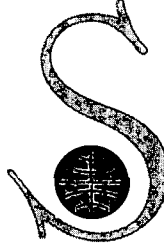


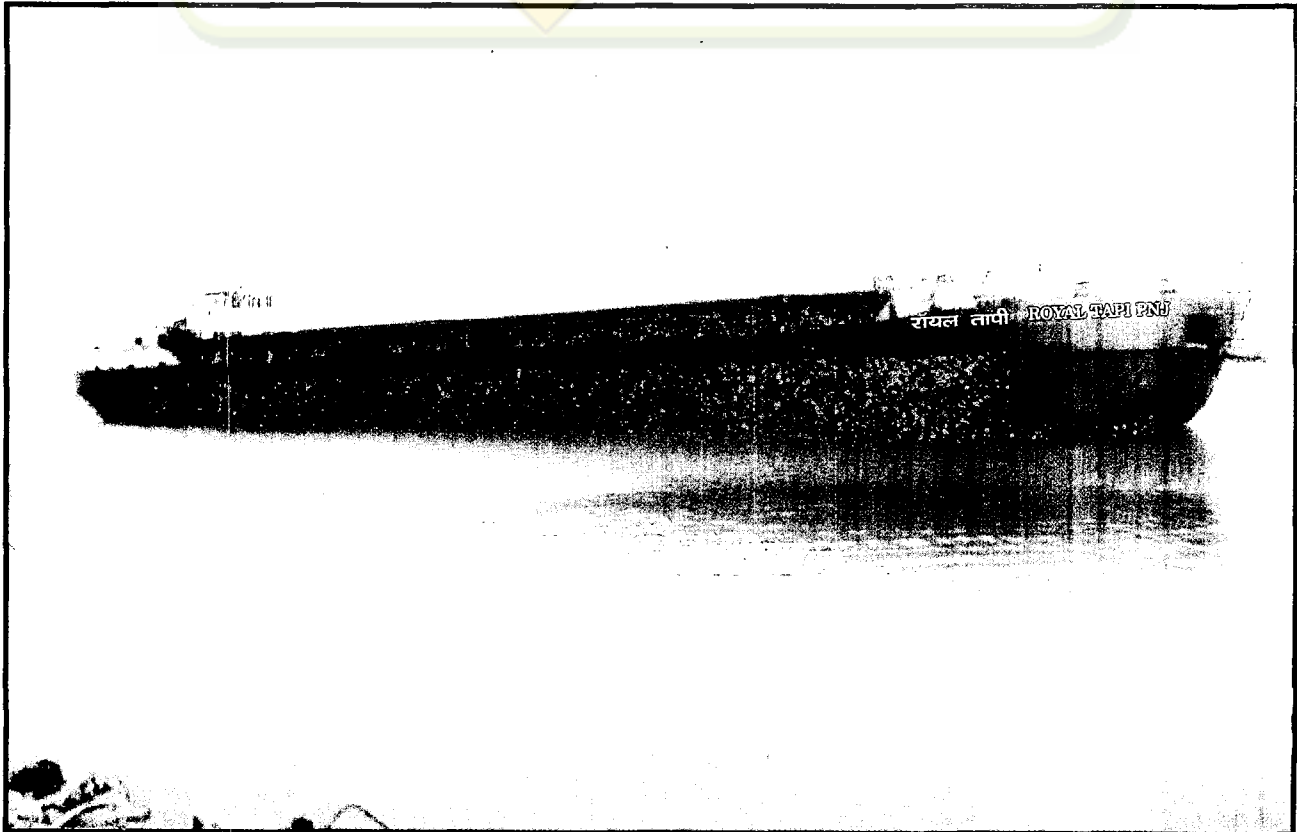
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Mr. S. K. Shahi

Chairman & Managing Director



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SHAHI SHIPPING LIMITED

BOARD OF DIRECTORS

Mr. S. K. Shahi	<i>Chairman and Managing Director</i>
Mr. F. M. Koli	<i>Wholetime Director</i>
Mr. G. N. Pathak	<i>Wholetime Director</i>
Mr. S. K. Bhadury	<i>Director</i>
Mrs. Nitya Kalyani	<i>(ICICI Nominee)</i>
Mr. S. R. Sarma	<i>(IDBI Nominee)</i>
Rear Adml. G. Rai (Retd.)	<i>Wholetime Director</i>
Brig. A. Dayal (Retd.)	<i>Wholetime Director</i>

COMPANY SECRETARY

Mr. V. Ranganathan

BANKERS

Bank of Baroda
Bori Bunder Branch, Mumbai

LEGAL ADVISORS

S. R. Pandey
Advocate,

AUDITORS

N. D. Heda & Co.
Chartered Accountants

REGISTERED OFFICE

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

REGISTRARS & SHARE TRANSFER AGENTS

System Support Services
209, Shivai Ind. Estate,
Next to Parke Davis,
89, Andheri Kurla Road,
Sakinaka,
Mumbai 400 072.
Tel. : 850 0835 / 3940
Fax : 850 1438



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NOTICE

Notice is hereby given that the Eighth Annual General Meeting of Shahi Shipping Ltd., will be held on Wednesday, the 30th September, 1998, at 4.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai - 400 020. to transact the following business :-

ORDINARY BUSINESS.

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1998, and the Profit & Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S. K. Bhadury, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. G. N. Pathak, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS.

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 310 read with schedule XIII of the Companies' Act, 1956, and all other applicable provisions if any, of the said Act including any statutory modifications or re-enactment thereof from time to time, sanction and consent be and is hereby accorded to the appointment of Rear Admrl. G. Rai (Retd.) as a Wholetime Director for a period of five years with retrospective effect from 16th October, 1997 on terms and conditions set out below :-

I. Salary

Rs. 14,000/- (Rupees Fourteen Thousand only) per month.

II. Perquisites

Car with driver for official use, One Club Membership, Telephone at his residence but personal STD calls to be recovered from him.

III. Condition

Though appointed as a Wholetime Director for a period of 5 years, he will be liable to retire by rotation under Section 256 of the Companies' Act 1956.

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 310 read with schedule XIII of the Companies' Act, 1956, and all other applicable provisions if any, of the said Act, including any statutory modifications or re-enactment thereof from time to time sanction and consent be and is hereby accorded to the appointment of Brig. A. Dayal (Retd.) as a Wholetime Director for a period of five years with retrospective effect from 16th October, 1997 on terms and conditions set out below :-

I. Salary

Rs. 13,000/- (Rupees Thirteen Thousand only) per month



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II. Perquisites

Free Housing, Car with driver for official use, Telephone at his residence but personal STD calls to be recovered from him.

III. Condition

Though appointed as a Wholtime Director for a period of 5 years, he will be liable to retire by rotation under Section 256 of the Companies' Act 1956.

8. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution.

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, 310 read with schedule XIII of the Companies' Act, 1956 and all other applicable provisions if any, of the said Act, including any statutory modification or re-enactment thereof, for the time being in force and any partial modification of the ordinary resolution previously passed at the General Meeting from time to time of the Company, the Company hereby reappoints Mr. S. K. Shahi as Managing Director with retrospective effect from 1st June, 1998 for a period of 5 years on the following terms and conditions".

I. Salary

Rs. 75,000/- (Rupees Seventy Five Thousand Only) per month.

II. Commission

One percent commission on the net profits of the Company.

III. Perquisites & Allowances.

CATEGORY A

1. HOUSING :-

Free furnished residential accommodation will be provided by the Company. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance, subject to a ceiling of 60% of the salary over and above 10% payable by the Managing Director. In case, the accommodation is owned by the Company, a deduction of 10% of the salary of the Managing Director shall be made by the Company. Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules 1962.

2. MEDICAL REIMBURSEMENT :-

For self and family upto one month's salary in a year or three month's salary over a period of three years, besides reimbursement of actual expenditure incurred in India and/or abroad for specialised treatment of serious ailments, which will not be included, in the computation of ceiling on perquisites and provision of personal medical insurance cover, whose premium shall not exceed Rs. 5000/- per annum.

3. LEAVE TRAVEL CONCESSION :-

For self and family once in a year in accordance with the rules of the Company.

4. CLUB FEES :-

Fees of Clubs subject to a maximum of two clubs.

5. PERSONAL ACCIDENT INSURANCE :-

Premium not to exceed Rs. 1000/- per annum.

CATEGORY B :

i. Company's contribution towards provident fund of 10% of the salary as per rules of the Company or such percentage as may be specified from time to time.



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ii. Company's contribution towards superannuation or annuity fund together with provident fund shall not exceed 25% of the salary, as prescribed by Income-Tax Rules, 1962 or any statutory modification thereof.

The contribution to superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or part together are not taxable under the Income-Tax Act.

iii. Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/- or such higher amount as may be prescribed by the Central Government from time to time.

CATEGORY C

Car for use on Company's business and telephone at residence will be provided. They will however, not to be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director, at actuals.

"RESOLVED FURTHER THAT where in any financial year closing on and after 1st April, 1998, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in part II of Schedule XIII of the Companies Act, 1956 or any amendment thereof."

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

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions if any, of the said Act, including any statutory modifications or re-enactment thereof, for the time being in force and any partial modification of the ordinary resolution previously passed at the General Meeting from time to time of the Company, the company hereby reappoints Mr. F. M. Koli as Wholetime Director with retrospective effect from 1st June, 1998 for a period of 5 years on the following terms and conditions.

I. Salary

Rs. 7,000/- (Rupees Seven Thousand Only) per month.

II. Commission

One percent commission on the net profits of the Company.

III. Perquisites & Allowances.

CATEGORY A

1. HOUSING :-

Free furnished residential accommodation will be provided by the Company. In case no accommodation is provided by the Company, the Wholetime Director shall be entitled to house rent allowance, subject to a ceiling of 60% of the salary over and above 10% payable by the Wholetime Director. In case, the accommodation is owned by the Company, a deduction of 10% of the salary of the Wholetime Director shall be made by the Company. Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules 1962.

2. MEDICAL REIMBURSEMENT :-

For self and family up to one month's salary in a year or three month's salary over a period of three years, besides reimbursement of actual expenditure incurred in India and/or abroad for specialised treatment of serious ailments, which will not be included, in the computation of ceiling on perquisites and provision of personal medical insurance cover, whose premium shall not exceed Rs. 5000/- per annum.



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3. LEAVE TRAVEL CONCESSION :-

For self and family once in a year in accordance with the rules 8 of the Company.

4. CLUB FEES :-

Fees of Clubs subject to a maximum of two clubs.

5. PERSONAL ACCIDENT INSURANCE :-

Premium not to exceed Rs. 1000/- per annum.

CATEGORY B :

i. Company's contribution towards provident fund of 10% of the salary as per rules of the Company or such percentage as may be specified from time to time.

ii. Company's contribution towards superannuation or annuity fund together with provident fund shall not exceed 25% of the salary, as prescribed by Income-Tax Rules, 1962 or any statutory modification thereof.

The contribution to superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or part together are not taxable under the Income-Tax Act.

iii. Gratuity not exceeding half-month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/- or such higher amount as may be prescribed by the Central Government from time to time.

CATEGORY C

Car for use on Company's business and telephone at residence will be provided. They will however, not to be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Wholetime Director, at actuals.

"RESOLVED FURTHER THAT where in any financial year closing on and after 1st April, 1998, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in part II of Schedule XIII of the Companies Act, 1956 or any amendment thereof."

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

"RESOLVED That pursuant to Section 370 of the Companies Act, 1956, and all other applicable provisions, if any and also subject to the approval from other authorities concerned as may be necessary, the Board of Directors of the Company be and is hereby authorised to make loans without the prior approval of the Central Government.

- a) "Upto such percentage of the aggregate of the subscribed capital of the lending company and its free reserves as may be notified and in force from time to time, where all such other bodies corporate are not under the same management as the lending company".
- b) "Upto such percentage of the aggregate of the subscribed capital of the lending company and its free reserves, as may be notified and in force from time to time where all such other bodies corporate are under the same Management as the lending company".

"RESOLVED Further that the Board of Directors of the Company be and are hereby authorised to make loans in excess of the aforesaid percentages with the prior approval of the Central Government to body corporate whether under the same Management as the lending company or not provided that the aggregate of such loans so made do not exceed the paid-up capital and the free reserves of the lending company at any time".



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"RESOLVED Further that the Board of Directors of the Company be and are hereby authorised to give any Guarantee or provide any security in connection with any loan by any other person to or any other person by any body Corporate provided however, the total amount of guarantees or security, as the case may be shall not exceed the sum of Rs. 4 crores (Rupees Four Crores only) in the aggregate".

11. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to Section 372 and other applicable provisions, if any, of the Companies' Act 1956 and subject to the approval of the Central Government, wherever required, the Board of Directors of the Company be and is hereby authorised to invest in equity / preference shares Deposits and / or Debentures of other bodies corporate notwithstanding that such investment or such other investment together with the Company's existing investments in other bodies corporate may exceed any or all of the percentage prescribed by the Central Government under Section 372 of the Company's Act, 1956, provided however, that the aggregate of such investments, at any time shall not exceed Rs. 2 Crores (Rupees Two Crores only).

Registered Office :

404, Abhay Steel House,
Baroda Street,
Mumbai - 400 009.

By Order of the Board of Directors

(S. K. SHAHI)

Dated : 28th July, 1998.

Chairman & Managing Director

NOTES :

1. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO VOTE IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Pursuant to Section 205A of the Companies' Act 1956, all unclaimed/unpaid dividend upto dividend for the year 1994-95 will be transferred to the Central Government on or before 15th November, 1998. Members, who have not encashed dividend and warrants after the aforesaid date are requested to lodge their claims to the Registrar of Companies, Maharashtra, Mumbai, Everest House, Marine Lines, Mumbai - 400. 020.
4. The Register of Members and Share Transfer Books will remain closed during the period Monday, the 28th September, 1998 to Wednesday, the 30th September, 1998 (both days inclusive).
5. Members are requested to notify change in their address, if any.



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Explanatory Statement under Section 173 (2) of the Companies' Act, 1956.

Items 6 & 7

Taking into consideration the growth and diversity of operations of the Company, the Board of Directors at their Meeting held on 6th October, 1997, appointed Rear Admrl. G. Rai (Retd.) and Brig. A. Dayal (Retd.) as *Wholtime Directors of the Company*. Prior to their respective appointments as *Wholtime Directors*, they were holding Senior Executive positions in the Company.

Keeping in view their vast experience and knowledge of the industry, your Directors commend the Resolutions for Members' approval.

Items No. 8 & 9

Mr. S. K. Shahi and Mr. Francies M. Koli, promoter - Directors of the Company were appointed as Managing Director and *Wholtime Director* of the Company by the Board of Directors at their Meeting held on 14th May, 1993, which appointments were confirmed at the Annual General Meeting held on 29th August, 1993. The proposals envisage the reappointment of Mr. S. K. Shahi as Managing Director for a further period of 5 years, commencing from 1st June, 1998, on salary and remuneration, as approved by the Members at the Annual General Meeting held on 24th September, 1997. Similarly, in the case of reappointment of Mr. F. M. Koli as *wholtime Director*, no revision of salary and remuneration is contemplated.

Under their stewardship, there had been allround growth both in terms of size of operations and profitability. It would, therefore, be in the interest of the Company to continue to have the benefit of the services of Mr. S. K. Shahi and Mr. F. M. Koli as Managing Director and *Wholtime Director* respectively. Your Directors commend the Resolutions for the approval of Members.

Item No. 10

Section 370 of the Companies' Act 1956 as amended provides that a lending company shall not make any loans / deposits to any body corporate unless the proposed loan/deposit has been previously authorised by Special Resolution of the members of lending company. Such a special Resolution will not be required for loans/deposits to other bodies Corporate not under the same Management as the lending Company where the aggregate of such loans/deposits does not exceed 20% of the subscribed capital and free reserves of the lending company.

Even after the passing of a Special Resolution of the members of the lending company, the aggregate of the loans / deposits to other bodies corporate not under the same Management as the lending company shall not except with the prior approval of the Central Government, exceed 20 percent of the subscribed capital and full reserves of the company and the aggregate of loans to bodies corporate under the same Management is restricted to 20% and the overall limit being 30% to all bodies corporate.

In the course of its business, the Company has to give loans/deposits to bodies corporate and your Directors consider that under Section 370 of the Act, the Board of Directors should be empowered to grant such loans / deposits upto the limits of 20% and 30% of its subscribed capital and free reserves and in excess of such limits, prior approval of the Central Government would be required. It is, therefore, proposed that a Special Resolution be passed by the members of the Company authorising the Board to lend money, make deposit and provide securities / guarantees as set out in the Resolution.

Item No. 11

As per the provisions of Section 372 of the Companies' Act 1956, the Board of Directors of a public Limited Company can invest in any shares of any other body corporate beyond the prescribed ceiling limits only if a special Resolution is passed by the members of the Company.

At present, the Company has no particular body in view for the purpose of making investment in its share capital. This is only an enabling Resolution for the Board of Directors to invest in the shares of any other body corporate, if such an opportunity comes up.



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Memorandum of Interest :

Real Admrl. G. Rai (Retd.) & Brig. A. Dayal (Retd.), Mr. S. K. Shahi and Mr. F. M. Koli are interested in their respective appointments and remuneration payable to them in Resolutions Nos. 6, 7, 8 and 9 respectively.

Unless otherwise stated none of the Directors of the Company are in any way concerned or interested in the proposed resolutions.

By order of the Board of Directors.

S. K. SHAHI
Managing Director

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