

A E G I S
L O G I S T I C S
L I M I T E D
A N N U A L R E P O R T
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A E G I S

Company Vision

Aegis is one of India's leading logistics service companies. Our vision is to provide total solutions for moving oil, gas and chemicals from the manufacturer to the end user.

We offer customers such essential services as sourcing of raw materials, tank storage and port services, arranging transportation, and on-site management of materials at the customer's site.

Aegis believes in providing end to end solutions, managing every activity in the supply chain to enable reliable, continuous and competitive supplies of raw materials for its customers.

Chemical Distribution

This division, distributing speciality chemicals for the soap, detergent and shampoo sector, continued to be affected by low production due to continued weakness in international markets. Export volumes did suffer during the year. As a result both volumes and revenues were significantly down for the year.

However, the Company was able to make a further reduction in operating costs and broadly maintain operating earnings.

The Company's focus is on diversifying into distribution of other speciality chemicals.

Opportunities and threats

The gradual deregulation of the petroleum sector is opening up new opportunities for the logistics sector. As new entrants emerge in petroleum retailing and bulk marketing, they will require logistics services from the private sector. The Company's strategy therefore is to offer the best service in handling oil, gas and chemicals.

In addition, multinationals and other customers are now increasingly requesting integrated logistics services, moving goods from the material supplier to the end-user. The Company believes this new market offers great potential for new service offerings.

Increasing supply in the terminal sector may however lead to pressure on storage rates. Also, further progress in the gas market may not be possible if the Government slows down the liberalization and subsidy dismantling.

Future Business Outlook

The Company is exploring the possibilities of further expansion to a second location in its core liquid logistics business. This will enable increased capacity, diversification into new regional markets and maintenance of market share in a growing market.

While the short-term earnings outlook may not see the sharp rise experienced in the last three years, the fundamentals of the industry look promising.

A major upside on the LPG business exists, if government policy continues to move in the direction of liberalization.

Internal Control Systems and their adequacy

The Company has a proper and adequate system of internal controls with an internal auditor and periodic review by the audit committee. The Company maintains high standards in responsible care and safety and is recognized as an industry leader in these areas.

Human Resources Development

Annual strategic planning reviews involving the Company's top managers along with mid-year reviews are conducted. An increased emphasis has been placed on management development programmes through external training and courses, as well as mentoring and orientation programmes for new trainees.

Charity and Philanthropy

The Company makes a large effort in supporting rural development through the Anarde Foundation. The objectives of Anarde are to promote economic and social development in rural India spread over 14 states. Anarde has organized around 15,000 self help groups and also worked to motivate people to participate in village development activities. Anarde Foundation was awarded the 2000/2001 prize for Corporate Initiative in Rural Development of FICCI (Federation of Indian Chambers of Commerce and Industry, New Delhi).

5 Years Financial Performance

(Rs. in Crores)

	1997/98	1998/99	1999/00	2000/01	2001/02
Operating Results					
Sales and Other Income	105.68	67.52	54.66	103.84	108.11
Earnings before Interest, Tax, Depreciation, Provisions	9.35	10.85	10.70	13.31	20.56
Interest	4.10	3.19	2.42	3.79	5.32
Depreciation	3.98	3.34	2.96	2.40	3.06
Profit before tax	1.27	4.32	5.32	7.12	12.18
Tax	0.64	2.12	2.04	2.83	5.07
Profit after tax	0.63	2.20	3.28	4.29	7.11
Financial Position					
Capital	13.52	13.52	14.87	16.22	16.22
Reserves (less Revaluation Reserve)	25.26	33.33	36.07	32.97	33.51
Net Worth	38.78	46.85	50.94	49.19	49.73
Long Term Debt	25.76	14.42	12.48	22.39	29.52
Deferred Tax Liability	—	—	—	—	6.11
Total Capital Employed	64.54	61.27	63.42	71.58	85.36
Net Fixed Assets (excl. Revaluation Reserve)	46.29	29.10	31.64	38.93	50.88
Investments	0.03	13.20	13.14	6.83	4.30
Net Working Capital	18.22	18.97	18.64	25.82	30.18
Total Net Assets	64.54	61.27	63.42	71.58	85.36
Ratios					
PAT to Net Sales %	0.60	3.26	6.00	4.13	6.58
Return on Capital Employed %	0.98	3.59	5.17	5.99	8.33
Debt: Equity	0.66	0.31	0.24	0.46	0.59
Current Ratio	1.18	1.69	2.18	1.88	1.99
EPS	0.46	1.61	2.24	2.75	4.35

AEGIS LOGISTICS LIMITED

502, Skylon, G.I.D.C, Char Rasta,
Vapi - 396 195, Dist. Valsad, Gujarat State.

NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of the Members of AEGIS LOGISTICS LIMITED will be held at Fortune Hotel Galaxy, National Highway No. 8, Near Koparli Road, G.I.D.C., Vapi - 396 195, Dist. Valsad, Gujarat State on Saturday, 7th September, 2002 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. K. M. Chandaria, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. P. Chandaria, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. R. Khimasia, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. S. R. Khimasia, who retires by rotation, and being eligible offers himself for re-appointment.
7. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

8. To consider and if thought fit to pass the following resolution with or without modification, as an Ordinary Resolution :

"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 13th September, 2001, consent of the Company be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors for borrowing any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, that the total amount so borrowed shall not exceed Rs.100 crores (Rupees One Hundred Crores only)."

By order of the Board of Directors

Place : Mumbai
Dated : 6th August, 2002

A. CHANDARANA
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD AND A PROXY NEED NOT BE A MEMBER.
A proxy in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 8 is annexed.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th August, 2002 to 7th September, 2002 (both days inclusive).
4. In case there is any correction/change in address registered with the Company, Members are requested to communicate immediately to the Company's Registrar & Share Transfer Agents M/s. IIT Corporate Services Limited, Proto Prima Chambers, 2nd Floor, Suren Road, Near Cinemax, Andheri (East), Mumbai - 400 093.
5. Payment of dividend, if declared, will be made to those Members whose names appear on the Register of Members of the Company as on 7th September, 2002. Members are requested to intimate Dividend Mandate to the Registrar & Transfer Agents on or before 31st August, 2002.
6. The unclaimed Dividends for the financial year ended 31st March, 1994 and previous years declared by the Company have been transferred to the General Revenue Account of the Central Govt. in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Gujarat.

Dividends remaining unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March, 1995 or any subsequent year are advised to submit their claim to the Company immediately quoting their folio numbers.

7. Members may avail themselves of the facility of nomination in terms of Section 194A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registrar and Transfer Agents.
8. Brief resume of Directors being re-appointed :

(a) Mr. K. M. Chandaria

Age : 72

Mr. K. M. Chandaria, Chairman has been actively associated with the Company since 1966, and continues to be a driving force for the development of the Company. He has also started, Promoted and developed businesses in U.K., Europe and Asia. At present he is also involved in several charitable activities in rural development in India.

(b) Mr. R. P. Chandaria

Age : 79

Mr. R. P. Chandaria started his career in India by setting up family's industries, sea and land transportation and other businesses in India. He then became totally involved with his family business in diversifying their interest from trading into industry in Kenya. He was instrument in expanding industrial interest in other African countries. Subsequently he extended his involvement in expanding into business and industrial possibilities in Europe, South East Asia & America where his family has now established firmly.

Apart from his business and industrial activities he has been associated with many social and charitable activities since last 60 years in various countries, in Africa, Asia, Far East, UK, Canada etc.

(c) Mr. R. R. Khimasia

Age : 62

Mr. R. R. Khimasia is in business for last forty years. He has worked and has experience in various industries, ranging from consumer products to industrial products. He has worked in different geographical areas, ranging from Europe, Asia and Africa. His experience extends from works management to finance and general management.

(d) Mr. S. R. Khimasia

Age : 52

Mr. S. R. Khimasia is associated with the Company since 1997. He is a Chartered Accountant by profession and based at London.

ANNEXURE TO NOTICE**Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.****Item No. 8**

The post Administered Price Mechanism (APM) dismantling will lead to substantial increase in imports of Chemical/POL products. A substantial growth in export front of the Chemicals is also anticipated as number of Chemical Parks in SEZs are contemplated by the Government.

The Company will have to gear up to cater to such future demands. This can be achieved by expanding its services offered and by setting up of new port terminal. The Management feels that it should be their first priority to set up a second terminal as a part of its expansion plan to maintain its standards in the core business of the Company i.e. Logistics. With this objective in mind the Company proposes to set up a second terminal in *Jawaharlal Nehru Port Trust (JNPT)*. The Company desires to acquire plot of land in JNPT to set up bulk liquid terminal for all classes of POL products and chemicals. The terminal is proposed to be built up in three phases.

The expansion programme will augment strength of the Company in its core line of business. The expansion will help the Company to increase storage capacity which in-turn would lead to larger volumes and profits.

The setting up of the terminal entails large capital requirements. The Company will fund the expansion by way of internal accruals and will have to borrow also from the financial Institutions. The Management therefore feels appropriate to have enabling powers to borrow the funds in excess of the paid up Share Capital and Reserves but not exceeding Rs. 100 crores (Rupees One Hundred Crores) (presently Rs. 50 crores).

Your Directors recommend passing of the resolution under Section 293(1)(d) of the Companies Act, 1956 at Item No. 8 of the accompanying Notice.

None of the Directors of the Company is concerned or interested in the said Resolution.

By order of the Board of Directors

Place : Mumbai
Dated : 6th August, 2002

A. CHANDARANA
Company Secretary

DIRECTORS' REPORT

To the Members of the Company

The Directors have pleasure in presenting the 45th Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL PERFORMANCE

(Rs. in crores)

	2001-02	2000-01
Sales and Other Income	108.11	103.84
Gross Profit (before interest & depreciation)	20.56	13.31
Profit before Tax	12.18	7.12
Provision of Taxation - Current	4.10	2.83
- Deferred	0.97	—
Net Profit after tax	7.11	4.29
Balance in Profit and Loss Account	10.93	10.26
Profit available for distribution	18.04	14.55

OPERATING PERFORMANCE

The Company's revenues grew by 4% during the current year. Profits before tax rose by 71%. Net profit after tax grew by 66%.

LIQUID TERMINAL DIVISION

The division had a strong year throughout, with a 12% growth in volumes handled and a corresponding increase of 21% in sales revenue.

The jetty receiving facility has been augmented to achieve international levels of loading and unloading capacity for the storage facility.

The Company received both ISO 9001 and ISO 14001 quality certification enabling the division to offer superior service to customers.

CHEMICAL DISTRIBUTION DIVISION

The focus of the division continues to move towards distribution of speciality chemicals and agency arrangements with global chemical companies. Prices for traditional oleochemical products were under pressure due to global economic conditions.

GAS TERMINAL DIVISION

The division has essentially stabilised in terms of sales volumes to the industrial segment. The main growth of future sales is likely to come in the commercial and autogas segments. However, due to regulatory uncertainty, the slow speed of dismantling the subsidy regime and competition from the public sector competitors, further volume growth is expected to be gradual.

DIVIDEND

The Directors are pleased to recommend the Equity Dividend of Rs. 0.80 per Share (previous year Rs. 0.70 per Share) for the year ended 31st March, 2002, which if approved at the forthcoming Annual General Meeting will be paid to those Equity Shareholders of the Company whose names appear on the Register of Members as on 7th September, 2002.

OUTLOOK FOR THE COMPANY

The Company is seeking to grow the liquid terminal business into a multi-location capability in order to service more clients and handle higher volumes of oil and chemicals. This will involve addition of higher tank storage capacities and raising revenue per customer. The gradual deregulation of the petroleum sector is likely to lead to more demand for logistic services as more private sector entrants enter retailing.

FUTURE THREATS

Increased competition from other terminal operators is expected to put pressure on rates. A delay in deregulation plans may slow the traffic growth expected in petroleum products as market share will be held by the public sector rather than new private players who require logistics services.

FINANCE

The Company continues to maintain a conservative gearing ratio, and has met all its targeted financial ratios.

BUY-BACK OF EQUITY SHARES

'No Objection Certificate' (NOC) from the term lending institutions for its Buy-Back Proposal is awaited. The Company will be in a position to implement the Buy Back of its Shares, only after receipt of the said NOC.

INVESTMENTS

Aegis holds a 30% investment in Perstorp Aegis Chemicals Ltd. (PACL), which is 70% owned and controlled by Perstorp AB of Sweden. A decision was made to participate in a rights issue to enable new investment in cost reduction. PACL has had a better year in 2001 and significantly reduced losses. The management has an objective to reach break-even and then turn-around in the next 18 months.

FIXED DEPOSITS

Fixed Deposits received from Shareholders, employees and public in general as at the close of the financial year amounted to Rs. 587.07 lacs. Deposits of Rs. 133 lacs which fell due for repayment before the close of the financial year, remained unclaimed by the depositors at the close of the accounting year. There were no overdue deposits other than those unclaimed at the year end.

LISTING OF EQUITY SHARES

The Company's Equity Shares are listed on the Stock Exchanges Ahmedabad, Mumbai, Delhi and National Stock Exchange. The Company has paid the Listing Fees for the period of 1st April, 2002 to 31st March, 2003.

DIRECTORS

Mr. K. M. Chandaria, Mr. R. P. Chandaria, Mr. R. R. Khimasia and Mr. S. R. Khimasia retire by rotation and being eligible offer themselves for re-appointment.

Mr. C. M. Shah has expressed his unwillingness to the Company to continue as a Director owing to his ill health and advanced age and has therefore requested the Board not to consider him for re-appointment. The Board places on record their sincere appreciation for his valuable contribution to the Company during his long association.

AUDITORS

The Auditors of the Company Messrs C. C. Chokshi & Co., Chartered Accountants, Mumbai, retire and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

The Company has no employees covered by and in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rule, 1975 as amended and hence the Particulars of the same are NOT APPLICABLE.

HEALTH, SAFETY & ENVIRONMENT (HSE) AND RESPONSIBLE CARE

Aegis Safety performance remained among the best with no reportable injuries or lost time accidents during the year. The Company was certified this year as ISO-14001:1996 Environment System (EMS) compliant Company.

Under *Responsible Care Initiative*, Aegis has already adopted Six Codes of Practice. The Company continued to lay special emphasis on Distribution Code of Practice and held a number of training sessions for truck drivers and related personnel in its premises throughout the year. The Company continued successful implementation of its integrated Product Stewardship Programme. The Company achieved *17% reduction in power consumption per ton of product* handled during the year.

The Company received the recognition for its good performance in HSE having been awarded the Maharashtra Safety Award from National Safety Council for meritorious performance in Industrial Safety and Runners up Award in Best Awareness and Safety Performance by Mutual Aid Response Group (MARG).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS & FOREIGN EXCHANGE EARNINGS AND OUTGO

A Statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto-Annexure I and forms part of this Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to inform the Members that the Audited Accounts for the Financial Year ended March 31, 2002 are in full conformity with the requirement of the Companies Act, 1956. These Financial Results are audited by the Statutory Auditors, M/s. C. C. Chokshi & Co.

The Directors further confirm that :-

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made 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 profits of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts on a going concern basis.

APPRECIATION

Your Directors place on record their sincere appreciation of the services rendered by the Employees of the Company and gratitude to the Bankers, Shareholders, State and Central Government Departments, Suppliers, Customers for their continued support and co-operation.

For and on behalf of the Board

Place : Mumbai
Dated : 6th August, 2002

K. M. CHANDARIA
Chairman

AEGIS LOGISTICS LIMITED