

**20th Annual Report 2009-2010**  
**SKS LOGISTICS LIMITED****BOARD OF DIRECTORS**

Mr. S. K. Shahi	Chairman & Managing Director
Mr. F. M. Koli (upto 8/2/10)	Wholetime Director
Capt. Walter Gonsalves (upto 30/10/09)	Wholetime Director
Commodore. M. Bhada I. N. (Retd.)	Director
Mr. B. B. Bhawsar	Director
Mr. Tony Adam (up to 5/5/2009)	Director
Mr. Homiyar Madan (From 29/4/10)	Additional Director

**COMPANY SECRETARY**

Mrs. Mamta D. Jain

**BANKERS**

State Bank of Indore, Mumbai  
DBS Bank Limited, 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.: 91 (22) 61454545 / 23487340/41/42  
Fax: 91 (22) 23487349 / 50  
Website: 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

**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: sysss72@yahoo.com

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

I welcome you all to the 20<sup>th</sup> Annual General Meeting of your company.

As you are all aware, financial year 2008-2009 was indeed a challenging one for the world economy. The unprecedented financial crisis, brutally shook the foundations of some of the strongest economies in the world. Bankruptcy of companies and job losses haunted developed as well as developing economies. Thanks to the all out efforts of the Governments across continents, to a great extent the negative trend has been greatly reversed.

The year 2009-2010 started off on a good note. The country's economy grew by 7.4%, thanks mainly to higher than expected growth in agriculture, mining and manufacturing sectors. During last quarter of 2009-2010, the country's GDP Growth turned out to be most robust showing record growth of 8.6% as compared to 5.8% for the same quarter in the previous year.

While 2010 looks to be much brighter than 2009, shipping industry is still to come out from the effect of depression. The Baltic index has currently shown a great improvement over the past month<sup>1</sup>. The Chinese authorities have been taking steps to moderate the growth in the real estate by increasing margins on second home sales and stress testing their banks to estimate the impact of a sixty per cent fall in property prices. Such measures have impact of cooling the metal prices and reduction in their shipment which has wide ranging impact on various industries including shipping. The world growth outlook turning uncertain has also affected world trade. After United States, the Japanese economy is also lagging in growth. The emerging Asia and Europe, especially Germany, have good growth prospects. India's growth prospects are good. However, the foreign trade is going to take a while to see the pre crisis growth levels. Consequently, there is, indeed, no speedy escape from its problems for the industry.

For most of the last three decades till 2007, the global shipping industry saw container volume growing by average of 10% consistently. This was more than three times the average growth rate for the world GDP. This resulted in additional capacity building (orders were placed with shipyards) which was based on the historical growth rates. With downturn in the economic activity, there was 10% global volume decline in container business and 30% additional capacity building – a debilitating combination.

The performance of your company has been greatly impacted by various internal as well as external factors. During the year we had taken a big hit on sale of our vessel Royal Pieces. Besides, higher cost of funds continues to be a matter of concern. The container division, however, has done well and witnessed a growth of 50%. I am sure the same will grow in the coming year also. With a view to conserving resources for the expansion of fleet, your Board has decided to skip dividend for the second year in succession. I am sure all of you will support the management at this crucial juncture.

To meet the extra ordinary situation arising out of financial instability, your company has initiated several steps at micro level. These include fleet rationalization (getting rid of vessels that were un economical), rationalizing the branch infrastructure and significant reduction in operational costs on all fronts. While doing this, the quality of service has not been compromised anywhere as your company is well aware of the importance of quality.

Your company will be diversifying in setting up Floating Dry Dock in and around Mumbai Harbour. The floating dry dock will carry out repair of Offshore vessels, our own Fleet and the Coastal vessel. There is great demand of floating dry dock in view of Mumbai Port Trust closing down one of the two dry docks. The company is also discussing with the Professionals for diversifying into acquiring Dredgers to be used for deepening and maintenance of the Channel of the Port. Dredgers will also be suitable for reclamation of the land or the Port. Once both the Projects are commissioned we will inform all the Shareholders separately with our letter.

As you aware, your company has signed MOU with Inland Waterways Authority of India for acquisition and running of barges on the eastern sector about which I have spoken to you in my earlier communiqué. We are now going ahead with acquisition of five barges in the next few months. This project will be on steam shortly.

I am also happy to welcome Mr Homiyar Madan, a prominent Chartered Accountant on the Board. I am sure his vast experience and exposure in the financial markets will help company to benefit immensely. As you know, during the year Mr F M Koli, one of the most experienced director passed away on February 08, 2010.

Lastly on behalf of the Board of Directors and on my on behalf, I place on record our sincere thanks to our customers, shareholders, bankers and other stakeholders for their unstinting support.

I would also like to thank all the employees of the company for their commitment and consistent efforts that helped us overcome several challenges and look forward to their continued contribution as the company grows from the strength within.

<sup>1</sup> The Baltic Dry Index, is an index which tracks rates to ship dry commodities. A fall in Baltic Dry Index in London often causes weakened shipping and logistics stocks on the Bombay Stock Exchange (BSE).



## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of SKS Logistics Ltd will be held on Thursday, 23rd September, 2010, at 12.00 noon at Kilachand Conference Room, Indian Merchants' Chamber Building (2nd 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 2010, the Profit and Loss Account for the year ended as on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. B. Bhawsar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT M/s N D Heda & Co, Chartered Accountants, Mumbai, the retiring auditors of the company be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration, as may be fixed by the Board of Directors”

### SPECIAL BUSINESS:

4. 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 & all other applicable provisions, if any, of the Companies Act, 1956, Mr. Homiyar Madan who was appointed by the Board of Directors as an additional Director of the company and who holds office upto the ensuing Annual General Meeting under section 260 of the Companies Act 1956 & in respect of whom the Company has received a notice in writing proposing his candidature or the office of Director, be & is hereby appointed as Director of the Company, liable to retire by rotation.”

By order of the Board of Directors,

Place : Mumbai  
Date : 13<sup>th</sup> August 2010

**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 20th September 2010 to 23rd September 2010 (both days inclusive) for the purpose of AGM.
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 2010 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 warrants(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 the Director seeking re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

1. Name of Director	Mr.B.B.Bhawsar
2. Date of Birth	04/11/1944
3. Experience in Specific Functional area and Position Held:	Mr.B.B.Bhawsar has a career spanning 37 years & has wide range of experience in areas of accounts, costing & execution of multifarious activities. He has been associated with the company for the last 12 years. He has been served in several senior positions with various companies in manufacturing sector. He is a non-executive independent director & member of the Audit, Remuneration & Shareholder Investor Grievance Committees.
4. Qualification	M.Com
5. Directorship in other Companies (Excluding foreign Companies)	NIL
6. Shareholding	NIL



1. Name of Director	Mr.Homiyar Madan
2. Date of Birth	12/06/1964
3. Experience in Specific Functional area and Position Held:	Mr. Homiyar Madan has a career spanning 27 years & has wide range of experience in areas of accounts, costing & execution of multifarious activities. He has been associated with F.K.F. Madan & Company, Chartered Accountants from 1983-86. He has worked with Cornelius & Davar, Chartered Accountants from 1986-90. From 1990 onwards he is associated with H.F.K. Madan & Company, Chartered Accountants till present.
4. Qualification	FCA
5. Directorship in other Companies (Excluding foreign Companies)	DAKS Copy Services Private Limited
6. Shareholding	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 as per Section 187 of the Companies Act, 1956.
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 : 13<sup>th</sup> August 2010

**S. K. Shahi**  
Chairman and Managing Director



## DIRECTORS' REPORT

To

The Members of SKS Logistics Limited

Your directors have pleasure in presenting the 20th Annual Report together with the Audited Accounts of the company for the financial year ended on 31st March 2010.

### 1. FINANCIAL RESULTS:

The summary of financial results of the company for the year ended 31st March 2010 is furnished below.

Particulars	2009-2010 ₹ In Lacs	2008-2009 ₹ In Lacs
Gross Profit/Loss	345	1599
Less: Interest and Finance Charges	689	718
Less: Provision for Depreciation	577	763
Profit before Tax	-921	118
Less: Provision for Taxation:		
Current Tax	2	13
Deferred Tax	-104	87
Fringe Benefit Tax	Nil	10
Profit After Tax	-819	8

### 2. DIVIDEND:

In view of loss in the current year your directors has not recommended any dividend.

### 3. PERFORMANCE:

Income from operations during the current year was Rs.29.42 crores as against Rs.32.83 crores in the previous year. This indicates decline of about 10.38% over the previous year as a result of the economic recession which continued to affect us till December 2009. The gross profit of Rs.3.45 crores registered a decrease of about 21.58% over the previous year's 15.99 crores. The drop in profits is largely due to loss on sale of vessel M.V. Royal Pisces. During the current year the interest and finance charges have decreased from Rs 7.18 crores to Rs.6.84 crores.

Global economy showed signs of turnaround with Asian economies experiencing a relatively stronger rebound. India's GDP growth for the last quarter of 2009-10 turned out to be robust, it showed record growth of 8.6% as compared to 5.8% in the same quarter of previous year.

### 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 judgements 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 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 herewith.

**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. 1.52 Lacs

**10. SUBSIDIARIES:**

For the SKS Logistics (Singapore) Pte Ltd. necessary winding up process has been completed and for winding up of Shahi Shipping (BD) Ltd, necessary formalities are in the final stage.

**11. DIRECTORS:**

Board of Directors noted with deep regret the sad demise of the Company's Promoter and Executive Director Mr F M Koli on February 09, 2010. Mr Koli was known for his dignified unassuming personality, intellect, meticulous planning and business acumen. The Board places on record its gratitude for the valuable guidance provided by Mr Koli during his association with the company since its inception.

Mr. Tony Adam, Independent Director resigned with effect from 05/05/2009 due to personal reasons. The Board places on record its gratitude for the valuable guidance provided by Mr Tony Adam during his tenure.

Mr. Homiyar Madan, a prominent Chartered Accountant, has been co opted as an Additional Director of the company with effect from 29/04/10. He retires at the ensuing Annual General Meeting but being eligible, offers himself for reappointment. The Company has received a notice from a member of the intention to propose his candidature for the post of Directorship under section 257 of the Act.

At the ensuing Annual General Meeting, Mr.B.B.Bhawsar retires by rotation and offers himself for re-appointment. The Board recommends his appointment.

**12. AUDITORS:**

M/s N D Heda & Co, Chartered Accountants, Mumbai, the statutory auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

**13. ACKNOWLEDGEMENTS:**

Your directors take this opportunity to place on record the appreciation of the technical, commercial and financial teams of the company for their untiring efforts. Your directors also wish to thank the officials of Directorate General of Shipping, Indian Registry of Shipping, Mercantile Marine Dept., Financial institutions and Banks for their continued support during the year. Your directors are also thankful to the shareholders and other business partners for the trust reposed in them. Your directors also thank the employees at all the levels without whose support the growth levels achieved by the company would not have been possible

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date : 13-8-2010

**S. K. Shahi**  
Chairman and Managing Director





## ANNEXURE - A

### MANAGEMENT DISCUSSION, ANALYSIS AND REVIEW

#### (a) INDUSTRY STRUCTURE AND DEVELOPMENT

##### Corporate Overview

SKS Logistics Limited is a leading shipping company with interests in logistics. The company has vessels meant for movement of bulk cargo, liquid cargo and containers and operates within and outside Indian Coastal Waters.

The Company prepares its financial statements in Compliance with requirements of Companies Act, 1956 and the generally accepted accounting Principle(GAPP) in India. Overall, the financial statements have been prepared on historical cost basis.

##### Overview of the Indian Economy

India has emerged as one of the leading economic power houses in the international arena. Its' success story has redefined the International business environment, with service sector contributing handsomely to the Gross Domestic Product (GDP) of the country. The economic sentiments of India Inc are positive as most sectors are registering growth and the capital market is growing each passing day.

The economic crisis left an impact on the oil industry. The economic downturn that followed resulted in unprecedented demand contraction. The industry however, is on path to recovery due to various measures announced by the governments. This augurs well for your company as it means good business for offshore support vessels.

The risks that India faces are more external in nature. The risk of the global economy experiencing a downturn, sovereign default or failure of banks threaten India's impressive growth rate.

##### Your Company's Business Performance, Opportunities and Outlook

The last quarter of this financial year showed a remarkable growth in profits for your company as a result of our sustained efforts to reduce costs and the overall economic revival boosting sales. The Container Division has witnessed a growth in volumes of more than 50% in the last quarter of this year and the same is likely to grow with increase in trade in the coming year.

#### (b) OUTLOOK ON OPPORTUNITIES

The world sea-borne-trade at around 5.5 billion tonnes in 1999 represents nearly 95% of the total merchandise trade and has been growing at 3% over the past two decades. In terms of value, the global shipping industry is estimated to be more than USD 225 billion and constitutes a significant part of the world GDP.

As India makes transition from an "import-substitution" closed economy model, to an outward oriented trade regime, the importance of shipping as an enabler of trade and economic growth can not be over emphasized.

#### (c) THREATS, RISKS AND CONCERNS

India's shipping industry is governed by the Ministry of Shipping and thus is exposed to risks arising from political instability and changes in government policies from time to time.

Shipping is a global business whose performance is closely linked to the state of the global economy. Therefore, the earning of your company could be impacted negatively if the global economic situation does not improve over the long term.

Over & above the economic risks the shipping industry is impacted by numerous short term & regional factors, like political fallouts, weather changes etc. This results in great amount of volatility in the freight market which in turn impacts your company's earnings.

The industry is also capital intensive. A single ship can cost anything between US \$ 20 mn to US \$ 300 mn. Also there are a large number of players in the market due to which no single company has significant pricing power.

#### (d) SEGMENT WISE PERFORMANCE

The Company operates in only one segment i.e. shipping, and therefore, has no separate reportable segments. Your company continued to provide services in the areas of Container, lighterage operations of Petroleum & Chemical Products, lighterage operations of Bulk Cargo, Tug services for port related activities, supply of bunkers to vessels and Container Feeder Service on Indian Coasts through its fleet of 29 vessels. The Industry being seasonal in nature, operations close during rains for a period of three/four months. The lean period provides an opportunity for repairs and maintenance. The fleet utilization during the period under review has been efficient.





**(e) OUTLOOK**

The shipping industry is poised for growth in the coming years. Your company with some inherent advantages such as low operation cost, committed professional manpower and proper upkeep of vessels is expected to cash in on the opportunities provided.

Your Company has since last few years taken initiatives to become leaner and focus on high margin businesses and dispose off non-profitable assets to maximize gains in a recessionary environment.

**(f) PROJECT**

1. The process of setting up dry-dock facility at Alibaug, in the state of Maharashtra, is in its finalization stage and the commencement of work will take place soon. The project is spread over 35 Acres of land.
2. Your Company will start its ship repair facility at Mumbai Harbour to be acquired shortly. The Company will initially invest Rs. 15 Crores to purchase the fully automated Floating Dry Dock for the purpose of ship repairs services. The Company expects order worth Rs. 150 Crores in 5 years once the repairs service is commenced, which will significantly grow the profitability of the Company.

**(g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Much of the success of your company is attributed to the quality of its people, their dedication and contribution. The dedicated team of shore and floating staff provides continuous support to the operations of the company, which is reflected in the operational efficiency. Voyage operations are managed professionally, ensuring high productivity levels, thus increasing the revenues. Your Company employs skilled personnel to monitor and maintain its oil-spill and other emergency response plans.

**(h) QUALITY & SAFETY**

Your company continues to focus on the safety, training and development of the employees. The company also conducts frequent training sessions including onboard drills to enhance the effectiveness of the safety of the staff. Your company firmly believes that pursuit of excellence is one of the critical components for competitive success in the global market. Your Directors take pleasure in informing you that your company has upgraded ISO certification from ISO 9001-2000 to latest gradation of ISO 9001-2008. The Company has also obtained Trade mark certificate from Trade mark Registry Certification to safeguard the interest of the Company and is on continuous journey towards continual improvement to make its Quality Management System more effective.

**(i) HUMAN RESOURCES**

The Company considers its employees as partners in growth. They have played a significant role and enabled the Company to deliver superior performance year after year.

**(j) ADEQUACY OF INTERNAL CONTROLS**

Your company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the company are adequately safeguarded as also reliability of accounting data and accuracy are ensured with proper checks and balances. The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors, the Statutory Auditors as also the heads of business are periodically appraised of the internal findings and corrective actions are taken.

Internal audit is being carried out extensively throughout the year in areas such as Income, Expenditure, Financial Accounting and Statutory Compliances. The primary objective of such audit is to test the adequacy and effectiveness of all internal controls laid down by the Management and to suggest improvements.

**(k) CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's strategies on business, projections and estimates are forward looking statements within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The actual results may vary from those expressed or implied, depending upon economic conditions, Government policies, regulations, tax laws and other incidental factors.

**ANNEXURE - B****CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

SKS Logistics Limited (SKS) is committed to good corporate governance in order to enhance the shareholders' value and promote national interest.

In order to achieve the objectives of good corporate governance, SKS follows the principles of transparency, disclosure, fairness, independent supervision, healthy competition, compliance with all the relevant laws, regulations, improvement in quality of life and meeting social responsibility.

It is expected that good corporate governance by SKS would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society at large.

**1.1 GOVERNANCE STRUCTURE**

Your Company's Corporate Governance Structure is as under:

**Board of Directors** – The Members of SKS Logistics Limited are free to bring up any matter for discussion at the Board Meetings and the functioning is democratic. The Board plays a key role in framing policies for ensuring and enhancing good governance. Besides its primary role of setting corporate strategies and goals and monitoring corporate performance, the Board directs and guides the activities of the management towards achieving corporate goals, seeks accountability with a view to achieving sustained and consistent growth aimed at adding value for its stakeholders.

**The Committees of Directors** - The Board has constituted the following committees viz the Management Committee, the Audit Committee, the Share holders'/investors' Grievance Committee and the Remuneration Committee. Each of the committee has been mandated to operate within a given framework.

**2. BOARD OF DIIRECTORS**

The company has an Executive Chairman who is a promoter director. The company has three independent Directors drawn from diverse fields. The composition of the Board of Directors meets the requirements of clause 49 of the listing agreement.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than five committees (as specified in clause 49) across all the companies in which he is a director. The necessary disclosures regarding committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other companies is given in separate tables below.

Name of Directors	Category	No. of Directorships in other companies	No. of Board committees (other than SKS Logistics Ltd.) where Chairman	No. of Board committees (other than SKS Logistics Ltd.) where Member
Mr. S. K. Shahi	Promoter, Executive Chairman & Managing Director	5	-	-
Mr. F. M. Koli (upto 08/02/2010)	Promoter, Executive Whole Time Director	2	-	-
Capt. Walter Gonsalves (upto 30/10/2009)	Non Promoter, Executive Whole time Director	1	-	-
Commodore M. Bhada I. N. (Retd.)	Non Promoter, Non Executive Independent Director	3	-	-
Mr. B. B. Bhawsar	Non Promoter, Non Executive Independent Director	-	-	-