

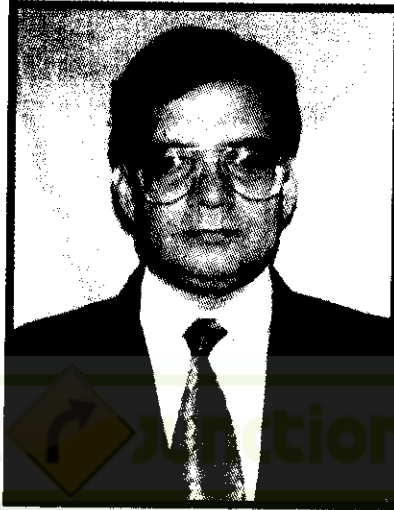


SHAWI

SHIPPING LIMITED

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NINTH ANNUAL REPORT 1998-99



S. K. Shahi

Chairman & Managing Director



fifth Annual Report 1998-99

Shahi Shipping Limited

SHAHI SHIPPING LIMITED

BOARD OF DIRECTORS

Mr. S. K. Shahi	<i>Chairman and Managing Director</i>
Mr. N. K. Vijayan	<i>Joint Managing Director</i>
Mr. F. M. Koli	<i>Wholetime Director</i>
Mr. G. N. Pathak	<i>Director</i>
Mr. S. K. Bhadury	<i>Director</i>
Mrs. Nitya Kalyani	<i>(ICICI Nominee)</i>
Mr. S. R. Sharma	<i>(IDBI Nominee)</i>

COMPANY SECRETARY

Mr. V. Ranganathan

BANKERS

Bank of Baroda
Bori Bunder Branch, Mumbai

LEGAL ADVISORS

S. R. Pandey
Advocate

AUDITORS

N. D. Heda & Co.
Chartered Accountants

REGISTERED OFFICE

✓ 404, Abhay Steel House,
Baroda Street, Mumbai - 400 009.

REGISTRARS & SHARE TRANSFER AGENTS

✓ System Support Services
209, Shivai Ind. Estate,
Next to Parke Davis,
89, Andheri Kurla Road,
Sakinaka, Mumbai - 400 072.
Tel. : 850 0835 / 3940
Fax : 850 1438



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NOTICE

Notice is hereby given that the 9th Annual General Meeting of Shahi Shipping Ltd. will be held on Thursday, 30th September, 1999 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai - 400 020. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1999, and the Profit & Loss Account for the year ended on that date, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G. N. Pathak, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution :-

"Resolved that Mr. Vijayan N. K. be and is hereby appointed as Director of the Company".

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, & 310 read with schedule XIII of the Companies Act, of 1956, and all other applicable provisions if any, of the said Act including any statutory modifications or re-enactment thereof from time to time, sanction and consent be and is hereby accorded to the appointment of Vijayan N. K. as Joint Managing Director for a period of three years with retrospective effect from 11th May, 1999 on terms and conditions set out below :-

I. Salary :

Rs. 30,000/- (Rupees Thirty Thousand Only) p.m.

II. Bonus :

One month's salary

III. Medical Reimbursement :

Mediclain for self & family.

IV. Leave Travel Concession :

For self and family once in a year in accordance with the rules of the company.

V. Personal Accident Insurance :

Premium not to exceed Rs. 1000/- (Rupees One Thousand Only) per annum.

VI. Reimbursement of cost of magazines and periodicals not exceeding Rs. 500/- (Rupees Five Hundred Only) per month.

CATEGORY : B

1) Company's contribution towards Provident Fund of 12% of the salary as per rules of the Company or such percentage as may be specified from time to time.

CATEGORY : C

Car for use on Company's business and telephone at residence will be provided. They will, however, not to be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose



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shall be billed by the Company to the Joint Managing Director, at actuals.

OTHER TERMS :-

- 1) "RESOLVED FURTHER THAT where in any financial year closing on and after 1st April, 2000, the Company will pay remuneration by way of salary and perquisites as specified in Part II of Schedule XIII of the Companies Act, 1956 or any amendment thereof."
- 2) Though designated as Jt. Managing Director of the Company, for a period of three years, the appointee shall retire by rotation in accordance with Section 255 of the Companies Act of 1956. He shall cease to be a Director, if not so appointed by the members at the Annual General Meeting.
5. **To consider and if thought fit to pass with or without modification on the following resolution as a Ordinary Resolution :-**

"RESOLVED THAT the Company's equity shares be delisted from Stock Exchanges viz. Delhi, Calcutta, Cochin, Madras.

Registered Office :-

404, Abhay Steel House,
Baroda Street, Mumbai - 400 009.

By Order of the Board of Directors

S.K. SHAHI

Chairman & Managing Director

Dated : 17th August, 1999.

NOTES :

1. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO VOTE IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and Share Transfer Books will remain closed during the period Wednesday, the 29th September, 1999 to Thursday, 30th September, 1999, both days inclusive.
4. Members are requested to notify change in their address, if any.
5. The Company's shares are presently listed in the following Stock Exchanges :-

The Mumbai Stock Exchange,
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001.

The Delhi Stock Exchange Assn. Ltd.
West Plaza,
I. G. Stadium, Indraprastha Estate,
New Delhi - 110 002.

The Cochin Stock Exchange Ltd.,
P. B. No. 3529, Veekshanam Road, Ernakulam,
Cochin - 682 035.

The Calcutta Stock Exchange Assn. Ltd.,
7, Lyons Range,
Calcutta - 700 001.

The Madras Stock Exchange Ltd.,
Exchange Building,
Post Box No. 183,
11, Second Line Beach, Chennai - 600 001.

The Stock Exchange, Ahmedabad,
Kamdhenu Complex,
Opp. Sahajanand College, Panjara Pole,
Ambawadi, Ahmedabad - 380 015.

However, steps are being taken to delist the shares from the Stock Exchanges viz., Delhi, Calcutta, Madras & Cochin.



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Explanatory Statement as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out all material facts relating to the business mentioned under item Nos. 4 and 5 of the accompanying notice.

Item No. 4

Mr. Vijayan N. K. was appointed as Joint Managing Director by the Board of Directors of the Company with effect from 11th May, 1999. The Company has received a notice from a Member Under Section 257 of the Act, signifying his intention to propose the appointment of Mr. Vijayan N. K. as Director.

Mr. Vijayan was a Senior Executive of a large Public Sector Undertaking and has vast experience and knowledge of Shipping Industry. The Board considers it desirable that the company should avail itself of his experience and guidance.

Item No. 5

It is proposed to delist the Company's Equity Shares from the several Stock Exchanges except Mumbai and Ahmedabad. Only a few shareholders are located in the areas served by Madras, Cochin, Calcutta and Delhi Exchanges. Share transactions emanating from these Exchanges are few and far between. As part of cost reduction programmes, the board decided to delist the shares from these Stock Exchanges. The benefit derived from listing falls far short of listing fees paid. The Board commends the resolution for adoption.

Memorandum of Interest :

Except Mr. Vijayan N. K. no other Director is interested in his appointment as Joint Managing Director. No other Director is in any way concerned or interested in Resolution No. 5 of the Notice.

By Order of the Board of Directors

S.K. SHAHI
Chairman & Managing Director



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DIRECTOR'S REPORT

To the Shareholders,

Your Director's present their Ninth Annual Report, together with the Audited Statement of Account for the year ended 31st March, 1999.

1. FINANCIAL RESULTS :	(Rs. in lakhs)	
	1998-99	1997-98
GROSS INCOME	2123.22	2514.92
GROSS PROFIT	1224.19	1265.49
LESS : INTEREST & FINANCIAL CHARGES	619.06	441.53
LESS : DEPRECIATION	599.23	460.44
PROVISION FOR TAXATION	0.62	38.10
LESS : LOSS ON SALE ON ASSETS	--	0.95
SURPLUS FOR THE YEAR	5.28	324.45
LESS : TRANSFER TO RESERVE (U/s. 33 A.C. of the Income Tax Act, 1961)	--	110.00
BALANCE BROUGHT FORWARD FROM THE PREVIOUS YEAR.	721.58	432.77
ADD : SHIPPING RESERVE UTILISED.	--	150.00
LESS : PROVISION FOR INCOME TAX OF EARLIER YEAR	20.26	--
LESS a) TRANSFER TO GENERAL RESERVE	--	35.00
b) PROVISION FOR DIVIDEND	--	36.95
c) TAX ON PROPOSED DIVIDEND	--	3.69
BALANCE CARRIED FORWARD	706.59	721.58

2. DIVIDEND :

Due to inadequacy of profits, your Directors regret their inability to declare dividend for the year.

3. OPERATIONS OF THE COMPANY :

It is distressing to note that for the first time since the inception of the company nine years' age, Gross Revenue declined marginally. The year 1998 was one of the worst for the coastal shipping. The sluggish economy that persisted throughout the year coupled with the imposition of sanctions following the Pokhran Test had an adverse impact on the business operations of the company. On the one hand, demand for barge services had shrunk to a considerable extent, barge earnings had fallen due to intense competition.

In such a situation, Gross Revenue amounting to Rs. 21.23 crores, as against Rs. 25.15 crores of the previous year is a commendable effort of your company. It is noteworthy that the operation expenses as a percentage of Gross Income had come down from 49% to 42% for the year under report. Your Management took timely steps to control cost of inputs. However, there was no such scope for curtailing financing charges and depreciation cost.

4. FUTURE PROSPECTS :

The economy is showing distinct signs of recovery. Cement and Steel Industries are on the upsurge, which augurs well for your company, During the first four months of the current financial year, Gross Revenue amounted to Rs. 557.63 lakhs, as compared to Rs. 622.23 lakhs achieved during the corresponding period last year. The Dry Docks Project is making a steady progress and would become operational in the next year.



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Barring unforeseen events, your Directors are optimistic that the Company's profitability of operations would show significant improvement. Company plans to enter into coastal movement of liquid as well as bulk cargo in the coming year as there are strong indications of coastal movement picking up momentum in the future. Company is in the process of making detailed feasibility study in this respect.

Company also plans to enter into providing support service in shipping activities especially port related operations. As per latest trends, there is considerable potential in this direction.

5. DIRECTORS :

Rear Admiral G. Rai (Retd.) resigned as Whole-time Director of the company with effect from 17.3.99. The Directors placed on record its appreciation of the valuable services rendered by him during his tenure of office as Director.

Brig. A. Dayal (Retd.), Whole-time Director of the Company submitted his resignation which was accepted by the Board with effect from 2.2.99. The Board would like to place on record its appreciation of the valuable services rendered by him.

The Board appointed Mr. Vijayan N. K. as Joint Managing Director for a period of three years with effect from 11th May, 1999 and recommend passing the resolution set out in Item No. 4 of the notice.

In accordance with the provisions of Companies Act, 1956, Mr. G. N. Pathak retires by rotation and being eligible offers himself for reappointment.

6. YEAR 2000 (Y2K) COMPLIANCE :

Your Company has since upgraded the software so that Y2K compliance has been achieved.

7. AUDITORS & AUDITORS' REPORT :

Messrs N. D. Heda & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. They have furnished a certificate to the Company in respect of their eligibility for such appointment. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in Auditor's Report are self-explanatory and therefore do not call for any further comments.

8. DISCLOSURE OF PARTICULARS :

Particulars required by the Companies' (Disclosure of Particulars in the Report of Board of Directors) Rules are given in the Annexure to the Director's Report.

9. ACKNOWLEDGEMENTS :

Your Directors would like to express their appreciation for the co-operation and assistance extended by the financial institutions ICICI Ltd., IDBI, IIBI, State Bank of India and the Company's Banks, Bank of Baroda. Our thanks are also due to the employees for their devoted services.

FOR AND ON BEHALF OF THE BOARD,

Mumbai
17th August, 1999.

S.K. SHAHI
Chairman & Managing Director