

ANNUAL REPORT OF
JITF WATERWAYS LIMITED
FOR THE FINANCIAL YEAR
2010-11

NOTICE

JITF WATERWAYS LIMITED (Formerly Jindal Waterways Limited)

Notice is hereby given that the **Fourth Annual General Meeting** of the shareholders of the Company JITF Waterways Limited will be held at the Registered Office of the Company at 28, Shivaji Marg, New Delhi – 110 015 on Wednesday, the 28th September, 2011 at 11.30 A.M. to transact the following business :

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company for the Financial Year ended on 31st March, 2011 and Profit and Loss account ended on that date together with Schedules and Notes on Accounts and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prithvi Raj Jindal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company. The retiring auditors M/s. N.C. Aggarwal & Company, Chartered Accountants, are eligible for reappointment.

BY ORDER OF THE BOARD OF DIRECTORS

**Sd/-
ALOK KUMAR
COMPANY SECRETARY**

New Delhi
Dated:15th July 2011

NOTE :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.

JITF WATERWAYS LIMITED
(Formerly Jindal Waterways Limited)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year 2010-11.

Change of Name

The Company changed its name from Jindal Waterways Limited to **JITF Waterways Limited** w.e.f. 13th December, 2010.

Financial Results

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Paid up Capital	584,133,330	584,133,330
Share application money pending allotment	3,692,000,010	589,000,010
Reserves and Surplus	1,167,266,660	1,167,266,660
Secured Loans	2,355,253,054	2,588,592,858
Fixed Assets	3,689,072,927	3,369,151,326
Depreciation on fixed assets	391,021,960	218,741,167
Capital Work in Progress	307,049,195	214,361,800
Deferred Tax Assets	563,624,440	416,067,481
Current Assets, Loans & Advances	790,022,178	490,889,147
Current Liabilities	136,338,377	182,329,702
Profit/ (Loss) before taxation	477,732,280	779,235,185

Fixed Deposits

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

Directors

In terms of the provisions of Section 256 of the Companies Act, 1956, Mr. Prithvi Raj Jindal shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

i) Foreign Exchange Earning and Outgo

The particulars regarding foreign exchange outgo and Earning during the year are as under:

Expenditure in Foreign Exchange including expenditure for capital goods

Description	Current Year
Oil and Fuel Expenses	44,857,697
Port Dues Charges	74,302,476
Spares for vessel & survey fees	58,594,433
Traveling Expenses	56,980
Insurance	19,450,964
Legal & Professional	1,853,513
Communication	3,783,724
Freight	-
Commission	-
Chartering Fees	4,519,049
Crane Charges	981,058
Dry Dock Charges for vessels	50,281,108
Others	711,003
Total	259,392,005

Revenue in Foreign Exchange

Description	Current Year
	Amount (Rs.)
Cargo freight Revenue	339,145,103
Total	339,145,103

ii) **Conservation of Energy and Technology Absorption**

The Company is conscious of the need to keep all the cost elements at the barest minimum level including the energy cost. It is also aware of the responsibility to conserve energy in an overall energy shortage situation.

Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, for the for the Financial Year 2010-11, your Directors report as under:-

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures (if any);
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

Auditors

M/s. N.C. Aggarwal & Company, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting, and are eligible for re-appointment.

Particulars of Employees

None of the employees of the Company is covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Acknowledgement

Your Directors express their grateful appreciation to concerned Departments of Central / State Governments, Financial Institutions & Bankers, Customers and Vendors for their continued assistance and co-operation. The Directors also wish to place on record their deep sense of appreciation for the committed services of the employees at all levels. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the Management of the Company.

On behalf of the Board of Directors of
JITF Waterways Limited

Sd/-

Sd/-

Amit Bajpai
Whole Time
Director

Indresh Batra
Director

New Delhi
Dated:15th July 2011

AUDITORS' REPORT

To
The Members of JITF Waterways Limited

1. We have audited the attached Balance Sheet of JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited) as at 31st March, 2011 and Profit and Loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements 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 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 (Auditor's Report) Order, 2003, 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 on the matters specified in paragraphs 4 and 5 of the said Order, so far as applicable to the Company.
4. Further as required under section 227(4A) of the Companies Act, 1956, we report as follows:-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by this report is in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and the cash flow statement complies with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and a fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - b) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - c) In the case of cash flow statement of cash flows of the Company for the year ended on that date.

For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N

Sd/-
per G. K. Aggarwal
Partner
Membership No. 086622
New Delhi
Date: 15th July, 2011

Annexure referred to in paragraph 3 of our report of even date

Re: JITF WATERWAYS LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us, the management during the year has physically verified inventories. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanation given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining records of the inventories. There have been no discrepancies noticed during physical verification of inventories.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs (iii) (b), (c) and (d) of the Order, are not applicable.
- (e) The Company has not taken any loans from parties listed under the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs (iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to information and explanations given to us, having regards to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchases of inventories, fixed assets and with regard to the sale of goods and services. During the course our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations provided by the management, during the year, no contracts or arrangements with the parties referred to in section 301 of the Act have been entered into. Accordingly, paragraph (v) (b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of the business. However the same needs to be enlarged.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) To the best of our knowledge and as explained, the Company is regular in depositing with the appropriate authorities all statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, Cess etc. where there is applicable. There are no arrears as at 31st March, 2011 for a year of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, there are no dues in respect of statutory dues, which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the year end, i.e. as at March 31, 2011 is not more than fifty per cent of its net worth. The Company has incurred cash loss during the financial year ended March 31, 2011 and in the immediately preceding financial period.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions.

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not dealt with/traded in shares, securities and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanation furnished to us, the term loan taken from bank have been applied for the purpose for which they were received, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act.
- (xix) No Debentures have been issued during the year; hence clause (xix) of Order is not applicable.
- (xx) There has not been any public issue made during the year, hence clause (xx) of Order is not applicable.
- (xxi) During the course of our examination of the books and records of the company, and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For N.C. Aggarwal & Co.
Chartered Accountants
Firm Registration No. 003273N

Sd/-
per G. K. Aggarwal
Partner
Membership No. 086622

New Delhi
Date: 15th July, 2011

JITF Waterways Limited (Formerly known as Jindal Waterways Limited)
Balance Sheet as at March 31, 2011

	Schedules	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	584,133,330	584,133,330
Share application money pending allotment		3,692,000,010	589,000,010
Reserves and Surplus	2	1,167,266,660	1,167,266,660
		<u>5,443,400,000</u>	<u>2,340,400,000</u>
Secured loans	3	2,355,253,054	2,588,592,858
		<u>2,355,253,054</u>	<u>2,588,592,858</u>
Total		<u>7,798,653,054</u>	<u>4,928,992,858</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	3,689,072,929	3,369,151,326
Less : Depreciation		391,021,960	218,741,167
Net block		<u>3,298,050,969</u>	<u>3,150,410,159</u>
Capital Work in Progress (including Capital Advances)		<u>307,049,195</u>	<u>214,361,800</u>
		<u>3,605,100,164</u>	<u>3,364,771,959</u>
Deferred Tax Assets	5	563,624,439	416,067,481
Investment	6	1,806,552,217	-
Current Assets, Loans and Advances			
Inventories	7	145,421,514	60,947,543
Sundry Debtors	8	310,175,284	145,604,164
Cash and bank balances	9	26,440,630	31,448,093
Loans & Advances	10	307,984,750	252,889,347
		<u>790,022,178</u>	<u>490,889,147</u>
Less: Current Liabilities and Provision			
Current Liabilities	11	136,338,377	182,329,702
Provisions		1,394,758	1,811,058
Net Current Assets		<u>652,289,044</u>	<u>306,748,387</u>
Miscellaneous expenditure			
(to the extent not written off or adjusted)	12	893,166	1,386,334
		<u>893,166</u>	<u>1,386,334</u>
Debit balance in profit and loss account			
Total		<u>1,170,194,025</u>	<u>840,018,696</u>
		<u>7,798,653,054</u>	<u>4,928,992,858</u>
Significant Accounting Policies & Notes to Accounts		20	

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For N. C. Aggarwal & Co.
Chartered Accountants
Firm Registration No: 003273N

For and on behalf of the Board of Directors of
JITF Waterways Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 15th July, 2011

Sd/-
Amit Bajpai
Whole Time Director

Sd/-
Indresh Batra
Director

Sd/-
Alok Kumar
Company Secretary

JITF Waterways Limited (Formerly known as Jindal Waterways Limited)
Profit and Loss Account for the year ended March 31, 2011

	Schedules	For the Year Ended 31.03.2011 Rs.	For the Period Ended 31.03.2010 Rs.
INCOME			
Income from Operations	13	983,993,869	607,387,456
Other income	14	38,272,022	4,509,426
Total		1,022,265,891	611,896,882
EXPENDITURE			
Operational Expenses	15	813,191,278	923,042,040
Personnel Expenses	16	206,619,049	170,567,473
Administrative and other Expenses	17	35,220,137	42,361,454
Financial Expenses	18	263,790,194	273,706,580
Depreciation		172,341,609	157,261,238
Preliminary Expenses written off		493,168	616,460
Total		1,491,655,435	1,567,555,245
Loss for the year before prior period adjustments		469,389,544	955,658,363
Prior Period Adjustments		8,342,736	259,695
Loss after prior period adjustments but before taxation		477,732,280	955,918,058
Provision for Fringe Benefit Tax		-	172,755
Deferred Tax Income		(147,556,951)	(314,136,737)
Total Tax (Income)/Expenses		(147,556,951)	(313,963,982)
Loss for the year		330,175,329	641,954,075
Loss brought forward of previous period		840,018,696	198,064,621
Loss for the year carried to Balance Sheet		1,170,194,025	840,018,696
Earning per share:			
	19		
Basic (Nominal value of shares Rs. 10)		(5.65)	(22.88)
Diluted (Nominal value of shares Rs. 10)		(5.65)	(22.88)

Significant Accounting Policies & Notes to Accounts

20

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For N. C. Aggarwal & Co.
Chartered Accountants
Firm Registration No: 003273N

For and on behalf of the Board of Directors of
JITF Waterways Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 15th July, 2011

Sd/-
Amit Bajpai
Whole Time Director

Sd/-
Indresh Batra
Director

Sd/-
Alok Kumar
Company Secretary

JITF Waterways Limited (Formerly known as Jindal Waterways Limited)
Schedules to the Accounts

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
Schedule 1: Share Capital		
Authorised		
60,000,000 equity shares of Rs. 10/- each	600,000,000	600,000,000
	600,000,000	600,000,000
Issued		
58,413,333 equity shares of Rs. 10/- each	584,133,330	584,133,330
	584,133,330	584,133,330
Subscribed & Paid up		
58,413,333 equity shares of Rs. 10/- each fully paid up	584,133,330	584,133,330
	584,133,330	584,133,330
Schedule 2: Reserves and Surplus		
Share Premium Account as per Last Balance Sheet	1,167,266,660	558,866,660
Addition during the year	-	608,400,000
	1,167,266,660	1,167,266,660
Schedule 3: Secured Loans		
Term Loan		
From Banks	2,278,876,359	2,561,334,073
From Financial Institutions	28,120,194	26,230,377
Working Capital Loan		
From Banks	48,256,501	1,028,408
	2,355,253,054	2,588,592,858

Term Loan Secured against mortgage of Vessels by first pari-passu charge in favour of Banks for term loan of Rs 2008987623 (Previous period Rs. 2309526788)- and second pari-passu charge in favour of banks and financial institutions for term loan of Rs. 298008930 (Previous period Rs. 278037662) . The loan is secured by second charge by hypothecation of working capital of the Company. (Loan is guaranteed by way of pledge of 51% equity of holding company Jindal ITF Limited. Loan is also supported by letter of undertaking of ultimate holding company

Working Capital loan Secured against first charge on working capital of the Company.

JITF Waterways Limited (Formerly known as Jindal Waterways Limited)
Schedule 4: Fixed Assets as per Co. Shedule

DESCRIPTION	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions	Deductions	As at 31.03.2011	As on 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 31.03.2011	As on 31.3.2010
Leasehold Improvements	786,907	-	-	786,907	786,907	-	-	786,907	-	-
Vessels	3,115,341,434	319,066,149	-	3,434,407,583	203,206,538	160,048,805	-	363,255,343	3,071,152,240	2,912,134,896
Barge	44,760,723	-	-	44,760,723	3,231,165	1,495,008	-	4,726,173	40,034,550	41,529,558
Containers	196,075,371	-	-	196,075,371	9,899,830	9,313,580	-	19,213,410	176,861,961	186,175,541
Computers	2,514,491	68,400	-	2,582,891	564,850	399,490	-	964,340	1,618,551	1,949,641
Office Equipments	2,650,955	81,950	187,918	2,544,987	203,691	129,265	6,002	326,954	2,218,033	2,447,264
Furniture and Fixtures	1,394,352	-	114,375	1,279,977	197,544	79,552	5,201	271,895	1,008,082	1,196,808
Vehicle	1,450,515	1,412,076	564,679	2,297,912	77,970	182,827	49,613	211,184	2,086,728	1,372,545
Intangible Assets	4,176,578	160,000	-	4,336,578	572,672	693,082	-	1,265,754	3,070,824	3,603,906
Total	3,369,151,326	320,788,575	866,972	3,689,072,929	218,741,167	172,341,609	60,816	391,021,960	3,298,050,969	3,150,410,159
				3,369,151,326				218,741,167		
Previous Period	1,825,204,525	1,544,678,514	731,713	3,369,151,326	61,519,977	157,261,238	40,048	218,741,167	3,150,410,159	-

Note:

1. Additions to Vessels includes Nil- (Previous period Rs. Rs.15,887,510) on account of capitalisation of financial cost including interest on loan taken for acquisition of a vessel for the period to the date of its put to use.
2. Additions to container includes Nil (Previous period Rs.5,68,410) on account of capitalisation of financial cost including interest on loan taken for acquisition of a Container for the period to the date of its put to use.

Schedule 5: Deferred Tax Assets**Deferred Tax (Liability)**

Difference on account of Written Down Value of assets	357,431,884	254,405,806
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Deferred Tax Asset

Carried Forward Losses	920,783,135	669,905,698
Dissallowance under Income Tax Act, 1961	273,188	567,590
	921,056,323	670,473,287

Net Deferred Tax Asset(Liability)

	563,624,439	416,067,481
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Schedule 6 : Investments**Current Investment (At lower of cost or market value)-Unquoted Non-Trade**

Investment with Reliance Money Manager Fund	1,806,552,217	-
1598357.526 (previous period Nil) units including 1519.27 units received as dividend par value Rs. 1001.3715 of Reliance Money Manager Fund - Institutional fund - daily dividend		
4212042.702 (previous period Nil) units including 190974.19 units received as dividend par value Rs. 15.2874 of Reliance Liquid fund - Treasury Plan - Institutional Option - Daily Dividend Option		
6967330.929 (previous period Nil) units including 468396.366 units received as dividend par value Rs. 10.0076 of Reliance Liquid fund - Treasury Plan - Institutional Option - Daily Dividend Option		
7000000 (previous period Nil) units including NIL units received as dividend par value Rs. 10.2693 of Reliance Fixed Horizon Fund - XVI Series 2 Growth Plan Option		

Aggregated value of Unquoted Investments

	1,806,552,217	-
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Schedule 7 : Inventories (At lower of cost or net realisable value)

- Fuel oils	85,021,356	27,911,584
- Spares	60,400,158	33,035,959
	145,421,514	60,947,543

Schedule 8: Sundry Debtors**(Unsecured , considered good)****Exceeding six months**

-Considered Good	26,701,559	13,165,924
-Others	283,473,725	132,438,240
	310,175,284	145,604,164

Schedule 9 : Cash and Bank Balances**(Unsecured , considered good)**

Cash in Hand	14,780	12,279
Balances with scheduled banks:		
- On current accounts	23,808,350	26,357,749
- Fixed Deposit account *	2,617,500	5,078,065
	26,440,630	31,448,093

*Pledged with bank against bank guarantee

Schedule 10 : Loans and Advances

Advances recoverable in cash or in kind or for which value to be received	269,858,156	226,662,682
Security Deposits	12,212,180	10,446,180
Advance Income tax/tax deducted at source	25,914,414	15,780,485
	307,984,750	252,889,347

Schedule 11 : Current Liabilities & Provisions

Sundry Creditors	115,547,826	170,221,296
Advance from Customers	1,429,326	127,753
Security from Customers	7,500,000	-
Other Liabilities	11,861,225	11,980,653
	136,338,377	182,329,702

Due to micro and small scale industrial undertakings included in Sundry Creditors

Due to other than micro and small scale industrial undertakings included in Sundry Creditors	-	-
	115,547,826	170,221,296

Provisions

Provision for Leave Encashment	842,003	1,258,303
Provision for Fringe Benefit Tax	552,755	552,755
	1,394,758	1,811,058

Schedule 12 : Preliminary Expenses

Opening Balance	1,386,334	2,002,794
Add: Incurred during the year	-	-
Total	1,386,334	2,002,794
Less: Amortised during the year	493,168	616,460
	893,166	1,386,334

JITF Waterways Limited (Formerly known as Jindal Waterways Limited)
Schedules to the Accounts

	For the Year Ended 31.3.2011 Rs.	For the Period Ended 31.3.2010 Rs.
Schedule 13 : Income from Operations		
Cargo Freight Charges collected	983,993,869	607,387,456
	983,993,869	607,387,456
Schedule 14: Other income		
Dividend on Current Investments	11,052,217	41,941
Interest Received:		
From Bank (Tax deducted at source Rs. 12725/- Previous period Rs. 19712/-)	299,835	234,990
Excess Liabilities Written Back	23,867,265	2,325,021
Foreign Exchange Fluctuation	(293,390)	(980,784)
Profit On Sale of Assets	0	4,037
Miscellaneous Income	3,346,095	2,884,221
	38,272,022	4,509,426
Schedule 15 : Operational Expenses		
Fuel Consumption	272,722,473	263,304,981
Ship Management Charges	55,059,549	78,777,585
Vessel and Containers Related Port Charges	289,881,174	249,719,766
Insurance Expenses	25,346,367	29,057,027
Commission to Cargo/Vessels Agents	24,306,885	17,085,061
Transportation Charges	38,783,195	45,303,521
Hiring Charges including containers	44,466,710	46,810,888
Repair & Maintenance Charges	62,624,925	192,983,211
	813,191,278	923,042,040
Schedule 16 : Personnel Expenses		
Salary & Allowances	202,682,902	165,824,702
Contribution to Provident Fund	3,130,439	3,627,496
Staff Welfare	805,708	1,115,275
	206,619,049	170,567,473
Schedule 17 : Administrative & Other Expenses		
Water & Electricity Charges	1,073,546	1,130,166
Rent,Rates & Taxes	6,094,533	7,404,832
Legal & Professional Charges	6,591,923	6,213,309
<u>Auditors' Remuneration:</u>		
-Audit fees	108,613	209,187
Tax Audit fees	40,000	-
Printing & Stationery	1,370,416	1,747,693
Communication Expenses	1,977,908	3,278,607
Travelling & Conveyance	9,597,249	13,518,429
General Repair & Maintenance	5,212,983	6,159,065
Loss on Sale of Assets	286,053	15,136
Miscellaneous Expenses	2,866,913	2,685,030
	35,220,137	42,361,454
Schedule 18 : Financial Expenses		
Interest:		
- on term loan to Banks	254,972,151	253,229,173
- on term loan to Financial Institution	3,694,671	3,273,463
Processing Fees & Other Bank Charges	5,123,372	17,203,944
	263,790,194	273,706,580
Schedule 19: Earning per share (EPS)		
Loss for the year	330,175,329	641,954,075
Weighted average number of equity shares in calculating basic earning/ (loss) per share:		
Numbers of shares outstandings for 455 days	0	27,993,333
Numbers of shares outstandings for 365 days	58,413,333	-
Numbers of shares outstandings for 348 days	0	-
Numbers of shares outstandings for 105 days	0	-
Number of shares outstanding for 1 days	-	30,420,000
Weighted average number of equity shares in calculating basic EPS	58,413,333	28,060,190
Basic and Diluted Earning per share	(5.65)	(22.88)

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Nature of Operations

JITF Waterways Limited is a Company incorporated on 24th January, 2007 with the main object to carry on the business to establish, build, maintain, operate barrages, jetties, ports, terminals, canals, water ways, for transportation by water, cargo, goods, material, passengers, shipping for the purpose of establishing and providing of necessary infrastructure / support /logistics on its own or otherwise in and outside India.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

(b) Revenue Recognition

Freight and demurrage earnings are recognized on completed voyage basis/ upon loading of the Vessel depending upon the risk and rewards transferred. Time Charter earning are recognized on accrual basis except where the charter party agreements have not been renewed/ finalized, in which case it is recognized on provisional bases.

(c) Fixed Assets

(i) Valuation of Fixed Assets

a) Tangible Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs that are directly attributable to the acquisition / construction of the qualifying assets are capitalized as a part of the respective assets, up to the date of acquisition/ completion of construction.

b) Software which is not an integral part of related hardware is classified as an Intangible asset and is stated at cost.

(ii) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher

(d) Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an assets is identified as impaired. The impairment loss is recognized in prior accounting period is reversed if there has been a change in the estimation of recoverable amount.

(e) Inventory Valuation

Inventories of fuel oil are carried at cost or net realisable value whichever is lower. Cost is determined on first in first out basis.

(f) Foreign Exchange Transaction

Foreign currency during the period is recorded at the rate of exchange prevailing at the date of transaction. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at the period end rate. All exchange differences are dealt with in the Profit & Loss Account.

(g) Investments

Long-term investments are stated at cost which inter-alias includes brokerage, commission, stamp duty etc. When there is a decline in their value except temporary decline, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit and Loss account. Appropriate adjustment is made in carrying cost of investment in case of subsequent rise in value of investments.

(h) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

equity shares, if any.

(i) **Provision, Contingent Liabilities and Contingent Assets**

Provision involving substantial degree of estimation in measurement are recognized where there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not provided for in the accounts but are separately disclosed by way of a note. Contingent assets are neither recognized nor disclosed in the financial statement.

(j) **Retirement Benefits**

- (i) Liabilities in respect of gratuity to the employees are accounted for on actuarial valuation basis as per determined at the year end.
- (ii) Liabilities in respect of accumulated leaves to the credit of employees are accounted for on actuarial valuation basis as per determined at the year end.

(k) **Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and the estimates are recognized in the year in which the results are known/materialized.

(l) **Miscellaneous Expenditure**

Preliminary Expenses i.e. Share issue expenses on incorporation are amortized in five years after the Commencement of Business.

(m) **Taxation**

- (i) Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws.
- (ii) Deferred Tax is accounted at the current rate of tax to the extent of temporary timing differences that originate in one year and are capable of reversal in one or more subsequent years.

3. **Contingent liabilities**

Description	As at 31.03.2011	As at 31.03.2010
Bank Guarantees Outstanding	35,542,500	46,197,500
Letter of credit	Nil	1,023,849

4. The Company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been given.

5. Certain balances of Sundry Debtors, Creditors and other advances are subject to confirmation and/or reconciliation. The effect of the same, if any, which are not likely to be material, will be adjusted at the time of confirmation.

6. **Capital Commitments**

Capital commitment Rs. 48,858,655/- (net of Capital advances) as at March 31, 2010 is Rs. 115,729,714/-

7. Capital work in progress includes capital advances of Rs. 281,981,491/- (Previous Period Rs. 214,361,800/-) and also includes interest on borrowed fund of Rs. 25,067,712/- (Previous period Rs. Nil)

8. **Segment Reporting**

Information about business segment.

Company operates in a single primary segment (Business Segment) i.e. Transportation by water ways.

9. **Related Parties Transaction**

(a). List of Related Parties & Relationship (As identified by the Management)

(i) **Holding Company**

Jindal ITF Limited (Direct holding)

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Jindal Saw Limited (Indirect holding through Jindal ITF Limited)

(ii) Fellow Subsidiary Companies:

- JITF Water Infrastructure Limited (Formerly Known as Jindal Water Infrastructure Limited)
- JITF Shipyards Limited (Formerly Known as Jindal Shipyard Limited)
- Jindal Rail Infrastructure Limited.
- JITF Urban Infrastructure Limited (Formerly Known as Jindal Urban Infrastructure Limited)
- Jindal Intellicom Limited
- JITF Infralogistics Limited (Formerly Known as as Jindal Infralogistics Limited)
- JITF ESIPL CETP (Sitarganj) Limited (Indirect) (Formerly Known as Jindal ESIPL CETP (Sitarganj) Limited)
- Timarpur-Okhla Waste Management Company Private Limited (Indirect)
- JITF Water Infra (Naya Raipur) Limited (Indirect) (Formerly Known as Jindal Water Infra (Naya Raipur) Limited)
- JITF Urban Infrastructure Services Limited (Formerly Known as Jindal Urban Infrastructure Services Limited)
- Hexa Securities & Finance Company Limited (Indirect)
- IUP Jindal Metals & Alloys Limited (Indirect)
- SV Trading Limited (Indirect)
- Jindal Saw USA, LLC (Indirect)
- Jindal Saw Holding FZE (Indirect)
- Jindal Saw Middle East FZC (Indirect)
- Jindal Saw Gulf LLC (Indirect)
- Intellicom Insurance Advisors Limited (Indirect)
- Hexa Tradex Limited (Indirect)
- Ralael Holding Limited (Indirect)
- Jindal Saw Italia S.r.l(Indirect)

Key Management Personnel

1. Indresh Batra

(b). Transactions

Description	Holding Company		Fellow Subsidiary Company		Total	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
Amount received as share application money Jindal ITF Limited	3103,000,000	569,000,000	Nil	Nil	3103,000,000	569,000,000
Share Capital including share premium Jindal ITF Limited	Nil	912,600,000	Nil	Nil	Nil	912,600,000
Advance Given JITF Shipyard Limited	Nil	Nil	25,000,000	1,02,000,000	25,000,000	1,02,000,000
Reimbursement of expenses paid on our behalf JITF Water Infrastructure Limited	Nil	Nil	Nil	1,827,347	Nil	1,827,347
Balance as on 31.3.2011						

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Capital Advance						
JITF Shipyard Limited	Nil	Nil	1,27,000,000	1,02,000,000	1,27,000,000	1,02,000,000
Share application money						
Jindal ITF Limited	3692,000,010	589,000,010	Nil	Nil	3692,000,010	589,000,010
Share Capital including share premium						
Jindal ITF Limited	1,751,392,990	1,751,392,990	Nil	Nil	1,751,392,990	1,751,392,990

10.

The disclosure regarding employee benefits as per AS-15 on "Employee Benefits" (Revised 2005) are as under:-

Defined Contribution Plan:

Company's contribution to Provident Fund Rs. **1,871,393/-** (Previous Period Rs. 2,674,622/-)

Defined Benefits Plan:

Gratuity and leave encashment

Actuarial Assumptions	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	Current Year	Previous Period	Current Year	Previous Period
Discount Rate (per annum)	0.08	0.07	0.08	0.07
Future salary increase	0.05	0.05	0.05	0.05
Expect return on plan assets	0.09	0.09	0.00	0.00
Mortality rate		LIC (1994-96) Ultimate Mortality Table		LIC (1994-96) Ultimate Mortality Table

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Reconciliation of present value of obligation	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	Current Year	Previous Period	Current Year	Previous Period
	(Amount in Rs.)		(Amount in Rs.)	
Present value of Gratuity obligation at the beginning of the Year	450,406	289,832	787,379	657,457
Current Service Cost	189,524	414,138	325,935	619,551
Past Service Cost				
Interest Cost	36,032	29,373	62,990	57,728
Benefits paid			(10,85,752)	(920,703)
Actuarial (gain)/ loss	(326,527)	(282,937)	492,349	373,346
Present value of obligation at the end of the Year	349,435	450,406	582,901	787,379
	(Amount in Rs.)		(Amount in Rs.)	
Present value of obligation at the end of the Period	349,435	450,406	582,901	787,379
Fair value of plan assets at end of the Year	10,77,652	731,357		-
Funded Status/Difference				-
Excess of actual over estimated				-

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Net present value of funded obligation recognized as (asset)/liability in the Balance Sheet	(728,217)	(280,951)	582,901	787,379
Expenses recognised in the Profit and Loss Account	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	(Amount in Rs.)		(Amount in Rs.)	
Current Service Cost	189,524	414,138	325,935	619,551
Interest Cost	36,032	29,373	62,990	57,728
Expect return on plan assets		-		-
Actuarial (gain)/loss recognised in the Year	(346,742)	(282,937)	492,349	373,346
Past Service Cost		-		(12,346)
Benefit Paid		-		-
Total expenses recognised in the Profit and Loss Account for the Year	(187,008)	160,574	881,274	10,37,651

*Does not include short term leave liability of Rs. 259,102/- (Previous Period Rs.470,924/-)

11. Additional information pursuant to Paragraph 3 & 4 Part II of the Schedule VI of the Companies Act, 1956.

A. CIF Value of Import	Current Year	Previous Period
Capital Goods	Nil	1,300,548,489

B. Expenditure in Foreign Exchange including expenditure for capital goods

Description	Current Year	Previous Period
	Amount (Rs.)	Amount (Rs.)
Oil and Fuel Expenses	44,857,697	39,944,721
Port Dues Charges	74,302,476	48,241,147
Spares for vessel & survey fees	58,594,433	21,346,104
Traveling Expenses	56,980	402,142
Insurance	19,450,964	8,942,004
Legal & Professional	1,853,513	1,452,051
Communication	3,783,724	767,812
Freight	-	2,847,198
Commission	-	102,471
Chartering Fees	4,519,049	-
Crane Charges	981,058	-
Dry Dock Charges for vessels	50,281,108	-
Others	711,003	929,623
Total	259,392,005	124,975,273

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

C. Revenue in Foreign Exchange

Description	Current Year	Previous Period
	Amount (Rs.)	Amount (Rs.)
Cargo freight Revenue	339,145,103	37,566,900
Total	339,145,103	37,566,900

12. Previous period figure has been regrouped/ re- arranged whenever considered necessary. Current year figures of Profit and Loss account are not comparable with the previous period as the previous period figures are for fifteen months from 1st January, 2009 to 31st March, 2010.

As per our report of even date

For N. C. Aggarwal & Co.
Chartered Accountants
Firm Registration No: 003273N

For and on behalf of the Board of Directors of JITF Waterways Limited

Sd/-
per G. K. Aggarwal
Partner
Membership No. 086622
Place :New Delhi
Dated: 15th July,2011

Sd/-
Amit Bajpai
Whole Time Director

Sd/-
Indresh Batra
Director

Sd/-
Alok Kumar
Company
Secretary

JITF WATERWAYS LIMITED (Formerly Known as Jindal Waterways Limited)

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I	<i>Registration Details</i>			
	Registration No :	158373	State Code:	55
	Balance Sheet Date:	31/03/2011		
II	Capital Raised During The Year (Amount in Rs. Thousands)			
	Public Issue	-	Rights Issue	-
	Bonus Issue	-	Private Placement	-
	Share Application money	3103000		
III	Position of Mobilisation And Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	7,798,653	Total Assets	7,798,653
	<i>Sources of Funds</i>			
	Paid-Up Capital	584,133	Reserves and Surplus	1,167,267
	Secured Loans	2,355,253	Unsecured Loans	-
	Share Application Money	3692,000		
	<i>Application of Funds</i>			
	Net Fixed Assets	3,605,100	Investments	18,06,552
	Net Current Assets	652,289	Miscellaneous Expenditure	893
	Accumulated Losses	11,70,194	Deferred Tax Assets	563,624
IV	Performance of Company (Amount in Rs. Thousands)			
	Turnover (Sales and other income)	10,22,266	Total Expenditure	14,91,655
	Loss Before Tax	469,390	Loss After Tax	330,175
	Earnings Per Share - Basic Rs.	(5.65)	Dividend Rate %	-
	Earnings Per Share – Diluted Rs.	(5.65)		
V	Generic names of principal products/services of the Company (As per monetary Terms)*			
	Item Code No. (ITC Code)	NA	Product Description	NA

**Not applicable as the Company has yet to recognize sales.*

For and on behalf of the Board of Directors of JITFI
Waterways Limited

Sd/-	Sd/-	Sd/-
Indresh Batra	Amit Bajpai	Alok Kumar
Director	Whole Time Director	Company Secretary

Place :New Delhi
Dated 15th July,2011

JITF Waterways Limited (Formerly known as Jindal Waterways Limited)
Cash Flow Statement for the year ended March 31, 2011

	For the year ended March 31, 2011 Rs	For the period ended March 31, 2010 Rs
A. CASH FLOWS FROM OPEARTING ACTIVITIES:		
Net Profit/(loss) Before Income taxes	(477,732,280)	(955,918,058)
Adjustment for:		
Depreciation	172,341,609	157,261,238
Miscellaneous expenditure written off	493,168	616,460
Loss on Sale of Assets	286,053	11,099
Interest Income	(299,835)	(234,990)
Dividend Received	(11,052,217)	(41,941)
Interest paid	258,666,822	256,502,636
Operating profit before working capital changes	(57,296,680)	(541,803,555)
Adjustment for:		
(Increase) in debtors	(164,571,120)	(93,837,301)
(Increase) in Inventories	(84,473,971)	(43,704,798)
(Increase) in Other Assets	(44,961,474)	(155,204,034)
Increase (Decrease) in Trade and other Payables	(46,407,626)	131,111,631
Cash generated from operations	(397,710,871)	(703,438,058)
Direct taxes paid	(10,133,929)	(8,212,635)
Net cash Inflow/(Outflow) from operating activities	(407,844,800)	(711,650,693)
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	299,835	234,990
Dividend Received	11,052,217	41,941
Capital Expenditure	(388,382,334)	(1,679,924,980)
Sale of Fixed assets	494,175	680,566
Investment In Mutual Funds	(1,806,552,217)	-
Net cash Inflow/(Outflow) from investing activities	(2,183,088,324)	(1,678,967,483)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	912,600,000
Proceeds from Share Application Money	3,103,000,000	569,000,000
Proceeds from secured loans	(233,339,804)	1,207,034,888
Interest paid	(283,734,534)	(272,958,556)
Net cash Inflow/(Outflow) from financing activities	2,585,925,662	2,415,676,332
Net increase in cash and cash equivalents	(5,007,462)	25,058,156
Cash and cash equivalents (opening balance)	31,448,093	6,389,937
Cash and cash equivalents (closing balance)	26,440,630	31,448,093
	(5,007,462)	25,058,156

As per our report of even date

For N. C. Aggarwal & Co.
Chartered Accountants
Firm Registration No: 003273N

For and on behalf of the Board of Directors of
JITF Waterways Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 15th July, 2011

Sd/-
Amit Bajpai
Whole Time Director

Sd/-
Indresh Batra
Director

Sd/-
Alok Kumar
Company Secretary