

SKYPAK

Service Specialists Ltd.

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**22nd Annual Report
2003-2004**

BOARD OF DIRECTORS

Mr. Dilip M. Kulkarni
Chairman

Mrs. Devika D. Kulkarni
Executive Director

Mr. Hemant M. Arya
Director

Mr. G. S. Nayak
Director

REGISTERED OFFICE

Skypak House
Marol
Andheri (E)
Mumbai - 400 059

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AUDITORS

RAY & RAY
Chartered Accounts
Mumbai

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REGISTERED & SHARES TRANSFER AGENT

M/s. Mondkar Computers Pvt. Ltd.
21, Shakti Niwas, Near Saibaba Temple,
Mahakali Caves Road, Andheri (E),
Mumbai - 400 093

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of Skypak Service Specialists Ltd. will be held as under :

DAY : Wednesday

VENUE: Kumaria Presidency Hotel
Maral Naka
Andheri (E),
Mumbai – 400 059.

DATE: 30th November 2004

TIME: 11.00 a.m

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dilip M. Kulkarni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, to authorise the Board of Directors to fix their remuneration.

For and on behalf of the Board of Directors

Dilip M. Kulkarni
Chairman

Registered Office:

Skypak service Specialists Limited

Skypak house

Moral Naka Andheri(E)

Mumbai 400 059

Dated: 30th October 2004

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 / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE AT SKYPAK HOUSE, MAROL ANDHERI(E), MUMBAI – 500 059 NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.

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1. In compliance with SEBI Circular No. D&CC/FITT/CIR-15/2002 dated December 27, 2002 read with circular No. D&CC/FITTC/CIR-18/2003 dated February 12, 2003, mandating a Common Agency for Share Registry Work (Physical & Electronic), the company has already appointed M/s. Mandkar Computers Pvt. Ltd. as the Registrar & Share Transfer Agents , having their office at 21 Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093.
2. Members are requested to notify immediately any change in their address :
 - a. To their Depository Participants (Dos) in respect of their electronic share accounts , and
 - b. To the share tranfer agent Mondkar Computer having office at 21 Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093.
3. Members may please bring the Admission Slip duly filled in and may hand over the same at the entrance to the Meeting Hall.
4. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Board of Directors of the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
5. Members are requested to bring the copy of the Annual Report sent to them.

DIRECTORS' REPORT

The Directors are pleased to present the 22nd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2004.

SUMMARISED FINANCIAL RESULTS:

	Year ended 31.3.2004	Year ended 31.3.2003
	(Rs. in Lacs)	
Profit before interest and depreciation	103.56	98.02
Less:		
Interest	27.41	26.90
Depreciation	24.01	26.08
Profit before tax	52.14	45.04
Tax Provision	9.52	13.46
Profit after tax	42.62	31.58
Balance brought forward from previous year	(855.80)	(887.38)
Balance in Profit & Loss Account	(813.18)	(855.80)

THE YEAR UNDER REVIEW

The Courier industry in general witnessed a steady growth with stiff competition from the unorganized sectors. The overall performance of the company has been satisfactory. The total income of the company was Rs. 2676.73 lacs as compared to previous year Rs.2950.72 lacs. The net profit after depreciation and provision for tax for the year ended 31st March, 2004 was Rs.42.62 lacs as compared to Rs. 31.58 lacs in the previous year.

OPERATIONS REVIEW

The company has consolidated its market position by re-organizing its organizational set ups and also the branches all over India. The company saved upto Rs.60 Lacs by way of corporate restructuring.

INDUSTRIAL RELATIONS:

Industry relations continue to be cordial.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**A. CONSERVATION OF ENERGY**

The Company being service company not having any manufacturing activities, the Directors have nothing to report on conservation of energy.

B. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Continuous efforts are being made to improve reliability and quality through in-house R&D efforts.

C. FOREIGN EXCHANGE EARNING AND OUTGO.

The Foreign Exchange earnings :Rs. 113.09 lacs

The Foreign Exchange outgo Rs. 274.51 lacs

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FIXED DEPOSITS

The Company neither has accepted nor renewed any fixed deposit during the year under review.

DIRECTORS

In accordance with the provisions of The Companies Act, 1956 and the Articles of Association of the Company, Mr. Dilip M. Kulkarni - Director, retires by rotation and being eligible offers himself for re-appointment.

AUDITORS' REPORT

Relevant notes on accounts are self-explanatory and are as per Annexure to the Auditors' Report. Regarding Auditors qualifications, the Directors state as follows:

- The Company has already strengthened its internal control system in respect of debtors collections at both Delhi and Baroda.
- In view of complex nature of our business and large number of Branches few occasions' company slipped in regularising the statutory dues. Company has already taken corrective steps to plug these lapses.

PERSONNEL

The Company has not paid any remuneration attracting the provisions (Particulars of Employees) Rules, 1975 read along with section 217(2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

AUDITORS

M/s Ray & Ray , Chartered Accountants, retire as Auditors and have expressed their willingness to hold office if re-appointed.

ACKNOWLEDGEMENTS

Your Directors convey their sincere thanks to the Government, Banks, Shareholders and customers for their continued support extended to the company at all times.

The Directors further express their deep appreciation to all employees for commendable teamwork, high degree of professionalism and enthusiastic effort displayed by them during the year

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2004 on a 'going concern' basis.

On behalf of the Board of Directors.

Mr. Dilip M. Kulkarni Mrs. Devika D. Kulkarni
Directors

Place : Mumbai

Dated : 30th October 2004

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SKYPAK SERVICE SPECIALISTS LIMITED LTD.

CORPORATE GOVERNANCE REPORT

1	Company philosophy on Code of Governance: Your Company believes that good corporate governance contemplates that corporate actions balance the interests of all stakeholders and satisfy the tests of accountability, transparency and fair play.			
2	Board of Directors: The present strength of your Company's Board is four Directors comprising two Executive Director, two non-executive Directors. Mr. Girija Shankar Nayak is the independent Director. Mr. Dilip M. Kulkarni is the Chairperson of the Board of Directors. Five Board Meetings were held during the period 1 st April, 2003 to 31 st March, 2004, on the following dates: 29 th April, 2003, 31 st July, 2003, 30 th October, 2003, 25 th November 2003, and 31 st January, 2004			
3	The attendance at the Board Meetings and at the last AGM and the number of other Directorships and committee memberships of the Directors is given below:			
Name of the Director	No. of Board Meetings attended	Attendance at last AGM	Number of Directorships in other Companies	Committee membership (excluding Skypak Service Specialties Limited)
Mr. Dilip M. Kulkarni	All	Yes	7	Nil
Mr. Girija Shankar Nayak	All	Yes	Nil	Nil
Ms. Devika D. Kulkarni	All	Yes	5	Nil
Mr. Hemant Arya	All	Yes	3	Nil
The following group companies have been closed under simplified exit scheme under section 560 of the Companies Act 1956 : (1) Sky Rapt Freight Pvt. Ltd. (2) Sara Blood Stock Pvt. Ltd. (3) Skyfreight Services Pvt. Ltd. (4) Skypak Realestate & Developers Pvt. Ltd. (5) Saitex Udyoga (Exports) Pvt. Ltd. (6) Fedex Couriers Pvt. Ltd.				
Number of Directorships in other Companies, excludes alternate Directorships, Directorships held in private Companies and in Companies registered under Section 25 of the Companies Act, 1956.				

4	Audit Committee: Your Company has an Audit Committee comprising one non-executive Director , one Executive Director and one independent Director. Mr. Girija Shankar Nayak is the Chairman of the Audit Committee. The members of the committee have financial and accounting knowledge and background. During the financial year ended 31 st March, 2004, three audit Committee meeting were held on 19 th May 2003, 24 th November 2003 and 29 th January 2004. The attendance at the Committee meetings is as under:					
Name of the Director		No. of Board Meetings attended				
Mr. Dilip M. Kulkarni		All				
Mr. Girija Shankar Nayak		All				
Ms. Devika D. Kulkarni		All				
<ul style="list-style-type: none">- The terms of reference of the Audit Committee include:- to review the Company's financial reporting process and its financial statements.- to review the accounting and financial policies and practices.- to review the efficacy of the internal control mechanism and monitor risk management policies.- to review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.						
5	Remuneration of Directors: The details of remuneration of the Directors during the year ended 31 st March, 2003 are as:					
Name of the Director		Salary & perquisites (Rs.)	Commission/ Consultancy (Rs.)	Sitting Fees (Rs.)	Total (Rs.)	Service contract/Notice period
Mr. Dilip M. Kulkarni		Nil	10,00,000/-	35,000	1,035,000	Non Executive Director
Mr. Girija Shankar Nayak		Nil	Nil	102,000	102,000	Non Executive Director
Ms. Devika D. Kulkarni		450,000	Nil	Nil	450,000	Executive Director
Mr. Hemant Arya		120,000	Nil	Nil	120,000	Executive Director
The Company does not currently have a stock option plan or performance linked incentive for its Directors.						