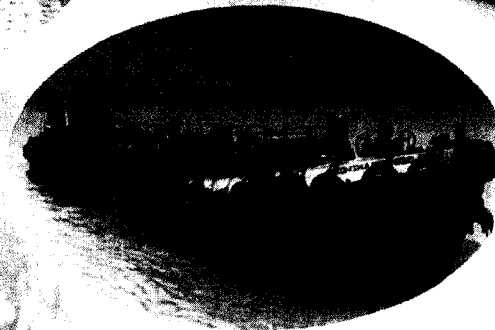
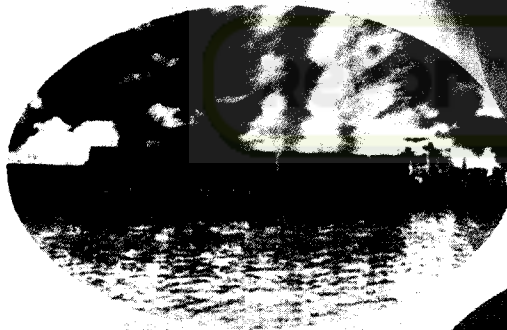
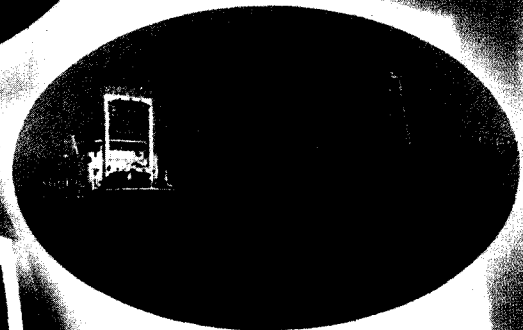
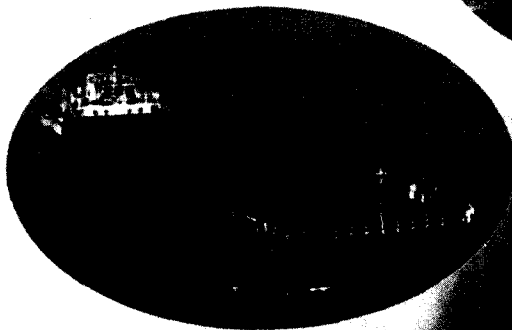


# 14TH ANNUAL REPORT 2003 - 2004

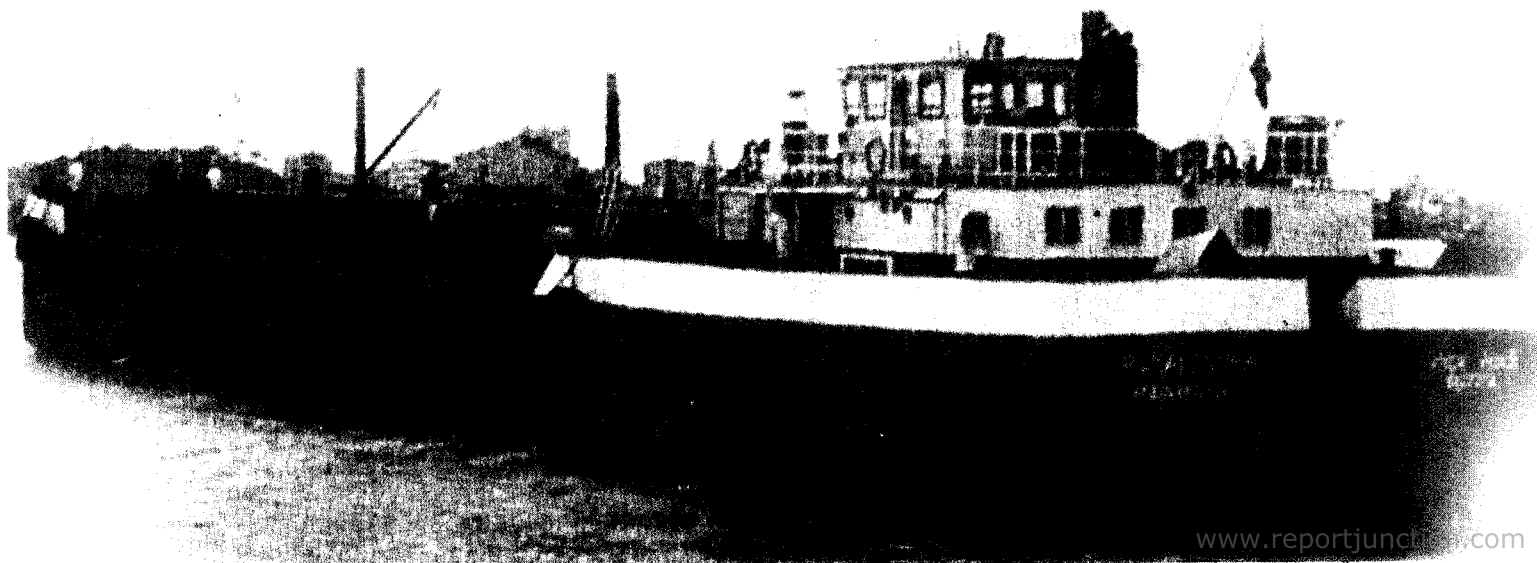
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**SHAN**  
**(SHIP) LIMITED**



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14th Annual Report 2003-2004



## S K S (SHIP) LIMITED

### BOARD OF DIRECTORS

Mr. S.K. Shahi	Chairman & Managing Director
Dr. M.K. Sinha	Wholetime Director
Mr. F.M. Koli	Wholetime Director
Mr. D.N. Singh	Wholetime Director (upto 30.1.2004)
Mr. M.B. Gokhale	IDBI Nominee (upto 12.10.2003)
Mr. R.V. Iyer	IDBI Nominee
Comm. M. Bhada I.N. (Retd)	Director
Mr. H.N. Thakore	Director
Mr. B.B. Bhawsar	Director

### COMPANY SECRETARY

Mr. A.P. Naidu

### BANKERS

Bank of Baroda, Mumbai  
State Bank of Indore, Mumbai

### AUDITORS

N. D. HEDA & CO.,  
Chartered Accountants

### REGISTERED OFFICE

404, Abhay Steel House,  
Baroda Street, Mumbai 400 009.  
Tel : 23730713/14/15/16  
Fax : 91(22) 2371 0362, 2374 0219  
e-mail: [shahi@bom3.vsnl.net.in](mailto:shahi@bom3.vsnl.net.in)

### REGISTRARS &

### SHARE TRANSFER

### AGENT

System Support Services  
209, Shivai Industrial Estate,  
89, Andheri Kurla Road,  
Sakinaka, Mumbai – 400 072.  
Tel : 2850 0835/3940,  
Fax : 2850 1438  
E-mail : [zip@syss.com](mailto:zip@syss.com)

Contents	Page No.
Board of Directors .....	01
Chairman's Statement .....	02
Notice .....	03
Directors' Report .....	08
Corporate Governance .....	11
Auditors' Report .....	18
Balance Sheet .....	20
Profit & Loss Account .....	21
Cash Flow Statement .....	22
Schedules .....	23
Notes to Accounts .....	29
Balance Sheet Abstract .....	32
Auditors' Report on Consolidated Financial Statements .....	33
Statement Pursuant to Section 212 .....	45
<b>Subsidiary Companies</b>	
- Shahi Shipping (Singapore) Pte Ltd. ....	46
- Shahi Shipping (BD) Limited .....	53
Details of Fleet .....	56



14th Annual Report 2003-2004

**SKS**  
 (SHIP) LIMITED

## CHAIRMAN'S STATEMENT

Dear Shareholders,

It is with immense pleasure and a sense of pride that I have this communiqué with you today. I experience a sense of fulfillment to realise that your Company is steadily and dutifully playing its role in providing safe, reliable and cost effective transportation options to shippers and encouraging Indian Coastal Trade.

Your Company has today 31 vessels in its fleet and is engaged in the lighterage operations of liquid, chemical, bulk cargo and container segments of the shipping industry. It has managed to produce strong performance and is adapting itself to changing circumstance in the Global Shipping Business. In making this happen, your support has been valuable and I thank you for it.

The shipping industry is in the midst of an unprecedented boom with freight rates ruling at record levels. With a steady rise in the sea borne trade and a remarkable spurt in freight rate, the industry has started cruising very smoothly. Our economy is, after a prolonged period of recession and uncertainty, showing the signs of recovery and is poised for growth.

During the year under review, the income from sales and operations stood at Rs. 2862 lakhs, profit before tax at Rs. 761 lakhs and profit after tax at Rs 715 lakhs. The excellent performance during the year compelled the Board of Directors to reward the shareholders with 2 interim dividends @10% each on December 31, 2003 and July 1, 2004 respectively followed by allotment of Bonus Shares on July 30, 2004 in the proportion of one bonus share for each share held.

Your company at every step in its journey is committed to build complete value based service for clients, enhance return on capital employed, create significant value for shareholders with continued focus on increasing productivity and cost reduction with an ultimate aim to be more cost competitive.

In coming years, I see opportunities that will elevate your Company to a higher level of performance and promise. With your ever-continuing support and unflinching dedication of our employees, we are confident of further improvement in the Company's performance and look forward to an equally rewarding and promising future.

Place : Mumbai

Date : 23<sup>rd</sup> August, 2004

*Parvesh Kumar Phahi*

Chairman & Managing Director



## 14th Annual Report 2003-2004



### NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of S K S (SHIP) LIMITED will be held on Wednesday, the 29<sup>th</sup> September, 2004, at 11.30 a.m. at the Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai -400020 to transact the following business :-

#### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2004, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To take on record Interim Dividend paid.
3. To appoint a Director in place of Mr. B. B. Bhawsar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. N.D. Heda & Co., Chartered Accountants, the retiring Auditors, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956, and other applicable provisions, if any, the Authorised Share Capital of the Company be and is hereby increased from Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 Equity Shares of Rs. 10/- each to Rs. 30,00,00,000 (Rupees Thirty Crores Only) divided into 3,00,00,000 Equity Shares of Rs. 10 each.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association as to Share Capital be and is hereby deleted and in its place the following Clause V be substituted.

The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores Only) divided into 3,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each, with power to increase or reduce or modify the said Capital for the time being of the Company into several classes and to attach thereto respectively such preferential, deferred qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Articles of Association of the Company".

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the existing Article 5 of

the Articles of Association of the Company be and is hereby deleted and in its place the following Article 5 be substituted therefor:

The Authorised Share Capital of the Company shall be as stated in Clause V of the Memorandum & Articles of Association of the Company with power to increase or reduce the capital of the Company and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company. Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares and all surplus to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up".

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. M. K. Sinha who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Sections 269 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force, the provisions of the Articles of Association of the Company and subject to the approval of financial institutions/banks, where necessary, Dr. M.K.Sinha be and is hereby appointed as the Whole-time Director of the Company with effect from 1<sup>st</sup> April, 2004 for a period of three years.

FURTHER RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 of the Companies Act, 1956 read with schedule XIII and any other applicable provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time



## 14th Annual Report 2003-2004



being in force, and subject to the approval of financial institutions/banks, where necessary, Dr. M.K. Sinha be paid the following remuneration for his services as Whole-time Director of the company with effect from 1<sup>st</sup> April, 2004".

### **SALARY**

Rs. 40,000/- (Rupees Forty Thousand only) per month.

### **PERQUISITES & ALLOWANCES**

#### **CATEGORY "A"**

##### **Housing**

The Whole-time Director shall be entitled to house rent allowance of Rs. 5,000/- per month.

##### **Medical Reimbursement**

Reimbursement of all medical expenses for self and family shall be limited to one month's salary.

##### **Personal Accident Insurance**

Personal Accident Insurance as per Company's policy.

##### **Entertainment Expenses**

Reimbursement of entertainment expenses actually incurred in the course of business of the Company.

##### **Club Fees**

Fees of Clubs exclusive of admission and life membership fees subject to a maximum of two clubs.

#### **CATEGORY "B"**

The contribution to superannuation fund or annuity fund, if any, and if introduced by the company will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

#### **CATEGORY "C"**

Car with chauffeur for use on Company's business and telephone, internet and fax facility at residence. They will, however, not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company to the Whole-time Director, at actuals.

"Family" for the above purpose means wife, dependent children and dependent parents of the Whole-time Director.

### **MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained above, in the event of loss of inadequacy of profits in any financial year during the currency of his tenure as Whole-time Director, the payment of salary, perquisites and other allowances, shall be the amount payable, in terms of Part II of Schedule XIII of the Companies Act, 1956, as minimum remuneration.

For the purpose of computation of minimum remuneration, the contribution to provident fund, superannuation fund

or annuity fund to the extent these singly or put together are not taxable under the Income Tax, 1961 and encashment of leave at the end of the tenure shall not be included.

### **REMUNERATION FOR A PART OF THE YEAR.**

Remuneration for a part of the year shall be computed on pro rata basis.

### **SITTING FEE**

If permitted by law, the Whole-time Director shall be entitled to sitting fee in addition to the remuneration mentioned above, for attending meetings of the Board.

### **COMPENSATION**

The Whole-time Director shall be entitled to receive compensation for loss of office in accordance with the provisions of the Companies Act, 1956, or any statutory amendment or re-enactment thereof.

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

'RESOLVED THAT pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "The Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to issue upto 1,00,00,000 Equity Shares of the face value of Rs. 10/- (Rupees Ten Only) each on such terms and at such premium as may be decided by the Board from time to time, to residents and/or non-residents (whether institutions and/or incorporated bodies and/or banks/individuals and/or trustees, banks/mutual funds, local bodies or any other person including individual and or any combination thereof or otherwise), on private placement basis or by prospectus and whether or not such investors are members of the company, in such form, manner and within such period and upon such terms and conditions as the Board may, in its absolute discretion, deem fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to take such actions and to give all such directions, or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any questions or difficulty that may arise in regard to the issue and allotment of the new Equity share and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary in connection with such issue."

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





## 14th Annual Report 2003-2004



### Resolution.

RESOLVED THAT, in supersession of all earlier Resolution passed by the shareholders at the Annual/General Meeting(s) of the Company held from time to time and pursuant to the provisions of Section 293(1) (d) and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from any one or more of the Banks and/or from any one or more persons, firms, Bodies Corporate or Financial Institutions, Multilateral Agencies, Foreign Institutional Investors, Foreign Financial Institutions and from any other persons or combination thereof whether by way of overdrafts, cash credit, advance or deposits, loans, debentures or bills discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of the Company's assets and properties, whether in full or in part, whether immovable, movable or stock-in-trade (including raw materials, stores, spare-parts and components in stock or in transit) current assets and work-in-progress and all or any of the undertakings of the Company, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed at any time the aggregate of the paid-up capital of the Company and its free-reserves, (that is to say, reserves not set apart for any specific purpose) by a sum not exceeding Rs. 300 crores (Rupees Three Hundred Crores Only) in rupees and/or in equivalent foreign currency."

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

"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1) (a) and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors to create mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s) Agents(s) and Trustee(s) Trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in rupee currency and/or foreign currency), Non-Convertible Debentures, secured premium notes, floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, additional interest, compound

interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) Heads of Agreement(s) Debenture Trust Deed(s) or Loan Agreements or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s) Trustee(s) in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s) /Agents/Trustee(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

### BY ORDER OF THE BOARD OF DIRECTORS

**S. K. SHAHI**

Chairman & Managing Director

### Registered Office :

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

Place : Mumbai

Date : 23rd August, 2004

### NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in regard to the business as set out in Item Nos. 5 to 11 above together with the relevant details pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, are annexed hereto.
2. **A member, entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be lodged with the company not less than 48 hours before the commencement of the meeting.**
3. The Register of Members and the Transfer Books of the Company will remain closed from 23<sup>rd</sup> September 2004 to 29<sup>th</sup> September 2004, both days inclusive.
4. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.



## 14th Annual Report 2003-2004

**SKS**  
(SHIP) LIMITED

5. Consequent upon the amendment of Section 205A of the Companies Act, 1956, and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account have been/ shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. It may be noted that the unclaimed dividend for the financial year ended 31<sup>st</sup> March 1998, is due for transfer to the Fund on 6<sup>th</sup> May 2005.
6. Pursuant to Section 205 A (5) of the Companies Act, 1956, all unclaimed/ unpaid dividends upto the financial year ended 31<sup>st</sup> March, 1996, has been transferred by the company to the Investor Education and Protection Fund established by the Central Government pursuant to
7. Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Transfer Agents, M/s. System Support Services, Mumbai. Shareholders are requested to note that no claims shall lie against the said fund or the Company in respect of any amount, which were, unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.
8. Details of Directors seeking appointment/Re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Section 205 C of the Companies Act, 1956. Information in respect of such unclaimed dividend when due to transfer to the said fund is given hereunder:

Dividend declared by the company :

Financial Year Ended	Date of Declaration of Dividend	Amount Unclaimed / unpaid as on 31.03.2004	Last date for Claiming Unpaid Dividend	Due Date for Transfer to IEP fund
31.03.1998	7/4/1998	79355*	6/4/2005	6/5/2005
31.03.1999	Not declared	NA	NA	NA
31.03.2000	Not declared	NA	NA	NA
31.03.2001	Not declared	NA	NA	NA
31.03.2002	Not declared	NA	NA	NA
31.03.2003	Not declared	NA	NA	NA

\* Subject to final reconciliation.

1	Name of the Director	Dr. M.K. Sinha	Mr. B. B. Bhawsar
2	Date of Birth	23.6.1935	4.11.1944
3	Experience in Specific Functional areas and positions held	Dr. M.K. Sinha was former Chairman of State Bank of India, which is the country's leading bank. Dr. Sinha has to his credit vast and rich experience in the areas of finance, human resources development and corporate planning. He is well net- worked and has considerable banking experience and has contributed to the company in financial planning, execution and effective implementation of Management decisions.	Mr. B.B. Bhawsar has a career spanning 28 years and has wide range of experience in areas of Accounts, Costing and execution of multifarious activities. He has been associated with the company for the last 7 years. He has served in several senior positions with well-known companies in manufacturing industries. He is a non-executive independent director and member of the Audit, Remuneration & Shareholders Investor Grievance Committee constituted by the Board.
4	Qualification	M. Sc. Ph.d	M.Com.
5	Directorship in other Companies (Excluding foreign Companies).	1. Amines Plasticsizers Ltd., 2. Prag Bosimi Synthetics Ltd., 3. Pashupati Fabrics Ltd., 4. Entertainment World Developers Pvt. Ltd.,	Nil

9. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.

### EXPLANATORY STATEMENT IN PURSUANCE WITH SECTION 173 (2) OF THE COMPANIES ACT, 1956

#### Item No: 5 & 6

The Authorised Share Capital of the Company presently stands at Rs. 20,00,00,000/- (Rupees Twenty Crores Only)

divided into 2,00,00,000 Equity Shares of Rs. 10 each/. With the growing expansion of the Company's business, it is desirable to bring the Authorised Capital of the Company in proper co-relation with the magnitude of the Company's resources and size of its undertaking. It is therefore, considered advisable to increase the Authorised Capital of the Company from Rs. 20 crores to Rs. 30 crores by creation of 3,00,00,000 Equity Shares of Rs. 10/- each which will rank pari passu in all respects with the existing





## 14th Annual Report 2003-2004



Equity Shares of the Company. The proposed increase of the Authorised Capital of the Company requires the approval of the Members in General Meeting. Consequent upon the increase in Authorised Capital of the Company, its Memorandum and Articles of Association will require alteration so as to reflect the increase in share capital. The Board recommends that the resolution be passed. No Director is interested or concerned in this resolution.

### Item No.7

Pursuant to provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, the Board of Directors appointed Dr.M.K.Sinha as Additional Director of the Company with effect from 30th January 2004. Dr. Sinha holds office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice alongwith a deposit of Rs. 500 (Rupees Five Hundred only) under Section 257 of the Companies Act, 1956, from a member proposing the candidature of Dr. M. K. Sinha for the office of Director of the Company.

Dr. Sinha is having to his credit vast experience in Banking, Administration and Corporate Affairs. Keeping in view his vast experience and knowledge, the Directors recommend the resolution for Members approval. Save and except Dr. M. K. Sinha, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

### Item No: 8

The Board of Directors at the meeting held on 29th April 2004, appointed Dr. M.K. Sinha as an Whole-time Director of the Company for a period of 3 years subject to shareholders approval. Accordingly, the present proposal envisages appointment of Dr. Sinha as a Whole-time Director. Dr. M.K. Sinha is a former Chairman of State Bank of India, which is the country's leading bank and has nearly 35 years experience in the Banking Sector. Dr. M. K. Sinha has to his credit vast and rich experience particularly in the field of finance and corporate planning and the company is likely to be benefited by his association. Approval of the Remuneration Committee of the Board has been obtained. The terms of the appointment as embodied in the resolution may be considered as an abstract pursuant to Section 302 of the Act. The resolution is recommended for Members' approval. Dr. M. K. Sinha may be deemed to be interested in the resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

### Item No: 9

Section 81 of the Companies Act, 1956, provides inter alia that whenever it is proposed to increase the subscribed capital of a company by allotment of further shares which shall be offered to the persons, who, on the date of offer are holders of the ordinary shares of the company in proportion to the capital paid up on the date unless the members in General Meeting decide otherwise. The Listing Agreement executed by the Company with the Stock Exchange also provide that the Company shall, in the first instance, offer all securities for subscription pro-rata to the ordinary shareholders unless the members in a General Meeting decide otherwise. The consent of the members are, therefore sought to authorise the Board of Directors as set out in the resolution herein above to issue Equity shares at a premium on private placement basis to residents and/or non-residents (whether institutions and/or incorporated bodies and/or individuals and/or Trustees or otherwise), and whether or not such investors are members of the Company or by prospectus to the Indian public, in such form, manner and within such period and upon such terms and conditions as the Board may, in its absolute discretion deem fit.

To meet the requirements of capital expenditure for augmenting its fleet by acquiring modern fuel efficient 4 nos. of Container Carriers of 3500/4000 M/T (256 TEU per vessel) capacity for Coastal Service between and amongst the ports covering all the 12 major ports, it is proposed to issue and allot in one or more tranches Equity Shares for the amount not exceeding Rs. 10,00,00,000/- (Rupees Ten Crores) and hence, the said resolution is recommended for shareholders' approval.

Shri S.K. Shahi and F.M. Koli, Directors, holding Equity Shares of the Company may be deemed to be interested in the resolution.

None of the other directors of the Company is concerned or interested in the above resolutions.

### Item No: 10

The investments required for the proposed expansion of fleet and for general corporate purposes would run upto approximately Rs. 300 crores. The acquisition of fleets envisaged is proposed to be financed through internal resources and commercial borrowings. Therefore, it is proposed to authorise the Board of Directors to borrow monies, which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding Rs. 300 crores, in rupee and/or equivalent foreign currency, in addition to the Company's paid-up capital and free reserves.

The Directors commend the Resolution for members' approval as it is in the interest of the company.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

### Item No: 11

The Company has sought approval under Section 293(1)(d) of the Companies Act, 1956, vide item No; 9 of this notice, to borrow any sum or sums of money from time to time from any one or more of the Banks and/or from any one or more persons, firms, Bodies Corporate or Financial Institutions, Multilateral Agencies, Foreign Institutional Investors, Foreign Financial Institutions and from any other persons or combination thereof whether by way of overdrafts, cash credit, advance or deposits, loans, debentures or bills discounting or otherwise.

The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or of the whole or any part of the undertaking(s) of the Company in favour of the Lender(s), with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as the disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the members to pass a resolution under the said Section.

The Directors commend this enabling resolution for approval of the shareholders.

None of the directors of the Company is in any way concerned or interested in the Resolution.

**BY ORDER OF THE BOARD OF DIRECTORS**  
**S. K. SHAHI**

Chairman & Managing Director

### Registered Office :

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

Place : Mumbai

Date : 23rd August, 2004



## 14th Annual Report 2003-2004



### DIRECTORS REPORT

To The Members

Your Directors have pleasure in presenting their Fourteenth Annual Report and Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2004.

#### Financial Review :

The Financial Year 2003-2004, witnessed volatility in freight rates. Your Company despite the volatility in the freight rates maintained consistency of revenues by registering net sales and income from operations at Rs.2862 lakhs as compared to Rs. 2575 lakhs in the corresponding previous year. Your Company has earned a net profit of Rs. 715 lakhs after providing for interest at Rs. 341 lakhs and depreciation of Rs. 379 lakhs.

The summary of financial results of the Company for the year ended 31<sup>st</sup> March, 2004 are furnished below :

Rs.in Lakhs

	2003-04	2002-03
Gross Profit	1481	1124
Less: Interest & Finance Charges	341	416
Less: Provision for Depreciation	379	389
Profit before tax	761	319
Less: Provision for taxation	46	18
Profit after tax	715	301

Your Company was able to maintain its revenues at reasonable levels despite tough market conditions. This has been achieved through continued focus on providing value added services and lowering the operating costs. Your Company's drive towards consistently lowering the operating costs has helped the Company maintain its operating margins. Thus, the year under review has been a significant year in terms of value creation for the shareholders by delivering good performance.

#### Dividend :

In view of Interim Dividend of 10% followed by a 2<sup>nd</sup> Interim Dividend of 10% paid on 31<sup>st</sup> December, 2003 and 1<sup>st</sup> July, 2004 respectively, the Directors do not propose to recommend any final dividend.

#### Fixed Deposits :

The Company has not accepted any fixed deposits during the year.

#### Bonus Shares :

The Board of Directors allotted 7247437 equity shares of Rs. 10/- each as bonus shares in the proportion of one bonus share for each share held. The allotment of the bonus shares was done on 30<sup>th</sup> July 2004. The record date for determining Members' entitlement to bonus shares was fixed as 15<sup>th</sup> July, 2004.

#### Change in Company's Name :

In pursuance of Special Resolution passed by the shareholders of the Company in the Extraordinary General Meeting held on 16<sup>th</sup> December 2003, and fresh Certificate of Incorporation

issued by the Registrar of Companies, Maharashtra, the Company's name with effect from 1<sup>st</sup> January 2004 was changed from SHAHI SHIPPING LTD. to S K S (SHIP) LTD.

### MANAGEMENT DISCUSSION, ANALYSIS AND REVIEW :

#### a) Industry Structure and Development :

Indian shipping has seen an upsurge in fortunes during the last quarter of the fiscal 2003-04. With the global freight rates shooting through the roof, the industry is on a smooth sale after a long time. The neglected sector, which was being tossed about roughly in choppy waters for a number of years has started cruising smoothly in calm waters. With the international economy on the recovery path, there has been a steady improvement in the sea-borne trade and the buoyant trend is most likely to continue for atleast a year or two more.

Your Company is in the coastal shipping business, operates within the territorial waters of Indian ports and provides a variety of support services. The activities in this segment can broadly be classified into providing liquid cargo lighterage operations of petroleum and chemical products, lighterage operations of bulk cargo, tug services, supply of bunkers to vessels, container feeder service on Indian coasts. The need for such services primarily is as a result of ships needing to anchor away from the harbour on account of the shallow coastal waters and thereby needing a variety of support services. Your Company specialises in transportation of bulk and liquid cargo in sea.

#### b) Opportunities and Outlook :

The world over, huge multinationals and conglomerates from various sectors/industries are taking note of India's significant potential in almost all sectors of business and economy. The development of the emerging markets especially India and China and the opening of doors to international trade augur well for the country's industrial growth. With the increased focus on economical long distance transport, maritime transport will continue to enjoy a pivotal share of this spectrum of business and Indian ports promise to become busier than ever. The Company is optimistic about its future prospects and shall continue to concentrate on achieving operational efficiency and on effective cost control measures.

#### c) Risks and Concerns :

The shipping industry is prone to fluctuations in demand and supply. Individual companies are also subject to risk of regulations, state controls and government policies. High costs of replacing ageing ships and the consequent need to have state of the art ships to cater to modern demands of international operators continue to be a cause of intense concern. The entire industry has undergone qualitative changes in terms of process and controls. The Company in its endeavour to minimise the risks associated with its type of business is employing competent team of professionals and is focused towards implementation of modern shore based management practices.