



ANNUAL REPORT 2007 - 2008



SARVESH KUMAR SHAHI
Chairman & Managing Director



18th Annual Report 2007-2008

SKS LOGISTICS LIMITED

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BOARD OF DIRECTORS

Mr. S. K. Shahi	Chairman & Managing Director
Mr. F. M. Koli	Wholetime Director
Capt. Walter Gonsalves	Wholetime Director
Mr. R. V. Iyer	IDBI Nominee Director
Cmde. M. Bhada I. N. (Retd.)	Director
Mr. B. B. Bhawsar	Director
Mr. Tony Adam	Director

COMPANY SECRETARY

Mr. A. Thanthoni Rao

BANKERS

State Bank of Indore, Mumbai
 HDFC Bank Ltd., Mumbai

AUDITORS

M/s. N. D. Heda & Co.
 Chartered Accountants

REGISTERED OFFICE

404, Abhay Steel House,
 Baroda Street, Mumbai - 400 009.
 Tel. : 2373 0713 / 14 / 15 / 16
 Fax : 91 (22) 2371 0362 / 2374 0219
 Website : www.shahiship.com / www.shahilogistics.com
 E-mail : shahi@bom3.vsnl.net.in

CORPORATE OFFICE

Shahi Marine House
 Plot No. 11 & 11/1, Sector-26
 Near Grain Market, Vashi,
 Navi Mumbai - 400 703.
 Tel. : 2784 3047-49 / 2784 3051-53
 Fax : 91 (22) 2784 3041 & 2784 3044
 E-mail : sks@sksship.com

REGISTRAR & 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@sysss.com

CHAIRMAN'S STATEMENT

Dear shareholders,

I take this opportunity to welcome you all on the occasion of the 18th Annual General Meeting of your company.

As you must have observed from the Annual Report for the financial year ended 31st March 2008 the company is continuing to perform well and earn profit. Income from operations during the current year has registered a growth of 13% over the previous year. The gross profit was 19.33 Crores as against the previous year of 16.97 Crores. I am glad to state that your directors are pleased to recommend the Dividend of 9.5% to the shareholders. This is considered significant as during the current year the interest and finance charges have increased significantly by 1.86 Crores.

The overall economic scenario in the country and particularly of shipping sector continues to look up and poised for major growth. During the current year the growth rate has been at 9% which indicates a very healthy sign of our country's progress and economy.

During the year the company has consolidated its existing resources and has applied them effectively for achievement of our goals. It has strengthened the fleet by enhancing maintenance efforts and increase in crew efficiency through continuous process of training. As a result, our fleet has been performing exceptionally well in all fronts such as Containers, Bulk Cargo and Liquid Cargo transportation and has won the confidence and appreciation from all our clients. Our business development group is continuously on the look out to tap new opportunities which arise in different sectors around the Indian Coast. You will be glad to know that your company has entered into a Joint Venture with M/s. Erria Denmark, for coastal transportation of cargo, around Indian Coast. M. V. Erria Vietnam, a newly built vessel, is the first vessel which is being deployed under this Joint Venture. In addition, two new companies have been incorporated i.e., Royal Logistics (Ship) Limited and SKS Waterways Limited as a result of joint venture of your company with the Inland Waterways Authority of India for operating in National Waterways No. 1 and National Waterways No. 2 respectively. For this purpose we are required to construct 14 vessels which will commence shortly.

I assure you that the initiative we have undertaken and our vision for the future will enable the company to achieve sustained growth. I am glad to state that the Government of India has realised the great potential of transportation through waterways and is also providing immense support to the shipping companies to enable them enhance their activities.

I wish to place on record my sincere appreciation for the continued support and co-operation of all the Government Agencies, Banks and Financial Institutions and our clients. I also express my sincere thanks to all our officers and staff both ashore and at sea for their sustained dedication and hard work. On behalf of the Board of Directors and Management I thank all the shareholders for their continued trust and confidence reposed in the company and its management and look forward to the same in the future also.

Place : Mumbai

Date : 20th August 2008

Sarvesh Kumar Shahi

Chairman & Managing Director



NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of SKS LOGISTICS LIMITED will be held on Friday, 26th September, 2008, at 11.30 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building (4th Floor), Churchgate, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008, the Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Tony Adam, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. B. B. Bhawsar, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary resolution.

Ordinary Resolution

"RESOLVED THAT M/s N D Heda and Co, Chartered Accountants, be and are hereby appointed 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 of the company on such remuneration as shall be fixed by the Board of Directors of the company"

SPECIAL BUSINESS: -

6. To approve the revised remuneration payable to Mr. S. K. Shahi, as per Board Resolution dated 29-4-2008.

The remuneration committee, at its meeting held on 17th March 2008 has approved revision in the managerial remuneration to Mr. S. K. Shahi, CMD effective from April 2008. The remuneration is as per the applicable provisions of the Companies Act and Schedule XIII thereto and based on effective capital as on 31st March 2007. The same is required to be approved by the Board of Directors and also by members at their meeting. The same is enclosed herewith for approval of the members.

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310, 311, schedule XIII and other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re enactment thereof, approval of the company be and is hereby accorded to the revision in the remuneration of Shri S K Shahi, Chairman and Managing Director to a sum of Rs 3.50 lacs per month with effect from April 01, 2008 on the terms and conditions as set out in the draft agreement to be entered into between the company and Mr. S. K. Shahi a copy whereof initialed by Mr. B. B. Bhawsar, Director of the company for the purpose of identification is placed before this meeting.

RESOLVED FURTHER THAT the authority be and is hereby given to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any committee of the Board constituted to exercise its powers including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution"

By order of the Board of Directors,

Place : Mumbai
 Date : 12th August 2008

S. K. Shahi
 Chairman and Managing Director

Registered Office
 404, Abhay Steel House,
 Baroda Street, Mumbai - 400009

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIM/HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be lodged with the Company at its Registered Office, not later than 48 hours before the commencement of the meeting.
3. A body corporate being a member shall be deemed to be personally present at the meeting, if represented in accordance with the provisions of Section 187 of the Companies Act, 1956.
4. Register of Members and Share Transfer books will be closed from 19th September 2008 to 26th September 2008 (both days inclusive) for the purpose of declaration of dividend.
5. All correspondence regarding shares of the Company should be addressed to the Company's Registrar and Transfer Agent (RTA) viz. System Support Services, 209, Shivai Industrial Estate, 89, Andheri Kurla Road, Sakinaka, Mumbai 400 072. Members who hold shares in physical form and wish to make/change a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit the prescribed Form 2B to System Support Services.
6. Members who wish to obtain any information on the Company as regards the accounts for the financial year 31st March 2008 are requested to write to the Company at least 10 days before the Annual General Meeting.
7. For convenience of the members and for proper conduct of the meeting, entry to the place of meeting will be regulated by the attendance slip, which is annexed to the Proxy Form. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the Meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members/Beneficial Owners are requested to quote their full name as per the Company's record, Folio No. / DP and Client ID Nos., as the case may be, in all correspondences with the Company.
10. Members who hold shares in dematerialized form are requested to bring their depository account number for identification.
11. Pursuant to Section 205A(5) of the Companies Act, 1956, the Company has transferred all unclaimed / unpaid dividends on their respective due date to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 C of the Companies Act, 1956. 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. Shareholders are requested to note that no claims shall lie against the said fund or the Company in respect of any amount of unclaimed dividend once the same is transferred to the above fund.
12. Details of Directors seeking Re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

1. Name of Director	Mr. Tony Adam	Mr. B. B. Bhawsar
2. Date of Birth	12-2-1958	4-11 -1944
3. Experience in Specific Functional area and Position Held:	Mr. Tony Adam has to his credit vast and rich experience in the area of Business Restructuring, Team Building, Change management enhancement of shareholders wealth, etc. Mr. Tony Adam has served in the senior positions in various companies He was the Managing Director GEA energy system (India) Ltd. SICAL & Act India Ltd.	Mr. B. B. Bawsar has a career spanning 30 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 10 years. He has served in several senior positions with various companies in manufacturing sector. He is a non-executive independent director and member of the Audit, Remuneration & Shareholder investor Grievance Committees.



Name of Director	Mr. Tony Adam	Mr. B. B. Bhawsar
4. Qualification	B.Com	M.Com
5. Directorship in other Companies (Excluding foreign Companies)	Adam & Coal Resources Private Ltd.	Nil
6. Shareholding	NIL	NIL

13. Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
14. Members are requested to bring their copies of the annual Report to the meeting.

By order of the Board of Directors,

Place : Mumbai
 Date : 12th August 2008

S. K. Shahi
 Chairman and Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special business mentioned in the accompanying Notice.

Item No 6

Shri S. K. Shahi has been the Chairman and Managing Director of the company. The present proposal is to seek approval of the members to the revision in the remuneration payable to Mr. S. K. Shahi as Chairman and Managing Director of the company.

In this connection, the remuneration committee at its meeting held on March 17, 2008 has approved the revision in the remuneration of Mr. S. K. Shahi subject to the approval of the Board of directors and the shareholders. The Board at its meeting held on 29th April 2008 has approved the revision in the remuneration subject to the approval of the members.

The Broad particulars of the remuneration payable to Mr. S. K. Shahi are contained in the agreement, copy whereof duly initialed by Mr. B. B. Bhawsar, Director, is available for inspection of the members at the registered office of the company on all working days during office hours. The details of the remuneration and other terms and conditions are as follows.

Salary: Total remuneration of Rs. 3.50 lacs per month including the perquisites as mentioned in category A below plus the perquisites as mentioned in category B and C below.

CATEGORY A

- a. Housing:
 - (1) Fully furnished Residential accommodation or HRA @ 60% of salary.
 - (2) Company shall provide such furniture and furnishing as may be required by the Chairman and Managing Director.
 - (3) The expenditure on gas, electricity, water and other utilities shall be borne/reimbursed by the company.
- b. Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges, for self and family as per company rules.
- c. Leave Travel Concession:

Leave Travel Concession for self and family once in a year to and from any place in India or outside India.
- d. Club Fees: Reimbursement of Membership for maximum of two clubs.
- e. Insurance: Accident insurance for an amount, the all inclusive premium for which shall not exceed Rs 25,000/ per annum.



f. **Children Education Allowance:**

In case of children studying in or outside India, allowance/actual expenses incurred to be borne/reimbursed by the company.

g. **Other perquisites:**

Subject to overall ceiling on remuneration mentioned hereinabove, the Chairman and Managing Director may be given any other allowances, benefits, perquisites as the Remuneration Committee and the Board of Directors may decide and approve.

Explanation: Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such rule, perquisites shall be evaluated at cost.

In the event, the approval of the shareholders is received for an amount of less than Rs 3.50 lacs, per month, such amount as may be approved by the shareholders and banks and financial institutions if any, by way of special resolution, will be payable to the Chairman and Managing Director.

CATEGORY B

- a. **Company's contribution to the Provident Fund/Superannuation Fund/Annuity Fund:** The Company's contribution to the Provident Fund/Superannuation Fund/Annuity Fund shall be as per the rules of the company applicable to senior executives.
- b. **Gratuity:** Gratuity in accordance with the Rules and Regulations in force in the company from time to time.
- c. **Conveyance facility:** Car and driver for official purpose.
- d. **Telephone and Fax:** The Company shall provide Telephone, Fax and other communication facilities at the residence of the Chairman and Managing Director.

CATEGORY C

Commission:

Such remuneration by way of commission, in addition to salary and perquisites and allowances payable to Mr. S K Shahi, Chairman and Managing Director calculated with reference to the net profits of the company in a particular financial year as may be determined by the Board of Directors of the company at the end of each financial year subject to the overall ceiling stipulated in section 198, 309 and other applicable provisions of the Companies Act, 1956.

OTHER TERMS

- a. **Earned Leave:** One month's leave with full pay and allowances for every 11-month's completed service. However, leave accumulated and not availed during his tenure as Chairman and Managing Director may be allowed to be encashed at the end of his tenure.
- b. **Reimbursement of Expenses:** Reimbursement of Traveling, Entertainment and other expenses incurred by Mr. S. K. Shahi during the course of the business of the company.
- c. **Sitting Fees:** Mr. S. K. Shahi shall not be entitled to any sitting fees for attending the meetings of the Board or the committee of the Board.

OTHER CONDITIONS:

1. **Over all remuneration.**
The aggregate of the salary, perquisites and commission in any financial year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the said Act as may be in force from time to time.
2. **For all other terms and conditions not specifically stated above, the Rules and orders of the company shall apply.**

Shri S K Shahi is interested in this resolution set out at item No 6 of the Notice which pertains to revision in the remuneration payable to him.

Save and except the above, none of the directors of the company is, in any way, concerned or interested in this resolution.

The Board recommends the resolution set out in item No 6 of the Notice for the approval of the Members.

By order of the Board of Directors,

Place : Mumbai
Date : 12th August 2008

S. K. Shahi
Chairman and Managing Director

Registered Office

404, Abhay Steel House,
Chairman and Managing Director
Baroda Street, Mumbai - 400009



DIRECTORS' REPORT

To

The Members of SKS Logistics Limited

Your directors have pleasure in presenting the 18th Annual Report together with the Audited accounts of the company for the financial year ended on 31st March 2008.

1. FINANCIAL RESULTS:

The summary of financial results of the company for the year ended 31st March 2008 is furnished below.

	2007-2008 Rs. In Lacs	2006-2007 Rs. In Lacs
Gross Profit	1933	1697
Less: Interest and Finance Charges	674	488
Less: Provision for Depreciation	806	615
Profit before Tax	453	594
Less: Provision for Taxation:		
Current Tax	135	110
Deferred Tax	46	76
Fringe Benefit Tax	11	8
Profit After Tax	261	400

2. DIVIDEND:

Your Directors are pleased to recommend dividend 9.5% (Rs.0.95 per share) on 1,44,94,874 equity shares of Rs 10/- each for the year ended 31st March 2008. The total payout on dividend (including dividend tax thereon) will be Rs 1,61,10,364 as against Rs 1,27,18,707 in the previous year.

3. PERFORMANCE:

Income from operations during the current year was Rs. 45.93 Crores as against Rs. 40.62 crores in the previous year registering a growth of about 13% over the previous year. The gross profit of Rs. 19.33 crores registered an increase of about 14% over previous year's Rs. 16.97 crores. This is considered significant in view of the fact that during the current year the Interest and Finance Charges have increased by Rs. 1.86 crores.

Indian Economy has been poised for major growth. It expanded by an impressive 9.2% growth during 2006-2007 and by 9% during 2007-2008. With all sectors of the economy including services sector registering robust growth rates, the Government is now targeting a sustained 9% future growth. This definitely augurs well for shipping and logistics industry as well.

The Government has also been giving boost to shipping industry and accordingly has undertaken various measures such as encouraging public and private investment in development and improvement of ports, tonnage tax, dedicated freight corridors, 100% FDI in shipping etc.

4. FIXED DEPOSITS:

The company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 during the year under review.

5. POLLUTION, ENVIRONMENT AND SAFETY:

The conservation of Energy and Technology Absorption under the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are not applicable to your company. However all measures are taken by your company to ensure that conservation of energy takes place at all stages of operations of the vessels as well as onshore activities.

There is no import of technology during the current year. The details of Foreign exchange earned and out go are separately given in this report.



6. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (1) In the preparation of the annual Accounts, the applicable accounting standards have been followed with explanatory notes relating to material departures.
- (2) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit and loss account of the company for that year.
- (3) Proper and sufficient care has been taken for maintaining 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.

7. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to clause 49 of the listing agreement with the stock exchange, Management Discussion and Analysis Report and a report on the corporate governance are given as annexure "A" and "B" to this report. A certificate from the statutory auditors of the company regarding compliances of conditions of corporate governance is also enclosed hereto.

8. PARTICULARS REGARDING THE EMPLOYEES:

The information required under section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules 1975, as amended, forms part of this report. However as per section 219 (1) (b) (iv) of the Companies Act, 1956, the report and accounts are being circulated to all the shareholders excluding the aforesaid information. Shareholders interested in obtaining this information may write to Compliance Officer of the Company.

9. PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Pursuant to the notification No GSR 1029 dated 31-12-1988; companies are required to furnish prescribed information regarding conservation of energy and technology absorption. However this does not apply to your company as the shipping industry is not included in the schedule to the relevant rules. The details, however, as regards Foreign exchange earnings and out go are given below.

(a) Foreign Exchange Earned	Rs. NIL
(b) Foreign Exchange Outgo	Rs. 27.88 lacs

10. SUBSIDIARIES:

As required under section 212 of the Companies Act, 1956, we are required to attach to the directors Report, the Balance sheet and Profit and loss account of our subsidiary companies. Accordingly these have been appended to this report.

11. DIRECTORS:

Mr. Tony Adam and Mr. B. B. Bhawsar retire by rotation and being eligible offer themselves for reappointment. The Board recommends their reappointment.

12. AUDITORS:

You are requested to appoint auditors for the financial year 2008-2009 and authorize the Board to fix their remuneration. The retiring auditors M/s N. D. Heda & Co, Chartered Accountants, Mumbai being eligible offer themselves for reappointment.

13. OTHER NOTABLE DEVELOPMENTS:

During the year under review, Shareholder Agreement have been signed by your company for joint venture with Inland Waterways Authority of India Limited, for acquisition, operation, management and /or maintenance of barges/ vessels on National Waterway No. 1 viz Kolkata - Pandu stretch and National Waterways No.2 viz