

46th Annual Report

2007-2008



BOARD OF DIRECTORS



Asgar S. Patel
Chairman



Arif A. Patel
Executive Vice-Chairman

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P.S.G. Nair
Director



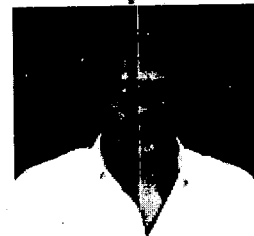
Ravi A. Poddar
Director



Sandeep P. Parikh
Director



Farrokh S. Wadia
Director



Dr. Muffazal A. Lakdawala
Director

BOARD OF DIRECTORS

Asgar S. Patel	Chairman
Arif A. Patel	Executive Vice-Chairman
Ravi A. Poddar	Director
P. S. G. Nair	Director
Sandeep P. Parikh	Director
Farrokh S. Wadia	Director
Muffazal A. Lakdawala	Director

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mahesh L. Ukidave

AUDITORS

MSP & Co. Mumbai

LEGAL ADVISORS

Crawford Bayley & Co. Mumbai
F. S. Broacha Mumbai

BANKERS

Andhra Bank
Central Bank of India
Bank of Bahrain & Kuwait B.S.C.
Indian Bank

REGISTERED OFFICE

'Patel House', 5th Floor,
Plot no. 48, Gazdarbandh,
North Avenue Road,
Santacruz (West),
Mumbai – 400 054.

CORPORATE OFFICE

'Natasha', 52 Hill Road,
Bandra (West), Mumbai – 400 050.

SHARE TRANSFER AGENTS

Computronics Financial Services (India) Limited
No. 1, Mittal Chambers, Nariman Point,
Mumbai – 400 021.

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46th Annual General Meeting

Tuesday, the 30th day of September, 2008, at 11.00 a.m. at the Sheila Raheja Hall,
Rotary Service Centre, Juhu Tara Road, Santacruz (West), Mumbai – 400 049.

Members are requested to bring their copy of the Annual Report to the Annual General Meeting.



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NOTICE

NOTICE is hereby given that the 46th Annual General Meeting of the members of PATEL INTEGRATED LOGISTICS LIMITED will be held at the Sheila Raheja Hall, Rotary Service Centre, Juhu Tara Road, Santacruz (West), Mumbai - 400 049, on Tuesday, the 30th day of September, 2008 at 11 a.m., to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet and the Profit and Loss Account as at and for the year ended 31st March, 2008 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares.
3. To appoint a Director in place of Mr. P.S.G. Nair, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ravi A. Poddar, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Registered Office:

Patel House, 5th Floor,
Plot No.48, Gazdarbandh,
North Avenue Road,
Santacruz (West), Mumbai-400 054.

By order of the Board,

(M. L. Ukidave)
C.F.O. & Company Secretary

Mumbai, 28th August, 2008

NOTES:

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 A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2008 to 30th September, 2008 (both days inclusive).
3. In order to be effective proxies must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
4. All unclaimed dividends upto the final dividend for the year 1999-2000 have been transferred either to the General Revenue Account of the Central Government or the Investor Education and Protection Fund ("The Fund"), as the case may be. Shareholders are hereby informed that the Company will be obliged to transfer any money lying in the Unpaid Dividend Accounts, for the years thereafter, to the credit of the said Fund, pursuant to Section 205C of the Companies Act, 1956 ("The Act").

In accordance with the provisions of the said Section, no claim shall lie against the Company or the Fund in respect of individual amounts of dividends remaining unclaimed for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.

5. Members are requested to send their Bank Account details on or before 17th September, 2008 to the Share Transfer Agents of the Company at 'Computronics Financial Services (India) Ltd., No. 1, Mittal Chambers, Nariman Point, Mumbai - 400 021.' This is to avoid the fraudulent encashment of dividend warrants.
6. The Company provides Electronic Clearing Service (ECS) facility for the payment of dividend. Accordingly, shareholders holding equity shares in physical form are requested to send Electronic Clearing Service (ECS) mandates, if any, in the

prescribed form which is a part of this Annual Report, on or before 17th September, 2008, to the Share Transfer Agents of the Company at 'Computronics Financial Services (India) Ltd., No. 1, Mittal Chambers, Nariman Point, Mumbai – 400 021'.

Shareholders holding equity shares of the Company in the dematerialized form shall intimate to their respective Depository Participants on or before 17th September, 2008, about the ECS mandates, if any, in the prescribed form which is a part of this Annual Report.

7. Dividend as recommended by the Board of Directors will be paid to the shareholders in the manner given below:
- To all the shareholders who have opted for ECS Mandates by way of direct credit to their respective Bank Accounts.
 - To shareholders who have not opted for ECS Mandates:
 - If the dividend amount is in excess of Rs. 10,000/- by way of Pay Orders / Demand Drafts; and
 - If the dividend amount is not in excess of Rs. 10,000/- by way of Dividend Warrants.

INFORMATION ABOUT DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED

1.	NAME	Mr. P.S.G. Nair		
	AGE	64 years		
	QUALIFICATIONS	B.Sc. (Hons.) F.C.A.		
	EXPERTISE	Mr. P. S. G. Nair has vast experience in the fields of Accounts, Audit, Finance, Forex Management, Direct Taxation and Corporate Laws.		
	PARTICULARS OF APPOINTMENT / RE-APPOINTMENT.	Mr. P.S.G. Nair is a Director of the Company since 29th January, 2002. He retires by rotation at the ensuing Annual General Meeting. It is proposed to re-appoint him as the Director of the Company.		
	OTHER DIRECTORSHIPS AS ON 31ST MARCH, 2008.	<u>Name of the Company</u> Wall Street Finance Ltd. Patel Holdings Ltd. Wall Street Securities & Investments (India) Ltd. Springfield Hotels Pvt. Ltd. Yasmin Finance & Trading Pvt. Ltd. Patel Management Consultancy Pvt. Ltd.	<u>Position Held</u> Director Director Director Director Director Director	
	*CHAIRMANSHIP(S) / MEMBERSHIP(S) OF COMMITTEES AS ON 31ST MARCH 2008	<u>Name of the Company</u> Patel Integrated Logistics Ltd. Patel Integrated Logistics Ltd. Patel Integrated Logistics Ltd. Patel Holdings Ltd. Patel Holdings Ltd. Wall Street Finance Ltd.	<u>Type of the Committee</u> Audit Committee Remuneration and Compensation Committee Shareholders' Grievance Audit Committee Remuneration Committee Shareholders' Grievance	<u>Position Held</u> Chairman Chairman Chairman Chairman Chairman Member



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2.	NAME	Mr. Ravi A. Poddar																																
	AGE	58 years																																
	QUALIFICATIONS	B.Com (Hons.)																																
	EXPERTISE	Mr. Ravi Poddar is a reputed industrialist heading the Poddar Group of Companies in Kolkata. He has vast experience in diverse fields like Automobiles, Construction, Finance and Capital Markets.																																
	PARTICULARS OF APPOINTMENT / RE-APPOINTMENT.	Mr. Ravi Poddar is a Director of the Company since 22nd July, 1992. Mr. Poddar retires by rotation at the ensuing Annual General Meeting. It is proposed to re-appoint him as the Director of the Company.																																
	OTHER DIRECTORSHIPS AS ON 31ST MARCH, 2008.	<table><tr><th><u>Name of the Company</u></th><th><u>Position Held</u></th></tr><tr><td>Ravi Auto Ltd.</td><td>Chairman</td></tr><tr><td>United Credit Ltd.</td><td>Chairman</td></tr><tr><td>P.C. Chandra & Co. Pvt. Ltd.</td><td>Chairman</td></tr><tr><td>Ravi Auto Parks & Resorts Pvt. Ltd.</td><td>Director</td></tr><tr><td>Megabowl Ravi Auto Entertainment Pvt. Ltd.</td><td>Director</td></tr><tr><td>United Credit & Development Co. Ltd</td><td>Director</td></tr><tr><td>Bengal United Credit Belani Housing Ltd.</td><td>Director</td></tr><tr><td>Calcutta Metropolitan Group Ltd.</td><td>Director</td></tr><tr><td>United Credit Belani Belani Properties Ltd</td><td>Director</td></tr><tr><td>Calcutta State Transport Corporation</td><td>Director</td></tr><tr><td>Zenith Exports Ltd.</td><td>Director</td></tr><tr><td>The Calcutta Stock Exchange Association Ltd</td><td>Director</td></tr><tr><td>Espeea Pramoters & Developers Pvt. Ltd.</td><td>Director</td></tr><tr><td>United Credit Securities Ltd.</td><td>Director</td></tr></table>			<u>Name of the Company</u>	<u>Position Held</u>	Ravi Auto Ltd.	Chairman	United Credit Ltd.	Chairman	P.C. Chandra & Co. Pvt. Ltd.	Chairman	Ravi Auto Parks & Resorts Pvt. Ltd.	Director	Megabowl Ravi Auto Entertainment Pvt. Ltd.	Director	United Credit & Development Co. Ltd	Director	Bengal United Credit Belani Housing Ltd.	Director	Calcutta Metropolitan Group Ltd.	Director	United Credit Belani Belani Properties Ltd	Director	Calcutta State Transport Corporation	Director	Zenith Exports Ltd.	Director	The Calcutta Stock Exchange Association Ltd	Director	Espeea Pramoters & Developers Pvt. Ltd.	Director	United Credit Securities Ltd.	Director
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*Chairmanship(s) / membership(s) of Committees as conceived under clause 49 of the Listing Agreement are only mentioned.

Registered Office:

Patel House, 5th Floor,
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Mumbai-400 054.

By order of the Board,

(M. L. Ukidave)

C.F.O. & Company Secretary

Mumbai, 28th August, 2008

DIRECTORS' REPORT

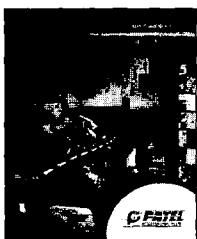
To,
The Members of
Patel Integrated Logistics Limited.

The Directors have pleasure in presenting their 46th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS :

The financial results are as under :

	(Rs. in lakhs) Year ended <u>31st March, 2008</u>	(Rs. in lakhs) Year ended <u>31st March, 2007</u>
Profit before Interest, Depreciation & Tax	1697.17	1439.29
Less : Interest	402.71	404.35
Profit before Depreciation	1294.46	1034.94
Less : Depreciation	339.97	304.69
Profit before tax and extra ordinary items	954.49	730.25
Less : Provision for tax	214.00	217.00
Less : Deferred Tax	81.61	19.73
Less : Fringe Benefit Tax	48.54	43.75
Less : (Excess)/Short Provision of Income Tax for earlier years	(0.05)	0.57
Profit after tax and before extra ordinary items	610.39	449.20
Add : Adjustment for excess depreciation provided for earlier years due to change in the method of depreciation	—	500.93
Less: Adjustment for provision of deferred tax for earlier years due to change in the method of depreciation	—	166.26
Profit after tax and after extra ordinary items	610.39	783.87
Add : Balance of Profit from previous year	1365.42	1736.91
TOTAL ...	1975.81	2520.78
APPROPRIATIONS:		
Equity Dividend	150.79	132.79
Tax on Dividend	25.63	22.57
Transfer to General Reserve	500.00	1000.00
Balance carried to Balance Sheet	1299.39	1365.42
TOTAL ...	1975.81	2520.78



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DIVIDEND :

For the year under consideration, the Board of Directors have recommended a dividend @ 10% on the equity share capital of the Company.

PREFERENTIAL ISSUE OF EQUITY SHARES AND EQUITY WARRANTS:

Pursuant to the consent granted by members at their Extra Ordinary General Meeting held on 11th January, 2008, the Board of Directors, at their meeting held on 15th February, 2008, allotted to select persons, 18,00,000 fresh Equity Shares of Rs.10/- each at a premium of Rs.64/- per Equity Share aggregating to Rs. 13,32,00,000/- and 8,00,000 Equity Warrants of Rs.10/- each at a premium of Rs.64/- per Equity Warrant aggregating to Rs. 5,92,00,000/-. Consequent upon the fresh issue of Equity Shares, the paid-up share capital of the Company has increased from Rs. 1327.94 lacs to 1507.94 lacs. The issue of fresh Equity Shares and Equity Warrants has not resulted in to any change in the composition of Board of Directors, Management or Control of the Company.

To accomodate the fresh Equity Shares and also the Equity Shares which will come in to existence upon the exercise of option by the holders of Equity Warrants, the Authorised Share Capital of the Company was enhanced with the approval of shareholders granted at their Extra Ordinary General Meeting held on 11th January, 2008, from Rs. 15.00 crores to Rs. 20.00 crores by creation of 50.00 lac new Equity Shares of Rs. 10/- each aggregating to Rs. 5.00 crores.

The 18.00 lac fresh Equity Shares rank pari-passu with existing Equity Shares with respect to the voting rights and dividend entitlement.

The holders of Equity Warrants have an option to apply for and obtain one Equity Share for each Equity Warrant allotted to them on 15th February, 2008. The option is exercisable within a period of 18 months from the date of allotment of Equity Warrants. However, till the date of this Report, the holders of the Equity Warrants have not exercised the option granted to them.

The Board of Directors take this opportunity to thank the private investors who have shown confidence in the endeavours of the management and invested in the future of the Company.

PERFORMANCE REVIEW:

Your Company is a 'Total Logistics Solutions Provider' with products like Conventional Road Transport, Co-Loading of Air Freight and Consolidation of Cargo, both Domestic and International, Logistics and Retail Cargo movement, under its belt.

Total income earned by the Company during the year under consideration stood at Rs.29608.01Lacs. The Profit Before Tax and extra ordinary items is Rs. 954.49 lacs and Profit After Tax but before extra ordinary items is Rs.610.39 lacs.

The Profit Before Tax and Extra Ordinary Items but excluding profit on sale of investments and profit / loss on sale of assets, as they are earned / suffered from activities which do not constitute regular business of the Company, rose from Rs. 701.95 lacs in the year 2006-2007 to Rs. 748.85 lacs for the year under consideration, a growth of 6.68%.

The Net Worth of your Company is Rs. 8142.31 lacs while the fixed assets base is Rs.2767.92 lacs. The Earning Per Share is Rs.4.52.

The business of Co-Loading of Air Freight, in which your Company is the major player, continued to do well in the year under consideration. The conventional Road Transport business has also done reasonably well.

As expected, 'Patel Retail', the time bound door-to-door retail transportation service of the Company has done very well in a short span of time since its launch. The margins in the Express Cargo business are substantially high when compared with the normal Road Freight Transport. In Company's case due to the use of existing infrastructure and manpower of the Company the extra costs for operating this product are very reasonable. The management is contemplating operating Patel Retail on much larger scale in future.

Your management remained committed to various initiatives and measures which they had employed with success in the past. These include vendorisation along certain routes, fixing the truck hire charges for longer duration for hedging Company profits from escalating fuel costs and ever increasing truck hire charges, replacement of old vehicles by new vehicles resulting in increasing efficiency and reducing costs, employing Company owned vehicles on major routes to reduce truck hire charges which is the major component of cost, negotiating with airlines for reduced rates for carrying cargo and increase in commission.

The improvement in the profits is the combined result of the structuring and cost saving initiatives of the management coupled with its endeavours to expand business in the niche area of Company's activities.

FUTURE PLANS AND OUTLOOK:

The Indian economy has now settled down in a stable growth mode. The extraordinary development in infrastructural facilities and the willingness of customers to pay higher price for timely deliveries of consignments and professional handling of cargo will go a long way in benefiting the business of the Company. The environment is very conducive to growth and your Company is equipped to make a most of it with its vast infrastructure, state of the art technology, professional work force and variety of products.

The management will continue to strive hard to retain and enhance the Company's share in the niche areas and expand its activities in profitable business segments like Express Cargo. The management will also explore each opportunity of expanding the horizons of its business by coming out with fresh and innovative services in its selected areas of business. We will also continue the efforts of reconstruction, rationalization and cost control which have been successfully initiated in the past.

SUBSIDIARY:

The financial statements of Springfield Hotels Pvt. Ltd., the wholly owned subsidiary of the Company, for the year ended 31st March, 2008, alongwith other documents as prescribed under section 212(1) of the Companies Act, 1956 (the Act), form part of this Annual Report. A statement of Company's interest in Springfield Hotels Pvt. Ltd., as prescribed under section 212(3) of the Act, is also attached with this Report.

FIXED DEPOSITS:

Fixed Deposits accepted by the Company stood at Rs.687.61 lacs as on 31st March 2008. There were no unpaid or overdue deposits as on 31st March 2008, except unclaimed Deposits aggregating Rs. 23.53 lacs. There has been no amount of deposits required to be transferred to the Investor Education and Protection Fund.

DIRECTORS :

Mr. P. S. G. Nair and Mr. Ravi A. Poddar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment as the Directors.

AUDITORS:

M.S.P. & Company retire as the Auditors of the Company at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS' REPORT:

Your Directors refer to observations made by the Auditors in their Report and wish to state that notes forming part of the Accounts are self-explanatory and hence do not require any further comments.

CORPORATE GOVERNANCE :

To comply with conditions of Corporate Governance, pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate on the compliance of conditions of Corporate Governance, are included in this Annual Report.

PARTICULARS REQUIRED TO BE FURNISHED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

PART A – CONSERVATION OF ENERGY:

The Company continues its in-house programme of enlightening and educating its commercial vehicle drivers for greater fuel efficiencies. All the vehicles owned by the Company undergo an intensive Planned Preventive Maintenance (PPM) drill to keep the vehicles in top running condition with special emphasis on fuel conservation.



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PART B - TECHNOLOGY ABSORPTION : Not Applicable

PART C - FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. in lakhs) Year ended 31st March, 2008	(Rs. in lakhs) Year ended 31st March, 2007
Earnings in Foreign Exchange		
Air Freight Billing and other expenses (Net)	67.89	108.99
TOTAL	67.89	108.99
Expenditure in Foreign Currency		
Freight Charges	68.21	35.17
Travelling	23.34	4.50
Professional Fees	—	1.16
Others	1.89	0.64
TOTAL	93.44	41.47

PERSONNEL & HUMAN RESOURCES :

The Directors sincerely appreciate efforts put in by employees of the Company at all levels and thank them for their contribution in achieving the overall results during the year under consideration.

A statement giving the particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended to date, is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to departure;
- 2) the Directors have selected accounting policies and applied them consistently, except where otherwise stated in the notes to the accounts. The Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date;
- 3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS:

The Directors place on record their appreciation of the continued assistance and support received from the Bankers, Clients and Fixed Deposit Holders.

For and on behalf of the Board of Directors,

Registered Office :

Patel House, 5th Floor, Plot No. 48,
Gazdarbandh, North Avenue Road,
Santacruz (West), Mumbai – 400 054.

Mumbai, Dated 28th August, 2008

A. A. PATEL - Executive Vice-Chairman
P. S. G. NAIR - Director
S. P. PARIKH - Director
F. S. WADIA - Director