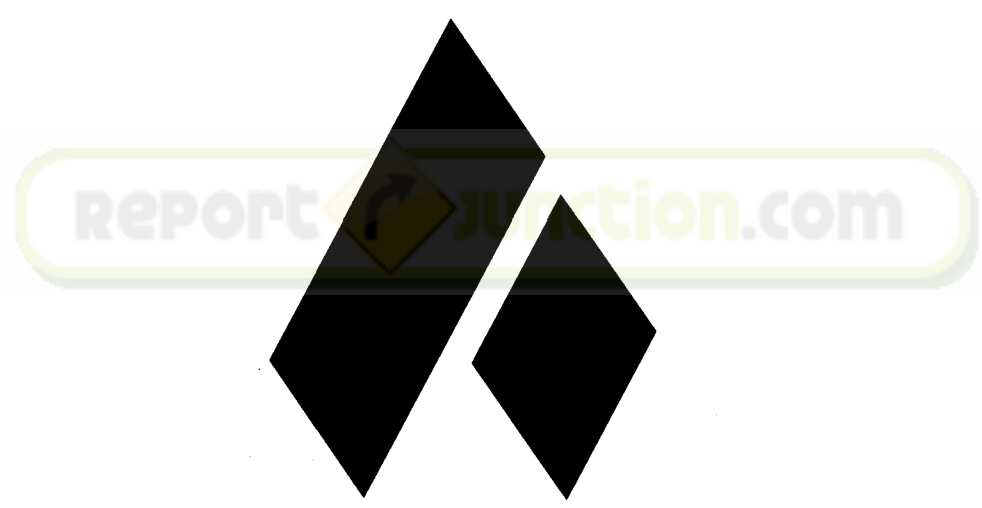


A E G I S
L O G I S T I C S
L I M I T E D

46TH
ANNUAL REPORT
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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.

COMPANY INFORMATION**BOARD OF DIRECTORS****CHAIRMAN**

K. M. CHANDARIA

VICE-CHAIRMAN

R. K. CHANDARIA

DIRECTORS

A. M. CHANDARIA

R. P. CHANDARIA

A. K. CHANDARIA

(Additional Director w.e.f. 31-1-03)

S. S. KUMAR

V. B. GANGAR

D. J. KHIMASIA

R. J. KARAVADIA

K. S. NAGPAL

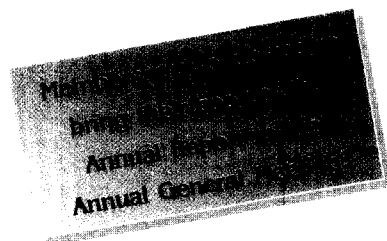
(Additional Director w.e.f. 31-1-03)

MANAGING DIRECTOR

S. K. HAZRA

COMPANY SECRETARY

A. CHANDARANA



Please address all correspondence regarding share transfer work to the Registrar & Share Transfer Agents and/or Corporate Office.

BANKERS

Bank of Baroda

Dena Bank

SOLICITORS & ADVOCATE

Little & Co., Mumbai

AUDITORS

C. C. Chokshi & Co.,

Chartered Accountants, Mumbai

REGISTERED OFFICE

502, Skylon

G.I.D.C., Char Rasta,

Vapi-396 195, Dist. Valsad,

Gujarat State.

CORPORATE & ADMINISTRATIVE OFFICE

403, Peninsula Chambers,

Morarji Mills Compound, G.K. Marg,

Lower Parel (West), Mumbai-400 013.

Tel. : 022-5666 3666

Fax : 022-5666 3777

Website : www.aegisindia.com

LIQUID & GAS TERMINAL DIVISION

Trombay,

Mumbai-400 074.

CHEMICAL DISTRIBUTION DIVISION

Plot No. E-11,

Additional Jalgaon Industrial Area,

Jalgaon-425 001.

REGISTRAR & TRANSFER AGENTS

IIT Corporate Services Ltd.,

Proto Prima Chambers,

2nd Floor, Suren Road, Near Cinemax,

Andheri (East), Mumbai-400 093.

Working hours: 9-30 to 12-45 & 1-30 to 3-00

Except Saturday, Sunday and Holiday

Tel. : 022-2683 8240/41, 2683 5599, 2683 1416

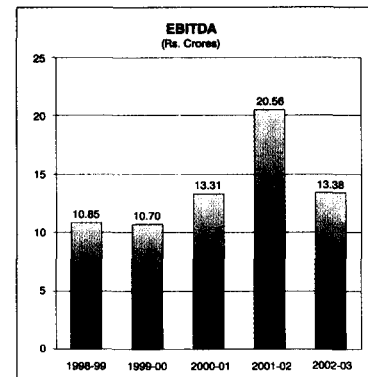
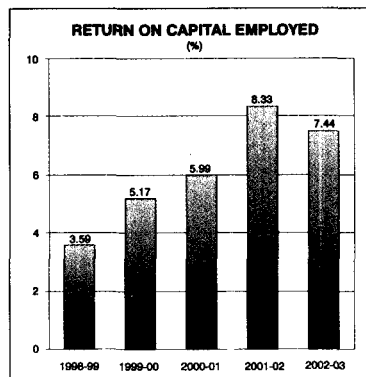
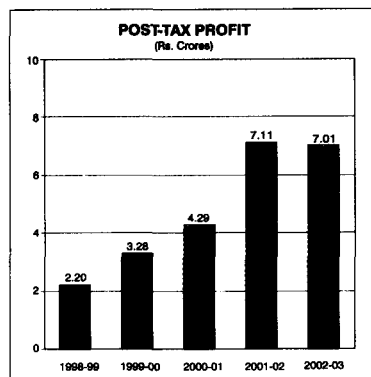
Fax : 022-2684 8375

C O N T E N T S

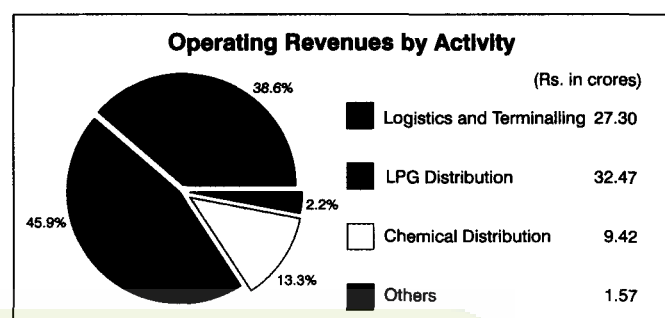
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MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Overview**

The year under review was one of consolidation for the Company. The main focus has been on productivity, improvements and cost reduction in view of a challenging external environment. Revenues were under pressure in both the logistics and terminal division and the LPG division in view of uncertainty over the Iraq war and a drop in volumes handled. As a result, the Company saw a fall in earnings compared to 2001/2.

**Financial Highlights**

- PAT broadly stable at Rs. 7 crores
- EBITDA lower at Rs. 13.4 crores
- EPS at Rs. 4.32 per share
- Debt to Equity Ratio at 0.6
- Return on Capital Employed at 7.4%

**Industry Structure & Development**

Unlike 2001-02, the terminalling business did not witness any major new players or substantial capacity addition by the existing players. This development was in tune with the recessionary conditions prevailing in the chemical and petrochemical industry. The absence in growth of business resulted in keen competition amongst the existing established players. In the competing port JNPT, the port authorities announced the closure of the two multipurpose berths dedicated to Bulk Chemicals/POL products upon commissioning of a two berth jetty of Bharat Petroleum Corporation Ltd. MbPT decided to keep in abeyance the proposed second chemical berth at Pir Pau in view of poor response to their tender. The infrastructure already built in the west coast is adequate for the next few years.

PSU oil companies continue to totally dominate the Indian LPG market. These oil companies are now free to source their requirements as well as to market their products themselves. Accordingly, the two oil major companies in Mumbai have shown interest in utilizing the Company's LPG import infrastructure.

Also, in view of drastic reduction and subsequent planned withdrawal of the LPG subsidy, major multinational players too have evinced interest to get into the packed LPG market by importing through the Aegis Mumbai facility. This will however, take some time to materialize.

Segment-wise Analysis**Logistics and Terminal Division**

During the year 2002-03, general recessionary conditions prevailed in the industry, coupled with high and volatile petroleum prices during the run up to the Iraq war. This led to lower volumes handled at the port facility and downward pressure on rates. Revenues were down by 20%.

In response, the Company took aggressive steps to improve productivity, reduce charges for customers, and move to a high throughput business model. The division also began to handle a wider range of petroleum, oil and chemical products.

LPG Division

The gas industry environment was characterized during the year by extreme price volatility throughout the year and by the slow response of the public sector companies to market determined pricing. However, the division has, despite lower sales volumes, improved its margin during the year. The Company is exploring new markets such as auto LPG.

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 oleo chemical products continued to be under pressure due to global economic conditions.

Manufacturing activities in this Division have since been discontinued due to continued increase in the price of the feedstock.

Opportunities and Threats

Aegis is one of India's leading logistics service companies. A significant long-term change is being witnessed in the logistics business whereby multinationals and other large customers are now increasingly requesting integrated logistics services, and dedicated infrastructure. In addition the Company expects growing business from new entrants emerging in petroleum retailing and bulk marketing. This is likely to lead to longer-term contracts and higher volume handling.

The LPG business has considerable under-utilization of capacity. As new areas like Auto LPG emerge and as the business moves towards free market determined pricing, the Company is gearing up to grow volumes.

Increasing supply in the terminal sector may however lead to more pressure on storage rates. The cost of doing business in Mumbai port also needs to be closely watched in order to remain competitive with other ports.

Future Business Outlook

The Company's strategy is to offer the best service in handling oil, gas and chemicals. To be competitive, the Company is striving to continuously improve the productivity of its logistics operations to match best practices in other parts of the world and India. In addition, the Company is moving towards a new business model of high throughput volumes and longer term contracts for major customers.

The Company is also exploring the possibilities of further expansion to a second site 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.

A major upside on the LPG business exists with new areas such as Auto LPG.

Internal Control Systems and their adequacy

The Company has a proper and adequate system of internal controls to ensure that all the assets are safeguarded, protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

The internal control systems are also designed to ensure that the financial and other records are reliable, for preparing financial statements and other data.

The Company conducts audit of various departments based on an annual audit plan through an independent internal auditor and reports significant observations along with 'Action Taken Reports' to the Audit Committee from time to time. The views of the statutory auditors are also considered to ascertain the adequacy of the internal control system.

Risks & Concerns

The logistics and terminalling business is to a large extent dependent on commodity chemical imports and exports. Any cyclical slowdown in the general economy therefore can affect volumes handled.

Margins in commodity chemicals continue to be dependent on regional direct and indirect taxes viz. sales tax, entry tax, octroi etc. Policy or regulatory change in this area is a significant risk for the terminalling business. The higher cost of operation in major ports which are Government owned, as compared to low cost efficient private ports now in operation, is also a matter of concern.

In spite of government policy of the removal of LPG subsidy by 2005, the conflicting pronouncements by Petroleum & Finance Ministry continue to cause concern to private players.

Human Resources Development

Annual strategic planning reviews involving the Company's top managers along with quarterly reviews are conducted. A continuing emphasis on management development programmes is being maintained. Upgrading the quality of key staff through induction of new recruits and a young management trainee programme has been introduced.

Charity and Philanthropy

The Company makes a large effort in supporting rural development through the work of the Anarde Foundation.

5 Years Financial Performance

(Rs. in Crores)

	1998/99	1999/00	2000/01	2001/02	2002/03
Operating Results					
Sales and Other Income	67.52	54.66	103.84	108.11	70.76
Earnings before Interest, Tax, Depreciation, Provisions	10.85	10.70	13.31	20.56	13.38
Interest	3.19	2.42	3.79	5.32	4.43
Depreciation	3.34	2.96	2.40	3.06	2.69
Profit before tax	4.32	5.32	7.12	12.18	6.26
Tax	2.12	2.04	2.83	5.07	(0.75)
Profit after tax	2.20	3.28	4.29	7.11	7.01
Financial Position					
Capital	13.52	14.87	16.22	16.22	16.22
Reserves (less Revaluation Reserve)	33.33	36.07	32.97	33.51	39.65
Net Worth	46.85	50.94	49.19	49.73	55.87
Long Term Debt	14.42	12.48	22.39	29.52	34.19
Deferred Tax Liability	—	—	—	6.11	4.86
Miscellaneous Expenditure	—	—	—	—	(0.64)
Total Capital Employed	61.27	63.42	71.58	85.36	94.28
Net Fixed Assets (excl. Revaluation Reserve)	29.10	31.64	38.93	50.88	54.86
Investments	13.20	13.14	6.83	4.30	6.34
Net Working Capital	18.97	18.64	25.82	30.18	33.08
Total Net Assets	61.27	63.42	71.58	85.36	94.28
Ratios					
PAT to Net Sales %	3.26	6.00	4.13	6.58	9.91
Return on Capital Employed %	3.59	5.17	5.99	8.33	7.44
Debt: Equity	0.31	0.24	0.46	0.59	0.61
Current Ratio	1.69	2.18	1.88	1.99	3.14
EPS	1.61	2.24	2.75	4.35	4.32

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 46th Annual General Meeting of the Members of AEGIS LOGISTICS LIMITED will be held at Hotel Galaxy, National Highway No. 8, Near Koparli Road, G.I.D.C., Vapi – 396 195, Dist. Valsad, Gujarat State on Wednesday, 24th September, 2003 at 11.00 a.m. to transact the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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. A. M. Chandaria, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. K. Chandaria, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. S. Kumar, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

RESOLVED THAT pursuant to Section 260 of The Companies Act, 1956 and Article No.114 of the Articles of the Company, Mr. A. K. Chandaria, appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing under Section 257 of The Companies Act, 1956 from Member of the Company, proposing his appointment as a Director of the Company, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to Section 260 of The Companies Act, 1956 and Article No.114 of the Articles of the Company, Mr. K. S. Nagpal, appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing under Section 257 of The Companies Act, 1956 from Member of the Company, proposing his appointment as a Director of the Company, be and is hereby appointed as a Director of the Company."

By order of the Board of Directors

Mumbai
Dated : 27th June, 2003

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 Items Nos. 7 & 8 are annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 10th September, 2003 to 24th September, 2003 (both days inclusive).
4. In case there is any correction/change in address registered with the Company, members are request to communicate immediately to the Company's Registrar & 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 24th September, 2003. Members are requested to intimate Dividend Mandate to the Registrar & Transfer Agents on or before 10th September, 2003.
6. The unclaimed Dividends for the financial year ended 31st March, 1995 and previous years declared by the Company have been transferred to Central Govt. in terms of section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants upto Financial year March 1994 are requested to claim the amount from the Registrar of Companies, Gujarat.

Dividends remaining unclaimed for a period of seven years is 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, 1996 or any subsequent years 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 109A 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 appointed and re-appointed :

(a) Mr. A. M. Chandaria

Age : 68

Mr. A. M. Chandaria has a B.Sc. (Economics) Degree from London School of Economics, and an MBA from Harvard Business School, Cambridge, Mass, U.S.A. He is a Director of the Company since 1982, Managing Director of the Company during the period 1982 to 1986. Mr. A. M. Chandaria has extensive work experience in Management Position for over four decades in Tanzania, Kenya, United Kingdom, Belgium, Thailand and India as well.

Other Directorships held : Nil

(b) Mr. R. K. Chandaria

Age : 44

Mr. Raj Chandaria holds a B.Sc. (Economics) from the London School of Economics and MBA from Boston University. He has 21 years of experience in the international business arena, and is a Director of several companies in the U.S., Canada and the Caribbean. Mr. R. K. Chandaria has been associated with Aegis since 1982 and became a Director of the Company in 1999. He lives in Toronto, Canada.

Other Directorships held in India :

i. Hindustan Aegis LPG Bottling Co. Ltd. - Director ii. Perstorp Aegis Chemicals Pvt. Ltd. - Director

(c) Mr. S. S. Kumar

Age : 71

Mr. S. S. Kumar is a Supreme Court Advocate practicing in and advising on Specialized Corporate Laws. He is Chief Editor of Corporate Journals as well. Besides adviser to a large number of Companies, Mr. Kumar is also Chairman/Director of various public Companies of repute.

Mr. Kumar is a Director of the Company for the past 24 years.

Other Directorships held :

- i. Rapicut Carbides Ltd. – Chairman
- ii. Jayems Engineering Co. Ltd. - Director
- iii. Jupiter Investments Pvt. Ltd. – Director
- iv. Fedders Lloyds Corporation Ltd. – Director
- v. Gujarat Drilwells Ltd., Ahmedabad – Director

(d) Mr. A. K. Chandaria

Age : 36

Mr. Anish Chandaria is a Graduate from Cambridge University and has further completed a Masters in Business Administration from the Wharton School, U.S.A. Mr. A. K. Chandaria has been actively associated with the operation of the Company a number of years. He has experience in the Oil and Gas Industry and in Financial Management.

Other Directorships held :

- i. Hindustan Aegis LPG Bottling Co. Ltd. – Director
- ii. Apollo SHE Software Pvt. Ltd. – Director
- iii. Perstorp Aegis Chemicals Ltd. - Alternate Director

e. Mr. K. S. Nagpal

Age : 34

Mr. K. S. Nagpal is a Commerce Graduate from Mumbai and held position in the past and also in present as CEO and Managing Director. He has experience over 10 years in the business of Chemicals, Bulk Drugs, Solvents, different types of Oils etc.

Other Directorships held :

- i. Nagpal Pharmaceuticals P. Ltd. – Managing Director

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.

Item No. 7

Mr. A. K. Chandaria, a Management Graduate appointed as an Additional Director and as per provisions of The Companies Act, 1956 holds office upto the date of the ensuing Annual General Meeting of the Company. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a member proposing him as a Director of the Company.

The Directors recommend the passing of the Resolution.

Except Mr. A. K. Chandaria being personally interested and Mr. K. M. Chandaria and Mr. R. K. Chandaria being relative of Mr. A. K. Chandaria shall be deemed to be concerned or interested in the proposed resolution. No other Directors are concerned or interested in the proposed resolution.

Item No. 8

Mr. K. S. Nagpal who has been appointed by the Board of Directors of the Company as an Additional Director holds office only upto the date of the ensuing Annual General Meeting of the Company. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. K. S. Nagpal as a candidate for the office of the Director at the said meeting.

The Directors recommend the passing of the Resolution.

Except Mr. K. S. Nagpal no other Directors are concerned or interested in the proposed resolution.

By order of the Board of Directors

Mumbai

Dated : 27th June, 2003

A. CHANDARANA
Company Secretary

DIRECTORS' REPORT**To the Members of the Company**

The Directors have pleasure in presenting the 46th Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL PERFORMANCE

(Rs. in crores)

Gross Profit (before interest & depreciation)	13.38	20.56
Profit before Tax	6.26	12.18
Provision of Taxation - Current	0.50	4.10
- Deferred	(1.25)	0.97
Net Profit after tax	7.01	7.11
Balance in Profit and Loss Account	18.03	10.93
Profit available for distribution	25.50	18.04

OPERATING PERFORMANCE

The Company earned gross profit before interest and depreciation of Rs. 13.38 crores during the current year. Profits before tax stood at Rs. 6.26 crores. Net profit after tax was Rs. 7.01 crores.

LIQUID TERMINAL DIVISION

The year 2002-03 witnessed a turbulent environment for business. Although the year began strongly, by the second half, with tensions in the Middle East due to the Iraq war and problems with octroi, revenues were under considerable pressure. Commodity supply and prices remained volatile leading to lower traffic at the port. However, many of these temporary distortions appeared to be under control by the end of the year and business began to return to normal.

The terminal's facilities have been augmented with a view to achieving versatility in handling more products, higher throughput and providing value added services to key customers.

The Company received ISO 14001 quality certification reflecting the division's ability to offer superior service to customers. The Company is the first independent terminal in the Country to receive ISO 14001 certification for environmental management practices.

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 oleo chemical products continued to be under pressure due to global economic conditions.

During the year the Company achieved a substantial reduction in operating costs. Manufacturing activities in this Division have since been discontinued due to continued increase in prices of feedstock.