

48th Annual Report 2009 - 2010

Towards horizon next



PATEL
INTEGRATED LOGISTICS LTD

BOARD OF DIRECTORS



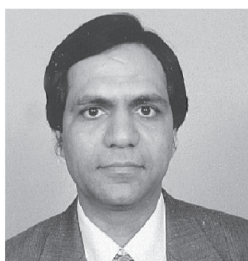
Asgar S. Patel
Chairman



Areef A. Patel
Executive Vice-Chairman



P.S.G. Nair
Director



Sandeep P. Parikh
Director



Farukh S. Wadia
Director

BOARD OF DIRECTORS

| | |
|-------------------|-------------------------|
| Asgar S. Patel | Chairman |
| Areef A. Patel | Executive Vice-Chairman |
| P. S. G. Nair | Director |
| Sandeep P. Parikh | Director |
| Farukh S. Wadia | Director |

CHIEF FINANCIAL OFFICER

Mahesh L. Ukidave

COMPANY SECRETARY

Nitin B Akolkar

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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48th Annual General Meeting

Tuesday, the 28th day of September, 2010, 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 48th 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 28th day of September 2010 at 11.00 a.m., to transact the following business:

ORDINARY 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 2010 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. Farukh Wadia, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting till 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), following resolution as a Special Resolution:

"RESOLVED that pursuant to clause 23(a) of the Listing Agreement and subject to the compliance of regulations, rules, guidelines, if any, in this behalf issued / prescribed by the Securities & Exchange Board of India (SEBI), the Stock Exchange or any other authority, approval is hereby given to the sale, re-allotment or otherwise disposal of the equity shares of the Company, forfeited because of non-payment of allotment money due on such shares, to the existing share holders and / or original holders thereof and / or to any other person(s) including any person(s) from the promoter group, upon such terms, including the price, and in such manner as the Board of Directors (the Board) shall deem fit ;

FURTHER RESOLVED that the Directors be and are hereby severally authorized to execute instrument of transfer (s) of the shares sold / re-allotted and cause the purchaser's name to be entered in the Register of Members in respect of shares sold;

FURTHER RESOLVED that upon any sale, re-allotment or other disposal of the forfeited shares, the certificates originally issued in respect of the forfeited shares, shall stand cancelled and become null and void and of no effect and the Directors are jointly and severally authorized to issue new certificates in respect of shares sold / re-allotted to the person or persons entitled thereto either in physical or dematerialized form ;

FURTHER RESOLVED that the Board be and is hereby authorized to decide the price for the sale / re-allotment of forfeited shares subject to the guidelines prescribed by the Stock Exchange in this regard and also to decide the date for sale / re-allotment of the forfeited shares."

Registered Office:

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

Mumbai, 25th August 2010

By order of the Board,

(Nitin B. Akolkar)

Company Secretary

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 21st September 2010 to 28th September 2010 (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. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends, if declared, for the financial years 1995-96 to 2001-02 to the Investor Education and Protection Fund (the Fund) established by the Central Government.

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 24th September 2010 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 National Electronic Clearing Service (NECS) facility for the payment of dividend. Accordingly, shareholders holding equity shares in physical form are requested to send on or before 24th September 2010, National Electronic Clearing Service (NECS) mandates, to the Share Transfer Agents of the Company i.e. 'Computronics Financial Services (India) Ltd., at No. 1 Mittal Chambers, Nariman Point, Mumbai – 400 021'. The NECS mandates are to be sent in the prescribed form which is a part of this report.

Shareholders holding equity shares in the dematerialized form shall intimate to their respective Depository Participants on or before 24th September 2010, about the NECS 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 shareholders in the manner given below:
 - a) To all the shareholders who have opted for NECS Mandates, by way of direct credit to their respective Bank Accounts.
 - b) To shareholders who have not opted for NECS Mandates:
 - i) If the dividend amount is in excess of Rs. 10,000/-, by way of Pay Orders / Demand Drafts; and
 - ii) If the dividend amount is not in excess of Rs. 10,000/- , by way of Dividend Warrants.



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INFORMATION ABOUT DIRECTORS PROPOSED TO BE REAPPOINTED

| | | | |
|--|--|---|-----------------------------|
| NAME | Mr. Farukh S. Wadia | | |
| AGE | 45 years | | |
| QUALIFICATIONS | B. Com. | | |
| EXPERTISE | Mr. Farukh Wadia is a businessman having experience in the fields of automobile dealership, finance and couriers. | | |
| PARTICULARS OF APPOINTMENT / RE-APPOINTMENT. | Mr. Farukh Wadia is a Director of the Company since 6th May, 1998. Mr. Wadia retires by rotation at the ensuing Annual General Meeting. It is proposed to re-appoint Mr. Wadia as the Director of the Company. | | |
| OTHER DIRECTORSHIPS AS ON 31ST MARCH, 2010. | Nil | | |
| *CHAIRMANSHIP(S) / MEMBERSHIP(S) OF COMMITTEES AS ON 31ST MARCH 2010 | <u>Name of the Company</u> | <u>Type of the Committee</u> | <u>Position Held</u> |
| | Patel Integrated Logistics Ltd | Audit Committee | Member |
| | Patel Integrated Logistics Ltd | Remuneration and Compensation Committee | Member |
| | Patel Integrated Logistics Ltd | Shareholders' Grievance Committee | Member |

*Chairmanship(s) / membership(s) of Committees as conceived under clause 49 of the Listing Agreement are only mentioned.

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Mumbai, 25th August 2010

By order of the Board,

(Nitin B. Akolkar)

Company Secretary

ANNEXURE TO THE NOTICE

(Explanatory Statement as required by Section 173 of the Companies Act, 1956)

ITEM NO.5

The Board of Directors vide resolution passed at their meeting held on 27th September, 2005 forfeited equity shares of the Company on which allotment / call money was unpaid. Articles 42 to 52 of the Articles of Association of the Company deal with the provisions regarding forfeiture of shares and sale / re-allotment of such forfeited shares.

The forfeited shares belonged to the category of Indian Public and were held in physical form. Since the allotment of these shares on 21st March, 1994, several notices were sent to the defaulting shareholders until their forfeiture as mentioned above.

As on the date of this notice, 1,07,200 equity shares stand forfeited. The amount of share capital unpaid on the forfeited equity shares stands at Rs. 6,24,500/-.

Clause 23(a) of the standard Listing Agreement prescribes that the Company shall issue or offer, in the first instance, all shares (including forfeited shares) pro-rata to the equity shareholders of the Company unless the shareholders in the general meeting decide otherwise.

Accordingly, approval of shareholders is sought to enable the Board of Directors to sale / re-allot the forfeited shares to any of the persons as mentioned in the resolution on the terms and in the manner which the Board deems in the interest of the Company.

The shareholders had granted their approval to the Resolution at item no. 6 of the Notice of the Annual General Meeting held on 27th September, 2007. However as sufficient time has elapsed since the earlier approval of shareholders, and the forfeited shares have not been re-issued, the Board of Directors deemed it necessary to approach the shareholders again for seeking their approval in this matter.

None of the Directors are concerned or interested in passing of this resolution except to the extent of the shares which may be allotted / sold to them or to their relatives or to companies in which they are directors or members.

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Santacruz (West), Mumbai-400 054.

Mumbai, 25th August 2010

By order of the Board,

(Nitin B. Akolkar)

Company Secretary



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DIRECTORS' REPORT

To,
The Members of
Patel Integrated Logistics Limited.

The Directors have pleasure in presenting their 48th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

The financial results are as under:

| | (Rs. in lakhs) | |
|---|--|--|
| | Year ended 31 st March, 2010 | Year ended 31 st March, 2009 |
| Profit before Interest, Depreciation & Tax | 1565.12 | 1384.69 |
| Less : Interest | 575.81 | 478.60 |
| Profit before Depreciation | 989.31 | 906.09 |
| Less : Depreciation | 372.11 | 378.79 |
| Profit before tax | 617.20 | 527.30 |
| Less : Provision for tax | 163.00 | 130.50 |
| Less : Deferred Tax | (4.03) | 67.83 |
| Less : Fringe Benefit Tax | — | 38.57 |
| Less : (Excess)/Short Provision of Income Tax for earlier years | 2.00 | 0.01 |
| Profit after tax | 456.23 | 290.39 |
| Add : Balance of Profit from previous year | 894.76 | 1299.39 |
| TOTAL ... | 1350.99 | 1589.78 |
| APPROPRIATIONS: | | |
| Equity Dividend | 150.79 | 150.79 |
| Tax on Dividend | 25.05 | 25.63 |
| Transfer to General Reserve | — | 500.00 |
| Transfer to Capital Redemption Reserve | — | 18.60 |
| Balance carried to Balance Sheet | 1175.15 | 894.76 |
| TOTAL ... | 1350.99 | 1589.78 |

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.35067.85 Lacs. The Profit Before Tax is Rs. 617.20 lacs and Profit After Tax is Rs. 456.23 lacs.

The Net Worth of your Company is Rs. 8554.79 lacs while the fixed assets base is Rs.4378.63 lacs. The Earning Per Share is Rs.3.03

The drop in the turnover in the business of Co Loading of Air Freight in comparison with year ended March 2009 is due to reduction in the Airline rates, although the business levels continues to be the same. The performance of conventional Road Transport business is steady as compared to the last year. With some concentrated efforts by us, we are expecting this business to grow in the current year especially in the express surface transport business.

We are also concerned about reducing our operational cost and will ensure that receivables are within the stipulated norms. With the positive turn around in the Indian economy, your Company is expected to post better results in the coming year .

DIVIDEND:

For the year under consideration, the Board of Directors have recommended a dividend of Re. 1/- per share on the equity share capital of the Company.

FUTURE PLANS AND OUTLOOK:

Your Company plans to increase its market share in Express Cargo segment and all the plans and strategies has been drawn to increase the business of Patel Retail in the financial year 2010-11.

We are upgrading our Hubs with state of art facilities such as mechanized operations in the Hubs & mechanized stacking systems. We also have plan to expand our fleet to cater to retail business as the quality and speed would be better with our own fleet as compared to vendors or market vehicles. All the fleet vehicles are fitted with vehicle tracking system for instant tracking and control over our vehicles. We have already started up- gradation of our major Hubs in Delhi, Bhiwandi and Bangalore. We would also starting our marketing campaign to begin with radio jingles and television advertisements to create awareness and increase Top of Mind Recall and set the stage for re-launch of Retail in a big way. We are having training programmes to train our loading & un-loading staff to have better and qualitative operations to reduce damages of the material.

The outlook of the cargo consolidation industry is bright as it depends on the economy which is growing steadily. With increasing trend in the freight traffic in last couple of years, logistics industry will keep pace with the growth of the domestic and international trade. Major factors which will determine the growth of the logistic sector will be public-private participation, technology deployment, investments in infrastructure and integration of logistic services which the Company is striving very hard to accomplish and has definitive set plans so as to meet our goals

SUBSIDIARY:

As on date of this report the Company does not have any Subsidiary Company.

PREFERENTIAL ISSUE OF EQUITY SHARES AND EQUITY WARRANTS:

During the year 2007-2008, the Company had raised the funds by way of Preferential Allotment of 18,00,000 fresh Equity Shares of Rs.10/- each at a premium of Rs.64/- per Equity Share aggregating Rs.13,32,00,000/- and 8,00,000 Equity Warrants of Rs.10/- each at a premium of Rs.64/- per Equity Warrant in respect of which the Company has received Rs.59,20,000/- as consideration on the date of allotment of such warrants.

Out of the total proceeds of Rs.13,91,20,000/- raised through the Preferential Allotment, Rs.5,26,63,947/- has been utilised towards purchase of Fixed Assets, Rs.8,09,36,053/- has been utilised towards working capital and other corporate initiatives as on date of this report and balance Rs.55,20,000/- is kept with Banks as Fixed Deposits.

The holders of Equity Warrants had an option to apply for and obtain one Equity Share for each Equity Warrant allotted to them. The option was exercisable within a period of 18 months from the date of allotment of Equity Warrants i.e. upto 14th August 2009. The holders of the Equity Warrants had not exercised the option granted to them. Consequently, as mentioned in the terms of issue of the said Equity Warrants and as per the provisions of SEBI (DIP) Guidelines for Preferential Allotment the Board of Directors, at their meeting held on 22nd August 2009, forfeited the initial consideration of Rs.59,20,000/- paid in respect of such warrants and consequently, the amount has been transferred to Capital Reserve Account.



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FIXED DEPOSITS:

Fixed Deposits accepted by the Company stood at Rs.666.56 lacs as on 31st March 2010. There were no unpaid or overdue deposits as on 31st March 2010, except unclaimed Deposits aggregating Rs.21.88 lacs. There has been no amount of deposits required to be transferred to the Investor Education and Protection Fund during the year under consideration. However in the current year i.e. 2010-2011, unclaimed matured fixed deposit with interest accrued thereon aggregating to Rs.5,579/- and matured on 3rd June 2003 were transferred to the Investor Education and Protection Fund on 29th June 2010.

DIRECTORS :

Mr. Farukh S. Wadia, Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment as the Director.

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 the related notes forming part of the Accounts are provide sufficient explanations and hence no further comments are required on the observations of Auditors.

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.

PART B – TECHNOLOGY ABSORPTION : Not Applicable

PART C - FOREIGN EXCHANGE EARNINGS AND OUTGO :

| | (Rs. in lakhs) Year ended 31st March, 2010 | (Rs. in lakhs) Year ended 31st March, 2009 |
|--|---|---|
| Earnings in Foreign Exchange | | |
| Air Freight Billing and other expenses (Net) | 3.66 | 24.87 |
| TOTAL | 3.66 | 24.87 |
| Expenditure in Foreign Currency | | |
| Freight Charges | 4.27 | 10.57 |
| Travelling | 5.33 | 18.99 |
| Others | – | 1.10 |
| TOTAL | 9.60 | 30.66 |