



Annual Report 2012- 2013



Sarvesh Kumar Shahi
Chairman & Managing Director



23rd Annual Report 2012-2013
SKS LOGISTICS LIMITED

BOARD OF DIRECTORS

Mr. S. K. Shahi	Chairman & Managing Director
Mr. B. B. Bhawsar	Wholetime Director
Commodore. M. Bhada I. N. (Retd.)	Director
Capt. Subhash Kumar	Director

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

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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: zip@sysss.com



NOTICE

Notice is hereby given that the Twenty third Annual General Meeting of the members of SKS Logistics Ltd will be held on Monday, the 30th September, 2013 at 11.00 A. M. 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 statement of accounts together with Directors Report as also the Auditors Report thereon for the year ended 31st March 2013.
2. To appoint a Director in place of Commodore Medioma Bhada, who retires by rotation and, being eligible, offers himself for reappointment.
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”

By order of the Board of Directors

S K SHAHI

Chairman and Managing Director

Place : Mumbai

Date : 30 May 2013

Registered Office:

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

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 Monday the 23rd September 2013 to Monday the 30th September 2013 (both days inclusive) for the purpose of dividend/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 2013 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 dates to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 C of the Companies Act, 1956. Members who have not encashed their dividends warrants issued for the year 2005-2006 to 2011-2012 are requested to immediately forward the same for revalidation to our Share Transfer Registrar 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 the Director	Commodore Medioma Bhada I.N. (Retd.)
2.	Date of Birth	21.03.1940
3.	Experience in specific functional area and Position held	Comde Bhada was General Manager, Projects and Corporate Administration Functional area and of Mahindra and Mahindra Limited and was handed over additional Position Held: responsibility as CEO of Guestline Hospitality and Management Development Services Limited. He was in charge of Management of the Company's projects and properties and administration of Corporate Centre He has retired from the Indian Navy in the rank of Commodore in 1994 after 32 years of service. He is Member of the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee.
4.	Qualification	Graduate from the National Defence Academy, M.Sc (Defence Studies), Certificate in Advance Management from Jamnalal Bajaj Institute of Management, Mumbai.
5.	Directorship in other Companies (excluding Private and Foreign Companies)	NIL
6.	Chairmanships / Memberships of Committee across	NIL
7.	Shareholding of Non Executive Directors	NIL
8.	Relationships between Directors interested	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

S K SHAHI
Chairman and Managing Director

Place: Mumbai
Date : 30 May 2013

Registered Office:
404, Abhay Steel House,
Baroda Street,
Mumbai – 400 009



DIRECTORS' REPORT

To

The Members of SKS Logistics Limited

Your directors have pleasure in presenting the 23rd Annual Report together with the Audited Accounts of the company for the financial year ended on 31st March 2013.

1. FINANCIAL RESULTS:

The summary of financial results of the company for the year ended 31st March 2013 is furnished below.

Particulars	2012-2013 ₹ In Lacs	2011-2012 ₹ in Lacs
Gross Profit/Loss	582	1050
Less: Interest and Finance Charges	356	420
Less: Provision for Depreciation	438	470
Profit before Tax	(212)	160
Less: Provision for Taxation:		
Current Tax	-	32
Taxation of Earlier Year	-	44
Deferred Tax	55	(9)
Profit After Tax	(157)	93

2. DIVIDEND:

Your directors did not recommend any dividend due to inadequacy of profits during the year. Your company continues with its task to build business with long term goals based on its intrinsic strength in terms of its strong brand, quality of service, customer relationships and streamlining operations.

3. PERFORMANCE:

Income from operations during the current year was ₹ 21.45 Crores as against ₹ 22.83 crores in the previous year. This indicates a decline of about 6.04% over the previous year. The gross profit of ₹ 5.82 crores registered a decrease of about 44.48% over the previous year's ₹ 10.50 crores. During the current year the interest and finance charges have decreased from ₹ 4.20 crores to ₹ 3.56 crores.

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 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 | ₹ Nil |
| (b) Foreign Exchange outgo | ₹ 1.56 Lacs |

10. SUSBSIDIARIES:

The Company has formed two Joint Venture Company with Inland Waterways authority of India Company namely SKS waterways Ltd & Royal Logistics (Ship) Ltd which have not started their operations during the year. For the winding up of Shahi Shipping (BD) Ltd, necessary formalities are being in final stage. Hence the consolidated financial statement of the SKS Logistics Limited and its subsidiaries SKS waterways Ltd, Royal Logistics (Ship) Ltd & Shahi Shipping (BD) Ltd has not been prepared.



11. 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.

12. 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 never have been possible.

For and on behalf of the Board of Directors

S K SHAHI
Chairman and Managing Director

Place: Mumbai
Date: 30 May 2013



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 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 principles (GAPP) in India. Overall, the financial statements have been prepared on historical cost basis.

Overview of the Indian Economy

The economy has been battered by turbulence. From the industry perspective, there is clear disappointment and despondency. Selling by FIIs have clearly accelerated and almost \$ 4bn exited India's equity market in last four months.

"India's 'macro muddle' is fast approaching crisis proportions... It is expected that the palpable downside risks facing the Indian economy to largely crystallise over the next 6-9 months.

The GDP growth rate may well be just 3.7 per cent in FY'2014 instead of 5.2 per cent targeted earlier. This 3.7 per cent is not only easily the lowest forecast, but would represent the lowest annual growth since 1991-1992, it added.

(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 enablers of trade and economic growth can not be over emphasized.

(c) THREATS, RISKS AND CONCERNS

Indian shipping industry is governed by the Ministry of Shipping. It 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. Besides, shipping finance has, to a large extent, remained a specialized sector on account of characteristics like volatile markets, international service, mobile assets etc. Despite the intricacies involved in shipping finance, sophisticated financial instruments are conspicuous by their absence. In contrast asset based financing in industries like airways etc have had sophisticated instruments matching the risk-return structure.

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

The industry is also capital intensive. Vessels constitute almost 90 percent of the fixed assets (net block + capital work in progress) of a typical shipping company. A LNG carrier costs around USD 250 million, a double – hulled VLCC costs around USD 90 million, a Handy sized Chemical Ship is around USD 70 million etc. In such a scenario, the ship owner or potential ship owner wishing to acquire a vessel finds considerable gap in the personal funds availability and additional funds requirement.

**(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 Liquid Cargo 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 23 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 on the opportunities provided.

Your Company has since last few years taken initiatives to broaden its fleet base to minimize the risks and maximize the gains.

(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 ₹15 Crores to purchase the fully automated Floating Dry Dock for the purpose of ship repairs services. The Company expects order worth ₹ 150 Crores in 5 years once the repairs services 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.