

74th Annual Report 2002

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India Steamship Company Limited

BOARD OF DIRECTORS

Dr. K. K. Birla, Chairman
 Shri Ashok Kak, Managing Director
 Shri Ramesh Maheshwari
 Shri S. M. Agarwal
 Shri S. N. Sachdev
 Shri C. S. Nopany
 Shri R. K. Choudhury
 Shri Sunil Sethy
 Shri Arun Mahajan
 Shri I. P. Singh Roy
 Shri K. K. Palit, Executive Director

COMPANY SECRETARY

Shri Sanjay Mukherjee

SOLICITORS & ADVOCATES

Messrs. Khaitan & Co.

AUDITORS

Messrs. G. Basu & Co., Chartered Accountants
 Messrs. Singhi & Co., Chartered Accountants

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PRINCIPAL BANKERS

State Bank of India
 Indian Bank
 Hongkong & Shanghai Banking Corporation Ltd.
 ICICI Bank Limited
 Punjab National Bank

REGISTERED OFFICE

44 Park Street
 Kolkata - 700 016
 Fax : (91) (33) 287-2492
 Telex : 21-2549
 Phone : 287-2418/19/87/88
 E-mail : india.steamship@gems.vsnl.net.in

INDIA STEAMSHIP COMPANY LIMITED

NOTICE

Notice is hereby given that the 74th Annual General Meeting of the Members of India Steamship Company Limited will be held at GHANSHYAM DAS BIRLA SABHAGAR, 29 Ashutosh Choudhury Avenue, Kolkata 700 019, on Friday, August 23, 2002, at 10 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2002 and the Profit and Loss Account for the year ended March 31, 2002 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri C S Nopany who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri S M Agarwal who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr K K Birla who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions :

6. As an Ordinary Resolution :
"RESOLVED that Shri Ashok Kak be and is hereby appointed as a Director of the Company, whose period of office shall not be liable to determination by retirement of directors by rotation."
7. As an Ordinary Resolution :
"RESOLVED that subject to the approval of the Central Government under the applicable provisions of the Companies Act, 1956, and subject to compliance with other applicable statutory provisions, if any, the Company do hereby approve the appointment of Shri Ashok Kak as the Managing Director of the Company for a period of three years with effect from May 10, 2002 on the remuneration and terms and conditions as detailed in the Explanatory Statement to this Resolution with such modifications as may be required by the Central Government and as may be agreed by the Board of Directors of the Company and Shri Ashok Kak."
8. As an Ordinary Resolution :
"RESOLVED that Shri K K Palit be and is hereby appointed as a Director of the Company, whose

period of office shall not be liable to determination by retirement of directors by rotation."

9. As an Ordinary Resolution :
"RESOLVED that the Company do hereby approve the appointment of Shri K K Palit as the Executive Director of the Company for a period of three years with effect from February 21, 2002 on the remuneration and terms and conditions as detailed in the Explanatory Statement to this Resolution."
10. As an Ordinary Resolution :
"RESOLVED that the consent of the Company under the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the contribution of Rs. 12.81 lakh made by the Board of Directors to the Kandla Earthquake Relief Fund."
11. As a Special Resolution :
"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof, for the time being in force) and subject to such approvals, consents, permissions and sanctions, as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered by inserting, after Article 195, Article 196 under the heading "DEMATERIALISATION", as follows :

XXXV. DEMATERIALISATION**196. a) Definitions**

- i) "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.
- ii) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- iii) "Depositories Act" means the Depositories Act, 1996, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- iv) "Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.
- v) "Depository" means a company formed and registered under the Companies

Act, 1956 and which has been granted a certificate of registration under Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

vi) "Member" means a duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

vii) "Debentureholder" means a duly registered holder from time to time of the debentures of the Company.

viii) "Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

ix) "Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulation made by the SEBI in relation to the Depositories Act.

x) "Regulations" means the regulations made by the SEBI.

xi) "Security" means such security as may be specified by the SEBI.

Words imparting the singular number include the plural number and vice versa. Words imparting persons include corporations. Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

b) Dematerialisation of securities

Notwithstanding anything to the contrary or inconsistent contained in the Act or these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities, held in the depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the Rules framed thereunder, if any.

c) Company to recognize interest in dematerialised securities under the Depositories Act

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository

in electronic form and the certificates in respect thereof shall be dematerialised, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

d) Option for Investors

Every person acquiring/subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, Depository shall enter in its records the name of the allottee as the beneficial owner of the security.

e) Securities in Depositories to be in Fungible Form

All securities of the Company held by a Depository shall be dematerialised and be in fungible form.

f) Rights of Depositories and Beneficial Owners

i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.

ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and

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benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

g) Beneficial Owner deemed as absolute owner

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears in the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust of equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof, but the Board shall be, at their sole discretion, entitled to register any share in the Joint names of any two or more persons or the survivor or survivors of them.

h) Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

i) Cancellation of certificates upon surrender by a person

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

j) Option to opt out in respect of any security

If a beneficial owner seeks to opt out of a Depository in respect of any security the beneficial owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of receipt of the intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate

of securities to the beneficial owner or the transferee as the case may be.

k) Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held with a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

l) Provisions of Articles to apply to Securities held with Depository

Except as specifically provided in these Articles, the provisions relating to Joint holders of securities, calls, lien on securities, forfeiture, transfer and transmission of securities shall be applicable to securities held with Depository so far as they apply to securities held in physical form subject to the provisions of the Depositories Act.

m) Allotment of Securities dealt with by a Depository

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

n) Distinctive number of Securities held with a Depository

The securities in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no security shall be sub-divided. Every forfeited or surrendered security held in material form shall continue to bear the number by which the same was originally distinguished.

o) Register and Index of Beneficial Owners

The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of

beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Register and Index of Debentureholders, as the case may be for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

p) Share Transfer Register

The Company shall keep a Share Transfer Register and shall have recorded therein fairly and distinctly particulars of every transfer or

transmission of any securities held in material form.

q) Overriding effect of this Article

The provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents."

The Register of Members and the Share Transfer Register of the Company will be closed from Tuesday, August 6, 2002 to Friday, August 23, 2002, both days inclusive.

Registered Office :

44 Park Street
Kolkata 700 016
June 24, 2002

By Order of the Board

SANJAY MUKHERJEE
Company Secretary

Notes :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote instead of himself and such proxy/proxies need not be a Member of the Company.
2. Members are requested to notify any change in their address immediately to the Registered Office of the Company.
3. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate the ledger folios of such accounts to enable the Company to consolidate all such shareholdings into one account.
4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
5. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business of the Meeting is annexed hereto.

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

Item Nos. 6 and 7

The Board of Directors of the Company, at their meeting held on May 10, 2002, appointed Shri Ashok Kak as an Additional Director of the Company to hold office till the date of the next Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member, signifying his intention to propose the appointment of Shri Ashok Kak as a Director of the Company. Shri Kak is willing to act as a Director if so appointed and has filed with the Company his consent under Section 264(1) of the Companies Act, 1956. The Board of Directors, at their said meeting, also appointed Shri Ashok Kak as the Managing Director of the Company, subject to the approval of the Central Government and the Members of the Company, and subject to compliance with other

statutory applicable provisions, if any, on the terms and conditions as set out hereunder.

1. DUTIES AND RESPONSIBILITIES

Shri Ashok Kak, as the Managing Director of the Company, shall be responsible for the entire working of the Company, subject to the superintendence, control and direction of the Board of Directors, and shall perform such duties and exercise such powers as have been or may from time to time be entrusted on him by the Board of Directors of the Company.

2. REMUNERATION

- a) Salary Rs. 75,000/- per month
- b) Perquisites
 - i) Furnished Residential Accommodation
Free furnished residential accommodation

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together with all amenities, facilities, utilities, services such as gas, water, electricity, fuel.

ii) Medical Expenses

Reimbursement of medical expenses incurred for self and wife, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

iii) Leave Travel Allowance

For self and wife once a year incurred in accordance with the Rules of the Company, subject to a ceiling of one month's salary in a year.

iv) Club Membership

Monthly subscription/fees and reimbursement of expenses of up to two clubs.

v) Personal Accident Insurance

Personal accident insurance premium shall not exceed Rs. 1,500/- per annum.

vi) Provident Fund and Gratuity Fund

Company's contribution to provident fund and gratuity fund in accordance with the Rules of the Company.

vii) Conveyance

Free use of car with driver or allowance for driver. The Company will meet all running, maintenance and other expenses in respect thereof.

viii) Telephone

Free telephone facility at his residence will be provided by the Company.

ix) Entertainment Expenses

Actual entertainment expenses incurred for the purpose of the business of the Company.

x) Shifting Expenses

Actual Shifting expenses which include cost of packers, movers and carriers of his personal belongings and household goods, and cost of air/rail/road passage for self and wife from any place in India at the time of commencement of employment with the Company and to any place in India at the time of cessation of employment with the Company.

xi) Other Benefits

Such other benefits as are available to other senior executives of the Company.

3. MINIMUM REMUNERATION

In the event of absence of or inadequacy of profits, the abovementioned salary and perquisites will be paid as minimum remuneration.

4. PERIOD OF SERVICE

The appointment will be for a period of three years with effect from May 10, 2002. Three months' notice from either side will be applicable for termination of service.

Shri Ashok Kak, aged 63 years, is a senior corporate executive with over 40 years operating experience in multi-discipline/multi-functional assignments in reputed companies. In view of Shri Kak's vast and diverse experience, the Board considers it beneficial to avail of his services. Since Shri Kak, a person of Indian origin, holds a US passport, his appointment falls outside the purview of the provisions of Schedule XIII to the Companies Act, 1956. Accordingly, an application will be made to the Central Government for its approval to the appointment and remuneration of Shri Ashok Kak as Managing Director.

The Directors of the Company request your approval to the proposed Resolution Nos. 6 and 7 of the convening Notice.

Excepting Shri Ashok Kak, no other Director of the Company is interested or concerned in these Resolutions.

Item Nos. 8 and 9

The Board of Directors of the Company, at their meeting held on February 21, 2002, appointed Shri K K Palit as an Additional Director of the Company to hold office till the date of the next Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member, signifying his intention to propose the appointment of Shri K K Palit as a Director of the Company. Shri Palit is willing to act as a Director if so appointed and has filed with the Company his consent under Section 264(1) of the Companies Act, 1956. The Board of Directors, at their said meeting, also appointed Shri K K Palit as a whole-time director designated as Executive Director, subject to the approval of the Members of the Company on the terms and conditions as set out hereunder :

1. DUTIES AND RESPONSIBILITIES

Shri K K Palit, as the Executive Director of the Company, shall report to the Managing Director of the Company and shall perform such duties as

may, from time to time, be entrusted to or conferred on him by the Managing Director.

2. REMUNERATION

- a) Salary Rs. 40,000/- per month
b) House Rent Allowance Rs. 20,000/- per month

c) Medical Expenses

Reimbursement of medical expenses incurred for self and wife in accordance with the Rules of the Company, subject to a ceiling of one month's salary per annum.

d) Leave Travel Allowance

For self and wife once a year incurred in accordance with the Rules of the Company, subject to a ceiling of one month's salary per annum.

e) Club Membership

Monthly subscription/fees and reimbursement of expenses of one club in Kolkata.

f) Personal Accident Insurance

Personal accident insurance premium of up to Rs. 1,500/- per annum.

g) Provident Fund and Gratuity Fund

Company's contribution to provident fund and gratuity fund in accordance with the Rules of the Company.

h) Conveyance

Free use of car with driver or allowance for driver. The Company will meet all running, maintenance and other expenses in respect thereof.

i) Telephone

Free telephone facility at residence.

j) Entertainment Expenses

Actual entertainment expenses incurred for the purpose of the business of the Company.

k) Other Benefits

Such other benefits as are available to other senior executives of the Company.

3. PERIOD OF SERVICE

For a period of three years with effect from February 21, 2002, terminable by three months' notice in writing from either side.

Shri K K Palit, aged 61 years, is a qualified naval architect with extensive knowledge and experience

in shipping and shipbuilding. The Board considers it beneficial in the interests of the Company to avail of Shri Palit's services.

The Directors of the Company request your approval to the proposed Resolution Nos. 8 and 9 of the convening Notice.

Excepting Shri K K Palit, no other Director of the Company is interested or concerned in these Resolutions.

Item No. 10

Following the devastating earthquake in Gujarat in January 2001, the Company received a letter from Indian National Shipowners' Association (INSA) communicating that the Hon'ble Minister of Shipping had called a meeting of shipping interests to discuss earthquake relief measures and the Board of INSA had decided to contribute an amount of Rs. 2.5 crore to the said cause. Following this decision, the member companies of INSA were asked to contribute according to the 'membership subscription calculation criteria' (Gross Registered Tonnage owned as of 1.1.2001). Based on this criterion, the share of your Company, who is a member of INSA, was computed at Rs. 12.81 lakh and the Company made this contribution.

The Board feels that considering the magnitude of the catastrophe, the contribution was justified and the Directors of your Company request your approval to the proposed Resolution No. 10 of the convening Notice. No Director of the Company is interested or concerned in this Resolution.

Item No. 11

In pursuance of the directive issued by the Securities and Exchange Board of India, the shares of the Company have already been dematerialised and admitted on National Securities Depository Limited and Central Depository Services Limited. The Companies Act, 1956, has already been amended to incorporate the necessary provisions relating to dematerialisation of shares as laid down under the Depositories Act, 1996, and these amendments override the Articles. However, in order to bring them in line with the amended provisions of the Companies Act, 1956, read with the Depositories Act, 1996, it is desirable that the Articles of Association of the Company be suitably amended.

The Directors of the Company request your approval to the proposed Resolution No. 11 of the convening Notice. No Director of the Company is interested or concerned in this Resolution.

INDIA STEAMSHIP COMPANY LIMITED

REPORT OF THE DIRECTORS

Your Directors take pleasure in presenting the 74th Annual Report of your Company together with the audited statement of accounts for the year ended March 31, 2002.

FINANCIAL RESULTS

The financial results of your Company for the year under review and those of the previous year are given below.

	Year Under Review	Previous Year
	(Rupees in lakh)	
Profit/(Loss) before finance charges and depreciation	(626.87)	1056.60
Finance charges	130.11	382.58
	(756.98)	674.02
Depreciation	529.95	506.23
Net Profit/(Loss) from Operations	(1286.93)	167.79
Net Profit/(Loss) from Sale of Vessels	429.78	—
Profit/(Loss) before tax	(857.15)	167.79
Taxation	—	15.00
Deferred Tax	81.82	—
Net Profit/(Loss) for the year	(775.33)	152.79
Transferred to Ship Acquisition Reserve	—	152.79
Balance brought forward from previous year	(5860.03)	(19630.52)
Less: Capital Reserve	—	13770.49
Balance carried to Balance Sheet	(6635.36)	(5860.03)

DIVIDEND

Your Directors regret that no dividend can be paid in respect of Preference and Ordinary shares of the Company.

OPERATIONS

During the year under review the world economy suffered a severe set-back. Two largest economies, American and Japanese, went into recession. All economic parameters in Europe declined sharply and the rate of growth in most Asian economies fell steeply. September 11 (2001), and its aftermath gave further jolts to business confidence. Consequently, world trade and shipping, which serves international trade, suffered badly.

Baltic freight index for dry cargo which was buoyant in the second half of the previous year plunged by 39 per cent between March 2001 and March 2002. While availability of cargo declined, world bulk carrier tonnage continued to grow, worsening the demand/supply ratio. Initially, oil tanker freight market continued to ride the boom of the previous year despite some decline in freight earnings. But the market finally succumbed to economic and political factors and the Dirty Tanker Index fell rapidly between September 2001 and April 2002, suffering a loss of 36 per cent. Your Company's ships were also buffeted by the adverse market with bulk carrier Ratna Deep and general cargo ship Indian Goodwill suffering large losses. Operations of tanker Ratna Abha, however, remained profitable.

The financial results reflect large losses suffered by your Company due to two very unusual incidents over which your Company had no control. During drydocking of bulk carrier Ratna Deep the tail shaft of the ship was found to be defective and had to be replaced. Additionally, while tanker Ratna Abha was being pulled out from the US port of Philadelphia, under the supervision of the port's Harbour Master, the propeller of the ship was badly damaged due to collision with floating buoys marking entry and exit channel of the port. Consequently, the tanker had to be taken for unscheduled drydocking to New York. Loss of earnings and repair costs amounted to Rs.172 lakh and Rs.164 lakh respectively in the two cases.

Loss for the year under review also increased due to provision made in accounts, as a matter of financial prudence, of a sum of Rs.95.33 lakh to meet possible additional supplementary calls in the year 2002-2003 and 2003-2004 which may be required, subject to review, by one of the P & I Clubs of your Company whose financial reserves have been eroded

due to losses incurred by the Club in its investment portfolio.

In terms of the requirement of Accounting Standard 22 as prescribed by the Institute of Chartered Accountants of India, adjustments have been made in the accounts for the year under review. Accordingly, a net deferred tax asset of Rs.3545.08 lakh up to March 31, 2001 has been added to Reserves and surplus capital under the head "Deferred Tax Reserve" which can be set off against future profits and an amount of Rs.81.82 lakh relating to the year under review has been credited to the Profit and Loss Account.

FUTURE PLANS AND PROSPECTS

Ratna Deep has been incurring losses and is due for special survey this year. Based on techno-economic factors it has been decided to sell the ship before drydocking becomes due. But tanker Ratna Abha would be upgraded and can continue to operate for several years.

Future prospects of the Company rest with the development of new business lines through greater integration with the activities of other associate companies in the Group. Your Company can derive strength by serving large shipping requirements generated by these companies which can provide captive cargo to your Company. Carriage of Ammonia and Phosphoric acid which are imported for the manufacture of fertilizers by other group companies have been specially identified in this context. Ammonia is carried in highly specialised LPG-Ammonia carriers and it is planned to make a beginning by acquiring one carrier this year. Apart from being an economically viable project this will also provide your Company entry into new business areas through major technological upgradation.

REDEEMABLE CUMULATIVE PREFERENCE SHARE CAPITAL

Your Directors have stated in their last report that the Company had applied to the Company Law Board seeking approval for the issue of new Redeemable Cumulative Preference shares so that the existing Redeemable Cumulative Preference shares may be deemed to be redeemed in accordance with section 80A of the Companies Act, 1956. Your Directors also reported that the Company Law Board had adjourned the case sine die pending judgement of the Hon'ble

Calcutta High Court on an appeal made by another company in a similar case. The position remains unchanged.

SALE OF SHIP

Your Company's ship, m.v. Indian Goodwill, was sold for scrapping during the year under review.

SUBSIDIARY COMPANY

The accounts pertaining to the Company's subsidiary, ISS Holdings Limited, are annexed to this report. The said company has not commenced any business so far.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of Notification No.GSR 1029 dated 31.12.1988, your Company is required to furnish information under section 217(1)(e) of the Companies Act, 1956. As regards conservation of energy, there is hardly any scope for conservation measures in respect of the conventional types of ships owned by your Company. Information required to be furnished in Form A is not applicable to the shipping industry. Your Company, being a shipping enterprise, has also no information to furnish in Form B regarding technology absorption. Total foreign exchange earned during the period under review amounted to Rs.5535 lakh and foreign exchange spent amounted to Rs.5494 lakh. However, the contribution to the national balance of payments would be higher because freight earned in rupees is regarded as saving of foreign exchange.

PARTICULARS OF EMPLOYEES

There is no employee who earned Rs.2,00,000/- per month or Rs.24,00,000/- per year during the year 2001-2002. Hence, no particulars of employees under section 217(2A) of the Companies Act, 1956, are required to be annexed.

AUDITORS' REPORT

The Auditors' Report, being self explanatory, is not being dealt with separately.