

76th Annual Report 2004

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India Steamship Company Limited

INDIA STEAMSHIP COMPANY LIMITED**PROXY**

I/We.....of

 being member(s) of India Steamship Company Limited do hereby appoint Shri/Smt.....

 of.....or failing him/her
 Shri/Smt.....of.....
as my/our Proxy to attend and vote for me/us, and on my/our behalf,
 at the 76th Annual General Meeting of the Company, to be held at 10 a.m. on Thursday, 26th August 2004
 and at any adjournment thereof.

Signed thisday of.....2004

Signature.....

Affix
Revenue
Stamp
here

Note:- The Proxy must be deposited at the Registered Office of the Company at 44 Park Street,
 Kolkata-700016, not less than 48 hours before the time for holding the meeting.

ATTENDANCE SLIP

I/We certify that I/we am/are Member(s) Proxy for the registered Shareholder of the Company. I/We hereby
 record my/our presence at the 76th Annual General Meeting of the Company held at Ghanshyam Das Birla
 Sabhagar, 29 Ashutosh Choudhury Avenue, Kolkata-700019 at 10 a.m. on Thursday, 26th August 2004.

.....
 If signed by Proxy, name should be
 written here in BLOCK letters

.....
 (Full name/names)

.....
 Signature(s) of Member(s)/Proxy

.....
 FOLIO NO.

Notes :

1. Members/Proxies are requested to bring attendance slips with them and hand them over at the entrance after affixing their signatures on them.
2. If it is intended to appoint a proxy, the perforated form of Proxy, above, should be completed and deposited at the Registered Office of the Company at least 48 hours before the meeting.
3. This Meeting is of Members only and Members are requested not to depute any person other than a Proxy.

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

PRINCIPAL BANKERS

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

CONTENTS

	Page No.
Notice	2
Directors' Report	3-4
Annexures to Directors' Report	5-14
Auditors' Report	15-17
Balance Sheet	18
Profit & Loss Account	19
Schedules A to O	20-30
Cash Flow Statement	31-32
Balance Sheet Abstract and Company's General Business Profile	33

REGISTERED OFFICE

44 Park Street
 Kolkata - 700 016
 Fax : (91) (33) 22831805
 Phone : 22831935 (4 Lines)
 e-mail : secretarial@indiasteamship.org

REGISTRAR AND SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.
 1/17 Prince Ghulam Mohammed Road
 Kolkata - 700 026
 Telefax : 033-24645145

INDIA STEAMSHIP COMPANY LIMITED

NOTICE

Notice is hereby given that the 76th 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 Thursday, August 26, 2004, 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, 2004, the Profit and Loss Account for the year ended March 31, 2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sunil Sethy who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Arun Mahajan who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri I P Singh Roy who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

The Register of Members and the Register of Share Transfer of the Company will be closed from Thursday, August 12, 2004 to Thursday, August 26, 2004, both days inclusive.

Registered Office:

By Order of the Board

44 Park Street
Kolkata 700 016
July 1, 2004

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 on his/her behalf 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 or to the Registrar and Share Transfer Agent of the Company.
3. **MEMBERS WHO STILL HOLD SHARE CERTIFICATES OF ERSTWHILE RATNAKAR SHIPPING COMPANY LIMITED ARE REQUESTED TO EXCHANGE SUCH CERTIFICATES FOR SHARE CERTIFICATES OF INDIA STEAMSHIP COMPANY LIMITED.**
4. 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.
5. Members who hold shares in dematerialized form are requested to bring Client ID and DP ID numbers for ease of identification at the Meeting.

REPORT OF THE DIRECTORS

Your Directors take pleasure in presenting the 76th Annual Report, together with audited accounts, for the year ended March 31, 2004.

FINANCIAL RESULTS

The Directors report below the financial results for the year under review. Comparative results for the previous year are given alongside.

	2003-2004	2002-2003
	(Rupees in lakh)	
Profit before interest, finance charges and depreciation	2785.89	437.09
Interest and finance charges	592.72	155.27
Profit before depreciation	2193.17	281.82
Depreciation	(648.11)	(258.78)
Profit before tax	1545.06	23.04
Current Tax	—	—
Deferred Tax	(576.49)	95.22
Profit after tax	968.57	118.26
Balance brought forward from previous year	(6517.11)	(6635.37)
Reserves and Surplus	3697.87	—
Balance carried forward to Balance Sheet	(1850.67)	(6517.11)

DIVIDEND

It is regretted that no dividend can be paid in respect of Preference and Ordinary shares of the Company.

OPERATIONS

The year was marked by firmness in the tanker freight market which, it is believed, is in the middle of a buoyant cycle. Four factors appear to have converged to bring this about; the mandated phasing out of single-hull tankers; a decade of under-investment in the tanker industry; a synchronized up-turn in the global economy; and the China factor.

Your Company's two tankers, the Aframax m.t. Ratna Shalini and the Panamax m.t. Ratna Abha, took full advantage of cargo opportunities with a judicious mix of time charter and spot trading. Together, the two tankers logged a satisfactory operating performance with minimal days in routine maintenance and upkeep.

The thrust areas of the Operating Plan for the year were in heightened maintenance of ships, cost containment measures on board ships, and on-shore organizational right-sizing. In furtherance of these objectives, both tankers were CAP rated during the year and maintained Oil Majors Certifications; cost of ship repairs and maintenance was reduced, and a Voluntary Retirement Scheme was introduced, effecting a 43 per cent reduction in shore employees in the current year. All these measures bore fruit, as reflected in the performance under review, and are expected to yield continuing results in future operations.

Operating Profit at Rs.2785.89 lakh has recorded a healthy 39.48 per cent Return on Income.

FUTURE PLANS AND PROSPECTS

Your Company is confident about the future and is poised for growth. A Medium Term Business Plan, for expansion over the next three years, is currently under review. The Plan primarily focusses on expanding the Company's tanker fleet with a mix of vessels catering to a diverse range of cargo parcels, flexible in serving not only as transporters for India's oil imports but fully capable of participating in worldwide trading. Your Company forecasts a steady tanker market, both in the short and the medium term, and will actively pursue additional tonnage.

ACQUISITION OF SHIP

During the year, your Company acquired a 1987 Japanese built, 89,960 dwt Aframax tanker, which was named m.t. Ratna Shalini.

SUBSIDIARY COMPANY

The Board of Directors of ISS Holdings Limited applied, on November 11, 2003, to the Registrar of Companies, West Bengal, to strike off the name of the company under section 560 of the Companies Act, 1956, in terms of the Simplified Exit Scheme offered under General Circular No.17/78/2001-CL.V dated 25.3.2003 issued by the Department of Company Affairs. Notification in this respect is now awaited.

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 year was Rs.2978.11 lakh and foreign exchange spent (including Rs.74.53 lakh for capital expenditure) amounted to Rs.3393.39 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

Particulars of employees required under section 217(2A) of the Companies Act, 1956, as amended, are annexed and marked "Annexure - A".

AUDITORS' REPORT

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

AUDITORS

The Auditors of the Company, M/s G Basu & Co and M/s Singhi & Co, retire and, being eligible, offer themselves for re-appointment.

DIRECTORS

Shri Sunil Sethy, Shri Arun Mahajan and Shri I P Singh Roy, who are Directors of your Company, retire by rotation and are eligible for re-appointment.

Kolkata
May 11, 2004

CORPORATE GOVERNANCE

Separate notes on Corporate Governance and Management Discussion and Analysis are annexed and marked "Annexure - B" and "Annexure - C" respectively. The Auditors' Certificate on compliance with conditions of Corporate Governance is annexed and marked "Annexure - D".

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby report :

- that applicable accounting standards have been followed in the preparation of annual accounts;
- that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004, and of the Profit and Loss Account for the year ended March 31, 2004;
- that proper and sufficient care has been taken 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;
- that annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors wish to express their sincere thanks to the Ministry of Finance, ICICI Bank Limited, State Bank of India, Punjab National Bank, Bank of Baroda, The Hongkong and Shanghai Banking Corporation Limited, the Ministry of Surface Transport, Transchart, the Directorate General of Shipping, the Mercantile Marine Department and other concerned Ministries and Departments of the Government of India for their assistance. Your Directors also wish to place on record their appreciation of the services rendered to the Company by its employees, afloat and ashore.

K K BIRLA
ASHOK KAK
K K PALIT

Chairman
Managing Director
Executive Director

"ANNEXURE – A" TO DIRECTORS' REPORT

Statement of employees who earned Rs.2,00,000 per month or Rs.24,00,000 per year or more during the year 2003-2004 pursuant to section 217(2A) of the Companies Act, 1956

Name, Designation/Nature of Duties, Remuneration, Experience (years), Date of Commencement of Employment, Age

Employed throughout the financial year under review

NIL

Employed for part of the financial year under review**FLOATING STAFF OFFICERS**

Deck : I V S Ramakrishna, Master, Rs.19,84,404, 19 years, 1.4. 2003, 47 years

P P Singh, Master, Rs.9,35,771, 17 years, 1.4.2003, 46 years

Engine : R K Patra, Chief Engineer, Rs.15,80,314, 9 years, 1.4. 2003, 43 years

S C Bagchi, Chief Engineer, Rs.11,38,632, 25 years, 17.10.2003, 57 years

“ANNEXURE – B” TO DIRECTORS’ REPORT**REPORT ON CORPORATE GOVERNANCE****1 COMPANY’S PHILOSOPHY**

Serving a worldwide industry, your Company maintains global standards of corporate responsibility. It is fully committed to fulfilling its obligations to shareholders, customers, employees, the Government and other statutory bodies and to all other segments of the industry and society it serves.

2 BOARD OF DIRECTORS

The Board of Directors consists of eleven Directors, comprising two whole-time directors, being the Managing Director and Executive Director, and nine non-executive directors.

During the year under review, four Board Meetings were held on May 5, 2003, July 30, 2003, October 27, 2003, and February 20, 2004. The composition of the Board of Directors, their attendance at Board Meetings and at the Annual General Meeting, as also the number of directorships held by them in Indian public limited companies, are as follows.

Name and category of Director	Attendance at last AGM	Board Meetings attended	Other Directorships	Board Committee** Membership
Dr K K Birla, NED/PG	NO	4	11	1(1)***
Shri Ashok Kak, MD	YES	4	—	1
Shri Ramesh Maheshwari, NED	NO	2	3	1
Shri S M Agarwal, NED	NO	—	11	5
Shri S N Sachdev, NED	NO	3	—	1(1)***
*Shri C S Nopany, NED	NO	4	14	8(3)***
Shri R K Choudhury, NED	NO	2	11	2
Shri Sunil Sethy, NED	NO	3	5	9(1)***
Shri Arun Mahajan, NED	NO	2	4	3
Shri I P Singh Roy, NED	YES	3	—	2
Shri K K Palit, ED	YES	3	—	—

PG = Promoter Group,

NED = Non-Executive Director,

MD = Managing Director

ED = Executive Director,

* Related to Dr K K Birla,

** Including India Steamship Co. Ltd

*** Figure in brackets denotes Chairmanship of Board Committees

3 AUDIT COMMITTEE**i) Terms of reference**

The Committee is delegated with powers to attend to all matters enumerated under Clause 49 of the Listing Agreement with the Stock Exchanges and under section 292A of the Companies Act, 1956.

ii) Composition

The Committee comprises five Non-Executive Independent Directors. The Company Secretary acts as the Secretary of the Committee.

iii) Meetings

The Committee met four times and attendance of members was as follows :

Name of member	Status	Committee meetings attended
Shri S N Sachdev	Chairman	3
Shri C S Nopany	Member	3
Shri S M Agarwal	Member	—
Shri Sunil Sethy	Member	3
Shri I P Singh Roy	Member	3

Note : The Chairman of the Audit Committee, being indisposed, could not attend the Annual General Meeting.

4 REMUNERATION COMMITTEE**i) Terms of reference**

The Committee is delegated with powers, duties and responsibilities as laid down under the provisions of Schedule XIII to the Companies Act, 1956, as amended, and under Clause 49 of the Listing Agreement with the Stock Exchanges.

ii) Composition

The Committee comprises four Non-Executive Independent Directors.

iii) Meetings

The Committee met once and attendance of members was as follows:

Name of member	Status	Committee meetings attended
Dr K K Birla	Chairman	1
Shri S M Agarwal	Member	—
Shri Sunil Sethy	Member	1
Shri Arun Mahajan	Member	—

iv) Remuneration policy

The remuneration policy is governed by the potential and performance of Whole-time Directors and that of the Company, and is in consonance with existing industrial practices. The remuneration of the Whole-time Directors is decided by the Board within the statutory framework and approved by the Shareholders.

v) Details of remuneration paid to Directors during the year 2003-2004

EXECUTIVE DIRECTORS				(Amount in Rs. lakh)
Name of Director	Service Contract	Salary	Perquisites	Retirement Benefits
Shri Ashok Kak, Managing Director	3 years from 10.05.2002	9.60	9.05	1.15
Shri K K Palit, Executive Director	3 years from 21.02.2002	7.80	3.12	0.65

The contract of service can be terminated by giving three months' notice in writing by either party. No compensation is payable for loss of office. The Company has not issued any stock options.

NON-EXECUTIVE DIRECTORS

The Company pays a sitting fee of Rs.500 and Rs.200, respectively, for attending a meeting of the Board of Directors and a Committee of Directors. The sitting fees paid during the year 2003-2004 were as follows:

Name of Director	Amount (Rs.)
Dr K K Birla	2,400
Shri Ramesh Maheshwari	1,000
Shri S M Agarwal	—
Shri S N Sachdev	2,100
Shri C S Nopany	3,800
Shri R K Choudhury	1,000
Shri Sunil Sethy	2,500
Shri Arun Mahajan	1,000
Shri I P Singh Roy	2,700

5 INVESTORS GRIEVANCE COMMITTEE**i) Terms of reference**

The Committee is delegated to oversee proper compliance of Company's service to the shareholders.

ii) Composition

The Committee comprises two Non-Executive Directors, viz., Shri C S Nopany, who heads the Committee, Shri I P Singh Roy, and the Managing Director, Shri Ashok Kak. Shri Sanjay Mukherjee, Company Secretary, is the Compliance Officer.

iii) Investors' complaints

The Company has over 22,000 Ordinary and Preference shareholders. During the year under review, the Company received 195 letters from investors and all were attended to. As on March 31, 2004, there were no queries nor transfer of shares pending.

6 GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings:

Financial year	Date	Time	Location
2002-2003	28.08.2003	10 a.m.	G D Birla Sabhagar
2001-2002	23.08.2002	10 a.m.	G D Birla Sabhagar
2000-2001	16.08.2001	10 a.m.	G D Birla Sabhagar

No resolutions were passed through postal ballot and no postal ballot is proposed for the next Annual General Meeting.

7 DISCLOSURES

- There are no materially significant transactions with related parties, viz., promoters, directors or management, their subsidiaries or relatives, etc. which have a potential conflict with the interests of the Company.
- The Stock Exchanges or The Securities and Exchange Board of India or any other statutory authority have/has not imposed any penalty or stricture on the Company for non-compliance on any matter related to capital markets during the last three years.

8 MEANS OF COMMUNICATION

- Quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after they are approved. Half-yearly reports are not sent separately to each household of Shareholders.
- The results are normally published in The Economic Times and Sanbad Pratidin (a vernacular newspaper).
- The Company has not developed a web site.
- Management Discussion and Analysis Report forms a part of the Directors' Report and is at "Annexure - C".