

49TH ANNUAL REPORT 1998-99

Everywhere they go, we go too,

Across the Seven Seas

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The Shipping Corporation Of India Ltd.

(A Government of India Enterprise)

The sea is not just an expanse of water for SCI, it is an integral part of its existence.

The cover draws a parallel with the living wonders of the sea.

So just like the underwater creatures, SCI is totally at home across the seven

seas - competent, confident, brawny, steadfast. With 38 years of experience behind us, we have dexterously mastered the ebbs and tides of maritime business.

Undauntedly moving ahead through rough seas and stormy nights - transporting goods, transforming lives.

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Shri M. Ramachandran



Shri Ashoke Joshi



Shri M. J. Subbaiah



Shri K. K. Kothari



Shri P. K. Srivastava
*Chairman &
Managing Director*



Shri B. M. Ghildiyal



Dr. P. Vijayan



Shri S. S. Rangnekar



Shri K. K. Palit



Shri K. M. Joseph

Company Secretary:
Shri S. Ramamoorthy

Auditors:
Messrs Sorab S. Engineer & Co.
Messrs S. Mann & Co.

Solicitors:
Messrs Mulla & Mulla &
Craigie Blunt & Caroe

Registered Office: Shipping House, 245, Madame Cama Road, Mumbai 400 021.

NOTICE is hereby given that the 49th Annual General Meeting of the Shipping Corporation of India Ltd. will be held at the Registered Office of the Company at "Shipping House", 245, Madame Cama Road, Mumbai 400 021 at 3.30 p.m. on Wednesday, December 8, 1999 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on 31st March, 1999, Profit & Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri K.K. Palit who retires at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.S. Rangnekar who retires at this meeting and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :-

"RESOLVED THAT the existing words in Article 29 of the Articles of Association of the Shipping Corporation of India Ltd. reading "as the President of India" be substituted by words "as the Board".

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :-

"RESOLVED THAT the existing sub-clause b(iv) of clause(1) of Article 150 of the Articles of Association of the Shipping Corporation of India Ltd. be and is hereby deleted".

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :-

"RESOLVED THAT the existing sub-clause (d) of clause (2) of Article 150 of the Articles of Association of the Shipping Corporation of India Ltd. be deleted and the following be substituted therefor:

d) Disposal of property (other than ships which are economically not viable) having an original book value of Rs.1 crore (Rupees one crore) and above."

By Order of the Board of Directors
for The Shipping Corporation of India Ltd.

S. Ramamoorthy
Company Secretary

Registered Office:

Shipping House,
245, Madame Cama Road,
Mumbai 400 021.

Dated : 6th November, 1999.

Notes:

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
- b) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 5, 6 and 7 of the Notice set out above is annexed hereto.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from 16.11.1999 to 30.11.1999 (both days inclusive).
- d) Dividend if any declared, at this meeting, will be paid on or after 30th December, 1999 to those shareholders of the Company whose names stand on the Register of Members on 30th November, 1999.
- e) Members are requested to notify immediately any change in their address to the Share Transfer Agents of the Company at the following address :

Intime Share Services Pvt. Ltd.,
260-A, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (W),
Mumbai - 400 080.

- f) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205-C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
- g) With a view to provide protection against fraudulent encashment of dividend warrants, the members are requested to provide their bank account numbers, names of the banks and address of the branches quoting their folio numbers to reach the company latest by 30th November, 1999, to enable the Company to incorporate this information in the dividend warrants for the dividend. Members will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.
- h) While opening a depository account with participants of NSDL, members might have given their bank account details, which will be used by your company for printing on dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the account specified on the dividend warrant. This ensures safety for investors. However, members may want to receive dividend in an account other than the one specified, while opening the depository account. If so, they may inform change/correct bank account details with the depository participant. We also request you to kindly give MICR code of your bank to your depository participant.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

The following explanatory statement sets out all the material facts relating to special business mentioned in Item Nos. 5, 6 and 7 of the accompanying Notice dated 6th November, 1999, convening the 49th Annual General Meeting of the Company.

Item No. 5 of the Notice

In terms of the provisions of the Companies Act, 1956, the Board is competent to fix days of notice to the members for making calls on shares and payment by shareholders accordingly. Article 33 also in turn gives the discretion to the Board to revoke or postpone a call. So also Article 33 gives power to the Board to extend the time in specific cases for making such payment. It is, therefore, proposed that the words "as the President of India" in Article 29 be substituted by the words "as the Board". The Board recommends the resolution for the approval of the members. None of the Directors is interested in the resolution.

Item No.6 of the Notice

The Shipping Corporation of India Ltd. (SCI) being a MOU (Memorandum of Undertaking) signing Company, has the power to make investments within the prescribed limits under the MOU signed with the Ministry of Surface Transport from year to year. Hence, this sub-clause reading as "Any proposal for investment in a particular type of security or shares, if such investment exceeds Rs. 10 lakhs (Rupees ten lakhs)" has become redundant. The Board, therefore, recommends the acceptance of the resolution to delete the aforesaid sub-clause. None of the Directors is interested in the resolution.

Item No.7 of the Notice

The MOU signed by the Company with the Govt. of India for the year 1999-2000 provides that the SCI will have powers to sell for further trading / scrapping vessels which are not economically viable without approval of the Govt. The Article is being amended to give effect to this power being vested with the Company. Accordingly, the existing Article will be amended only to provide for prior approval in the case of disposal of property (other than ships which are economically not viable) having an original book value of Rs.1 crore (Rupees one crore) and above. The Board recommends passing of this resolution. None of the Directors is interested in the resolution.

A copy of the Articles of Association of the Company together with proposed alterations and also a copy of the MOU will be available for inspection by the members at the Registered Office of the Company on any working day prior to the date of the meeting between 11 a.m. and 1 p.m. and will also be available at the meeting.

S. Ramamoorthy
Company Secretary

Registered Office :
Shipping House,
245, Madame Cama Road,
Mumbai 400 021.

Dated : 6th November, 1999.



SALIENT STATISTICS 1998-99

Authorised Capital	Rs. 450.00 Crores
Subscribed and Paid-up Capital	Rs. 282.30 Crores
Depreciation Provision	Rs. 258.92 Crores
Gross Earnings	Rs. 2582.27 Crores
Gross Investment on Fleet	Rs. 5254.71 Crores
No. of Voyages made	746
No. of Passengers carried (including managed vessels)	2,28,671
No. of Employees (including crew) (30th Sept., 1999)	10571
Vessels Owned (As on 30th Sept., 1999)	
— Number	115
— Tonnage	2.98 Million GRT
	4.99 Million DWT
Vessels on Order	
— Number	1
— Tonnage	0.028 Million GRT
	0.042 Million DWT

DECADE AT A GLANCE

OPERATIONAL STATISTICS

(Figures in Crores of Rupees)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Operating Earnings	1,008.4	1,105.1	1,328.8	1,404.7	1,480.3	1,722.0	2,114.0	2,270.0	2,414.5	2520.8
Other Income	51.6	46.0	52.3	94.5	100.1	84.9	134.4	172.0	107.0	61.5
Total Earnings	1,060.0	1,151.1	1,381.1	1,499.2	1,580.4	1,806.9	2,248.4	2,442.0	2,521.5	2,582.3
Operating Expenses	703.9	853.2	980.7	1,055.1	1,063.2	1,178.3	1,386.7	1,603.4	1,754.3	1799.4
Other Expenses	56.1	61.2	68.1	76.9	105.0	103.4	144.0	129.6	129.7	175.3
Interest & Finance Charges	72.8	71.0	86.9	84.2	83.7	130.3	161.9	200.0	86.5	*100.4
Depreciation	105.1	111.2	137.8	148.4	161.3	193.5	232.4	235.7	249.8	258.9
Tax Liability	21.0	0.0	(1.3)	(8.5)	(0.4)	0.0	0.0	40.0	55.0	47.0
Total Expenses	958.9	1,096.6	1,272.2	1,356.1	1,412.8	1,605.5	1,925.0	2,208.7	2,275.3	2381.0
Profit after Tax	101.1	54.5	108.9	143.1	167.6	201.4	323.4	233.3	246.2	201.3

* Net

FINANCIAL HIGHLIGHTS:

	31.03.90	31.03.91	31.03.92	31.03.93	31.03.94	31.03.95	31.03.96	31.03.97	31.03.98	31.03.99
WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	1,984.5	2,129.2	2,599.7	2,742.2	3,442.7	4,058.9	4,459.3	4,562.0	4,782.3	5,098.3
Less: Depreciation (Cum)	798.9	878.8	1,003.1	1,113.7	1,244.9	1,414.7	1,593.9	1,796.1	2,014.2	2,223.1
Net Block	1,185.6	1,250.4	1,596.6	1,628.5	2,197.8	2,644.2	2,865.4	2,765.9	2,768.1	2,875.2
Assets under Construction	184.5	217.9	186.3	196.9	142.7	95.6	66.0	151.3	239.3	251.9
Ships Retired from Operation	0.0	14.0	14.1	6.6	0.1	0.0	0.3	0.0	0.0	9.8
Working Capital	152.1	147.7	230.2	192.7	285.6	263.0	564.2	463.7	522.5	415.1
Investments	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	1,522.6	1,630.4	2,027.6	2,025.1	2,626.6	3,003.2	3,496.3	3,381.3	3,530.3	3,552.4

WHAT THE COMPANY OWNED

Long Term Funds:

SDFC/Govt. Loans	534.4	589.8	677.4	678.0	637.6	610.8	580.9	553.3	498.7	451.9
Bank Loans	140.3	133.7	219.3	279.5	416.0	627.9	638.6	537.0	603.3	1,040.3
Mumbai Port Trust	0.0	0.0	0.0	0.0	0.0	0.0	67.6	67.6	67.6	119.1
Deferred Credits	380.2	377.1	513.8	348.0	731.3	752.5	881.9	783.8	707.0	130.9
Unsecured Loans	0.0	0.0	0.0	0.0	0.0	0.0	54.2	0.0	24.9	41.9
	1,054.9	1,100.6	1,410.5	1,305.5	1,784.9	1,991.2	2,223.2	1,941.7	1,901.5	1,488.1

NET WORTH OF THE COMPANY

Share Capital	261.2	282.3	282.3	283.3	282.3	282.3	282.3	282.3	282.3	282.3
Reserve & Surplus	212.8	254.1	346.1	461.0	586.2	754.7	1,021.3	1,192.2	1,376.1	1,529.7
Deferred Revenue Expenditure	(6.3)	(6.6)	(11.3)	(23.7)	(26.8)	(25.0)	(30.5)	(34.9)	(29.6)	(47.7)
	467.7	529.8	617.1	719.6	841.7	1,012.0	1,273.1	1,439.6	1,628.8	1,764.3
Dividend paid	11.3	13.1	16.9	28.2	42.3	42.3	56.5	56.5	56.5	**42.4

** Proposed Dividend

To the Members,

Your Directors have pleasure in presenting the 49th Annual Report on the working of your Company for the financial year ended 31st March, 1999.

Accounting Year

The year under report covers a period of 12 months ended on 31st March, 1999.

Financial Performance

Your Directors are pleased to report that your Company has achieved an increase in its Gross Earnings of over 2% over the previous year. The comparative position of the working results for the year under report vis-a-vis earlier year is as under :-

	(Rs. in Crores)	
	1998-99	1997-98
Gross Earnings	2,582	2,521
Gross Profit (before interest, depreciation and tax)	605	638
Less : Interest & Finance charges(Net)	101	86
Depreciation	259	250
Profit before adjustments	245	302
Prior year's adjustments	3	(-) 1
Provision for Indian Income-Tax	47	55
Net Profit	201	246

Appropriations

The working results of your Company for the year 1998-99 after providing for prior period adjustments shows a profit of Rs. 201.33 crores. An amount of Rs. 132.00 crores has been transferred to Special Reserve Fund under Section 33AC of Income Tax Act, 1961. After adding a sum of Rs. 60.72 crores (being balance profit and loss account brought forward from the previous year) and Rs. 1.80 crores (being the amount transferred from Capital Reserve), the amount available for disposal works out to Rs. 131.85 crores. Your Directors propose to make the following appropriations from this amount :-

1.	General Reserve	Rs.16.00 crores
2.	Staff Welfare Fund	Rs. 0.45 crores
	Total	Rs.16.45 crores

After the proposed appropriations, the surplus available is Rs. 115.40 crores.