	<u>5,868,041</u>	<u>13,061,286</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	As At 31st March 2010	As At 31st March 2009
<b>SCHEDULE :16</b>		
<b><u>DIRECT OPERATION EXPENSES</u></b>		
Hire, Transportation & Water Charges	10,075,749	14,935,922
Voyage Expenses	161,421	391,972
Agency fees	3,285,000	4,012,248
Crane Charges	14,000	2,022,758
Repairs & Maintenance (Fleet)	24,316,565	18,452,444
Barge Operation Expenses	27,340,803	27,443,302
Port Dues	7,868,498	8,752,036
Fuel & Oil	40,274,545	39,887,817
Insurance Charges	2,684,770	5,823,007
Survey Charges	2,063,814	1,052,034
	<u>118,085,165</u>	<u>122,773,540</u>
<b>SCHEDULE :17</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Salary & Bonus & Gratuity etc.	14,687,265	23,522,490
Contribution to PF & other Funds	1,425,701	1,507,744
Staff welfare	835,478	907,174
Rent, rates & taxes	1,711,854	1,332,219
Insurance charges	128,866	996,458
Travelling expenses	2,462,526	4,577,757
Telephone, Telex, Fax Expenses	1,053,617	1,799,488
Auditors remuneration	401,533	414,446
Advertisement & publicity expenses	684,388	700,987
Bad debts written off	1,355,497	72,419
Directors remuneration	3,754,821	4,875,000
Directors sitting fees	50,000	60,000
Electricity charges	885,637	1,218,391
Printing & Stationery expenses	723,612	577,102
Legal, professional & consultancy charges	3,775,326	7,059,541
Secretarial expenses	198,643	153,385
conveyance expenses	1,261,978	104,540
Other expenses	5,028,117	6,084,664
Rebates & discounts	2,853,016	2,645,887
Repairs & maintenance - Building	27,925	39,409
Repairs & maintenance (others)	2,867,572	3,093,351
Loss on exchange rate difference	15,584	
	<u>46,188,957</u>	<u>61,742,451</u>
<b>SCHEDULE :18</b>		
<b><u>FINANCE EXPENSES</u></b>		
Interest to Banks & Financial Institution	66,645,062	69,845,540
Bank Charges & Commission	2,273,854	1,985,978
	<u>68,918,916</u>	<u>71,831,518</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 carry a long term benefit and in the nature of a capital expenditure, 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 provides for Deferred Tax Liability which arises due to the timing difference between accounting income & taxable income.

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

- a) On account of guarantees executed by the company's Bankers for Rs. 108.15 lacs (previous year Rs. 73.90 lacs), which is partly secured by the Margin Money amounting to Rs. 16.28 lacs (previous year Rs. 11.15 lacs) retained by the Bank.
  - b) Claim against the Company not acknowledged as debts Rs. 30.37 lacs.
  - c) Demand in respect of additional Income Tax disputed in Appeal Rs. NIL ( Previous year 146.16 lacs ).
- 13.** 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.
- 14.** 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.
- 15.** 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 Company to recover there dues has filed a petition in the Delhi High Court in May 2010. The amount outstanding is considered good by the management,
- 16.** The company has lodged the claim of sum of Rs 396.23 lacs in respect of main engine break down of a ship during the voyage. The salvage expenses sum of Rs 312.10 lacs which has been incurred on account of above has been shown in the books of accounts in Loan & Advances. As per Company accounting policy the insurance claim are accounted on cash basis, the above said insurance claim has not been received hence not recorded in the books of accounts.
- 17.** The Sundry Debtors, Sundry Creditors, Loans, Deposits and Loans & Advances are subject to confirmation/ reconciliation.
- 18.** 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.
- 19.** The company is engaged only in the business of shipping and as such there is no separate reportable segment as per Accounting Standard 17.
- 20.** (a) Sundry Creditors include amounts due to small scale Industrial undertakings – Rs. 6076 /-(previous year Rs. 50,333 ).
- (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.
- (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.
- 21.** The company has formed two Subsidiary Company to namely SKS Waterways Ltd and Royal Logistics (Ship) Ltd which has not been started operation during the year. Shahi Shipping (BD) Ltd, in the process of liquidation, hence the consolidated financial statement of the SKS Logistics Limited and its subsidiaries SKS Waterways Ltd, Royal Logistics (Ship) Ltd and Shahi Shipping (BD) Ltd has not been prepared. SKS Logistics (Singapore) Pvt Ltd has been wound up during the year.
- 22.** Previous year's figures have been regrouped and rearranged wherever necessary to confirm to those of the current year.
- 23.** Expenditure in Foreign Currency:
- |           | 31 <sup>st</sup> March 2010 (Rs) | 31 <sup>st</sup> March 2009 (Rs) |
|-----------|----------------------------------|----------------------------------|
| Traveling | 152840                           | NIL                              |
- 24.** Earnings in Foreign Currency:
- |                 |     |     |
|-----------------|-----|-----|
| From Operations | NIL | NIL |
|-----------------|-----|-----|



**25. Auditors' Remuneration includes:**

	31 <sup>st</sup> March 2010 (Rs)	31 <sup>st</sup> March 2009 (Rs)
For Company Law Audit	1,60,000	1,60,000
For Tax Audit	50,000	50,000
For Taxation	30,000	30,000
For Certification	1,57,900	1,64,609
For Reimbursement of Expenses	3,633	10,579

**26. The break-up of net Deferred Tax Liability is as under:**

<b>Deferred Tax Assets</b>	( Rs. In Lacs )	( Rs. In Lacs )
	<b>NIL</b>	<b>NIL</b>
<b>Deferred Tax Liability</b>		
Difference between Book & Tax Depreciation	<b>591.84</b>	696.31
Net deferred tax liability on account timing differences	<b>591.84</b>	696.31

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.

**27. 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.****28. Earnings per Share**

	31 <sup>ST</sup> March 2010	31 <sup>ST</sup> March 2009
Profit /(Loss) after taxation as per Profit & Loss Account	(8,18,72,840)	7,73,622,
Number of equity shares outstanding for basic and diluted EPS	14494874	14494874
Basic & diluted EPS	Rs. (5.65)	Rs. .005
Face value per share	Rs.10/-	Rs.10/-

**29. Prior period expenses debited during the year was 2.93 lacs (previous year was Rs. NIL).****30. Remuneration to Directors including Managing Director & Whole-time Directors.**

	Rs. In Lacs 2009-10	Rs. In Lacs 2008-09
Salary, Bonus & Perquisites	37.55	48.75
Contribution to Provident Fund and other funds	1.80	1.80
Commission to Managing Director	NIL	NIL
	<b>39.35</b>	<b>50.55</b>

**31 Related Party Disclosures :****RELATED PARTY RELATIONSHIPS:**

- a) Where control exists:
- Shahi Shipping (BD) Limited
  - India First Logistics Limited
  - Shahi Gasol Limited
  - SKS Shipyard Pvt.Ltd.
  - Royal Logistics ( Ship ) Ltd.
  - SKS Waterways Ltd



- b) Key Management Personnel: Mr. S. K. Shahi  
Chairman & Managing Director  
Late Mr. F. M. Koli  
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 AMOUNT 2009-10	Rs. In Lacs AMOUNT 2008-09
<b>Where control exists</b>	Advance given	5.37	4.73
	Loans Taken	22.50	107.00
	Loans Repaid	NIL	70.00
	Crew Maint. Charges	45.12	42.65
	Equity Contribution	7.00	NIL
<b>Key Management Personnel</b>	Remuneration paid to Key Management Personnel	39.35	50.55
	Loans Taken	290.95	21.00
	Loans Repaid	4.00	NIL

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

	Rs. In Lacs AMOUNT 2009-10	Rs. In Lacs AMOUNT 2008-09
<b>1. Where Control Exists</b>		
Advances given	63.02	60.73
Unsecured Loans taken	129.50	107.00
Sundry Creditors	8.01	6.76
<b>2. Key Management Personnel</b>		
Unsecured Loans taken	319.95	33.00
<b>3. Other Related Parties</b>		
Unsecured Loans taken	24.00	24.00
Trade Deposit	14.50	14.50

**32. 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 1 0

**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

0 9 2 1 7 4 3

Total Assets

0 9 2 1 7 4 3

**Source of Funds**

Paid up Capital

1 4 4 9 4 9

Reserves &amp; Surplus

2 0 6 2 3 3

Secured Loans

3 9 0 3 3 0

Unsecured Loans

5 3 8 0 7

**Application of Funds**

Net Fixed Assets

4 9 2 5 8 4

Investments

8 9 2

Net Current Assets

3 0 0 7 0 5

Misc. Expenditure

1 1 3 8

Accumulated Losses

N I L

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

Turnover ( Gross Revenue)

3 0 0 2 4 6

Total Expenditure

3 9 2 4 2 0

Profit(+)/ Loss(-) before Tax

( 9 2 1 7 4 )

Profit(+)/ Loss(-) after Tax

( 8 1 8 7 3 )

Earning per Share in Rs.

( 5 . 6 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  
Firm Registration No. 103604W**S.K.SHAHI**  
Chairman & Managing Director**Commodore M. BHADA**  
Director**N.D.HEDA**  
Proprietor  
Membership No.32450**Mamta Jain**  
Company SecretaryPlace : Mumbai  
Dated : 13th August, 2010.

**DETAILS OF FLEET AS ON 31ST MARCH 2010**

<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
<b>OTHER</b>			
26. M.V. ROYAL GODAVARI	TUG (TOWING)	3.10	121*
27. M.V. VIMLA	TUG	4.00	428*
28. M.V. ROYAL SEWREE	MOTOR LAUNCH	1.50	9.30*
29. M.V. ROYAL OCEANPRIDE	MOTOR LAUNCH	2.12	31.59*

\*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 TWENTIETH ANNUAL GENERAL MEETING of the Company be held on Thursday the 23rd September 2010 at 12.00 noon and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010 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)

### 20th ANNUAL GENERAL MEETING - Thursday the 23rd September, 2010

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company at Kilachand Conference Hall, Second Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020. on Thursday the 23rd September, 2010 at 12.00 noon.

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 : \_\_\_\_\_