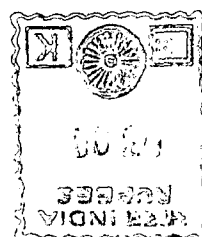


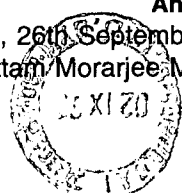
MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	NA	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

The Scindia Steam Navigation Co. Ltd.

78th ANNUAL REPORT AND STATEMENT OF ACCOUNTS 1996-1997



Annual General Meeting
on Friday, 26th September 1997, at 11.00 A.M. at 'Scindia House',
Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001.



THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

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BOARD OF DIRECTORS

Shri K. Venugopal — *Chairman and
Managing Director*

Shri M. J. Subbaiah

Shri U. N. Patel

Shri R. Mukundan

Shri D. K. Tyagi

Auditors:

Messrs K. S. Aiyar & Co.

Messrs N. M. Rajji & Co.

Registered Office:

"Scindia House",

Narottam Morarjee Marg,

Ballard Estate, Mumbai 400 001.

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Notice

NOTICE is hereby given that the Seventy-Eighth Annual General Meeting of The Scindia Steam Navigation Company Limited, will be held on the 6th Floor, of the Registered Office of the Company at 'Scindia House', Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001, on Friday, the 26th September, 1997 at 11.00 a.m. to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997, and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT Messrs K. S. Aiyar & Co., Chartered Accountants and Messrs N. M. Raiji & Co., Chartered Accountants, be and are hereby re-appointed Joint Auditors of the Company to hold office from the conclusion of the 78th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, and the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

Special Business:

3. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the limits specified in Sections 198 and 309 and Schedule XIII to the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Shri K. Venugopal as Chairman and Managing Director of the Company with effect from 25th September, 1996 for a period of two years, on the terms and conditions as set out in the Agreement to be made between the Company on the one part and Shri K. Venugopal on the other part, a draft of which is placed before the Meeting, whose terms may be varied and/or altered from time to time within the limits laid down in the said Draft Agreement, as may be agreed to between the Board and Shri K. Venugopal."

"RESOLVED FURTHER that the Board may, subject to the consent of Shri K. Venugopal, accept alteration and modification, if any, as may be required or directed by the Board."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to the foregoing Resolution."

4. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT, in partial modification of the Resolution passed by the Members at the Extraordinary General Meeting of the Company held on 19th October, 1988 and the Resolution passed by the Members at the Annual General Meeting of the Company held on 23rd September, 1994, consent be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) of the Companies Act, 1956, to extend the existing English Mortgage created in favour of the President of India/Government of India on the following immovable properties of the Company, all situated in the State of Maharashtra :

- (1) 'Scindia House', Ballard Estate, Mumbai - 400 001,
- (2) 'Scindia Sadan', Walkeshwar, Mumbai - 400 006,
- (3) 'Scindia Colony', Andheri, Mumbai - 400 069,
- (4) 'Walchand Bhavan' Panchgani, Dist. Satara, and
- (5) A flat in 'Lakshmi Mahal', The Lakshmi Mahal Co-op. Housing Society Ltd., Bomanji Petit Road, Mumbai - 400 036,

for an amount of Rs. 83,74,21,416/- being the balance amount required to maintain the security cover stipulated by the Government of India (Gol) with respect to various loans/financial assistance granted by Gol to the Company for acquisition of Company's vessels and to meet other requirements, together with interest, other charges thereon in terms of various loan agreements".

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the above Resolution".

By Order of the Board of Directors,
For THE SCINDIA STEAM NAVIGATION CO. LTD.

K. Venugopal
Chairman and
Managing Director

Date : 20th August, 1997.

- Notes :**
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
 2. An Explanatory Statement as required under Section 173 of the Companies Act, 1956, in respect of Item Nos. 2, 3 & 4 is annexed.
 3. The Register of Members and Share Transfer Register will remain closed from 22nd September, to 26th September, 1997 both days inclusive.

The Scindia Steam Navigation Co. Ltd.

Annexure to the Notice

(Explanatory Statement as required under Section 173 of the Companies Act, 1956).

Item No. 2

Public Financial Institutions hold, in aggregate, more than 25% of the Subscribed Share Capital of the Company. Thus, in terms of the provisions of Section 224A of the Companies Act, 1956, the appointment of Statutory Auditors is required to be made only by passing a Special Resolution.

Messrs K. S. Aiyar & Co., Chartered Accountants, and Messrs N. M. Rajji & Co., Chartered Accountants, have intimated that their re-appointment, if made, will be within the limits specified in Section 224 (1B) of the Companies Act, 1956. The Directors recommend the resolution for approval of the Shareholders.

None of the Directors is concerned or interested in this Resolution.

Item No. 3

Shri K. Venugopal was appointed as a Director on the Board of the Company from 25-9-1996. The Board of Directors at the same meeting appointed him Chairman and Managing Director of the Company for a period of two years. Under the Shipping Development Fund Committee (Abolition) Act, 1986, appointment and remuneration of Chairman and Managing Director are to be approved by the Government of India. His remuneration was finalised by your Board on 20th May, 1997.

He is a Fellow Member of The Institute of Cost and Works Accountants of India and has done the Senior Management Programme with the Henley Management College, U. K. Earlier, he was with M/s. Mazagon Dock Ltd. as Director (Finance).

The Board recommends the Resolution for your approval.

The material terms and conditions for the appointment and remuneration of Shri K. Venugopal are given below:

1. Shri K. Venugopal, Chairman and Managing Director, shall perform such duties and exercise such powers as may be assigned to or vested in him, from time to time, subject to the superintendence, control and direction of the Board of Directors.
2. Period : Two years from 25th September, 1996.
3. Remuneration:
 - (i) Salary : Rs. 20,000/- per month.
 - (ii) Perquisites:
 - (a) Housing : Housing accommodation would be provided by the Company. Rs. 700/- per month would be deducted by the Company.
 - (b) Medical Reimbursement : Domiciliary : For self and family on actual basis, on production of Bills, restricted to one month's remuneration, as per Company's rules.
Hospitalisation : Actuals for self and family, restricted to Company's rules.
 - (c) Conveyance : Car for use on Company's business. Use of car for private purposes shall be paid by him to the Company @ Rs. 250/- p.m.
 - (d) Telephone : Telephone provided at residence, personal long distance calls shall be paid by him.
 - (e) Leave Travel Concession : For self and family, anywhere in India, once in a block of two years, as per Company's rules.
 - (f) Leave : As per Company's rules.
4. The terms and conditions of the appointment and/or the Agreement may be altered and/or varied from time to time as may be directed by the Gol and agreed to between the Board and Shri K. Venugopal, within the limits laid down as above.
5. If, at any time, Shri K. Venugopal ceases to be a Director of the Company for any reason whatsoever, he will also cease to be the Chairman and Managing Director.
6. Shri K. Venugopal is concerned or interested in the Resolution to the extent of remuneration receivable by him. No other Director is concerned or interested in the above Resolution.
7. The aforesaid, together with Resolution under Serial No. 3 to the accompanying Notice is and be treated as abstract under Section 302 of the

Companies Act, 1956. The draft agreement to be entered into between the Company and Shri K. Venugopal in respect of his appointment as Chairman and Managing Director is in the standard form and is open for inspection as stated in the Notice.

Item No. 4

Prior to the reconstitution of the Board of Directors of the Company on 14-8-1987, by the Government of India (Gol) under the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986, the Company had borrowed funds/obtained guarantees from the erstwhile Shipping Development Fund Committee (SDFC) for the purpose of acquiring vessels. On account of recession in the shipping industry, the Company started incurring losses from the year 1981-82 and since the year 1982, it was unable to meet its obligations to the erstwhile Shipping Development Fund Committee (SDFC) towards the repayment of principal amounts of the ship acquisition loans/guarantees as also interest accruing thereon. These loans/guarantees obtained from the erstwhile SDFC together with interest thereon are secured by the mortgages of ships of the Company in favour of the Gol in terms of various loan agreements.

For restarting shipping operations from October 1988, the Company obtained working capital loan (Rehabilitation Loan) of Rs. 30 Crores from the Gol. The said loan was secured by English Mortgage over four immovable properties of the Company 'Scindia Sadan', 'Scindia Colony', and 'Scindia House' at Mumbai and 'Walchand Bhavan' at Panchgani.

The English Mortgage on these four immovable properties and a flat in The Lakshmi Mahal Co-operative Housing Society Ltd., Bomanji Petit Road, Mumbai 400 036 were extended by Mortgage Deed dated 7-8-1996 in favour of the Gol as per Resolution passed by the Members at the Annual General Meeting held on 23.9.1994, to secure the shortfall of Rs. 148,69,88,560/- in the ship acquisition loans/guarantees provided by the erstwhile SDFC/Gol for acquisition of vessels and to meet other requirements, together with interest, other charges thereon in terms of various loan agreements.

Over the period, on account of the ageing of the fleet, all the vessels of the Company were sold and the proceeds realised were utilised in repayment of Gol dues. Now, the Company has no vessels and is required to extend the English Mortgage on its real estate properties to source the further amount of Rs. 83,74,21,416/- due on account of loans provided by SDFC/Gol for acquisition of vessels including interest and other charges.

The four immovable properties of the Company — 'Scindia House', 'Scindia Sadan' and 'Scindia Colony' at Mumbai and 'Walchand Bhavan' at Panchgani were offered in English Mortgage to the Gol vide Mortgage Deed dated 19-12-1991 as security for Rehabilitation Loan of Rs. 30 Crores (Rs. 24.25 Crores availed) together with interest thereon, with a power to take over the management of the Company in certain events, as approved by the Shareholders at the Extraordinary General Meeting held on 19-10-1988. The Shareholders have also consented, in terms of Section 293(1)(a) of the Companies Act, 1956, to the Company mortgaging all of its movable and immovable properties, both present and future, for securing any loans/guarantees obtained/to be obtained by the Company from Gol with interest, etc. thereon.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose of, the whole or substantially the whole of the undertaking of a Company. Since the existing English Mortgage on the aforesaid five immovable properties of the Company is sought to be extended, it is necessary for the Shareholders to pass an enabling Resolution under Section 293(1)(a) of the said Act.

All the Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent that all of them are nominees of the Government of India.

The Directors recommend the Resolution for approval of the Shareholders.

The Copies of the documents referred to above, are open for inspection at the Registered Office of the Company from 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the meeting.

By Order of the Board of Directors,
For THE SCINDIA STEAM NAVIGATION CO. LTD.

K. Venugopal
Chairman and Managing Director

Date : 20th August, 1997.

Registered Office :

"Scindia House",
Narottam Morarjee Marg,
Ballard Estate,
Mumbai 400 001.

Directors' Report

To
THE MEMBERS OF
THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

Ladies and Gentlemen,

Your Directors present the 78th Annual Report of the Company with audited Statement of Accounts for the year ended 31st March, 1997.

2. The financial results for the year ended 31st March, 1997, are summarised below :—

	(Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Freight & Charter Hire	603	1809
Other Income	77	198
Surplus on Sale of Assets	1266	1341
	<u>1946</u>	<u>3348</u>
Ships operating expenses and administrative expenses	1346	2131
Profit before Interest and Depreciation	600	1217
Interest	1788	1719
Depreciation	62	107
	<u>(-) 1250</u>	<u>(-) 609</u>
Adjustments relating to prior years	120	106
Loss	<u>(-) 1370</u>	<u>(-) 503</u>

3. Your Company has been operating ageing vessels. During the year, the ships operating income declined to Rs. 603 lakhs from Rs. 1809 lakhs in the previous year, which is mainly due to:

- depressed charter market, and
- operation of only two vessels, one up to 20.9.1996 and the other up to 27.3.1997, as against four vessels during last year (two vessels were in operation for the whole year and the balance two sold during 1995-96). This has resulted in lesser number of total available days — 534 during the year as against 926 days in the previous year.

4. The interest income is lower at Rs. 22 lakhs compared to Rs. 168 lakhs of last year. In the previous year, interest of Rs. 155 lakhs was charged to the Company's subsidiary, Scindia Workshop Ltd. (SWL). Interest has not been charged to SWL for the year. Both the vessels, MV Jalavijaya and MV Jalatapi, were sold during the year for a total price of Rs. 1463 lakhs. The interest expenses of Rs. 1788 lakhs for the year (Rs. 1719 lakhs for the previous year) includes Rs. 549 lakhs penal interest (Rs. 474 lakhs last year) payable to Government of India. The operations of the Company, after considering surplus on sale of assets and interest expenses, have

resulted into a loss of Rs. 1370 lakhs during the year compared to a loss of Rs. 503 lakhs in the previous year.

5. As on 31.3.1997, one matured deposit of Rs. 3,000/- had remained unclaimed despite repeated reminders to the deposit-holder. (We understand that due to own family litigation, they have not claimed refund of the deposit on maturity).

6. The amount outstanding to the erstwhile SDFC/Gol towards loans and interest as on 31.3.1997 is Rs. 218.70 crores. The immovable properties of the Company were already mortgaged to the Gol for Rs. 178.70 crores. All the vessels have been sold. Thus, there is a shortfall in the security to the Gol. The Gol has desired the Company to extend the existing English Mortgage executed in favour of Gol over the immovable properties of the Company for the shortfall in the security of Rs. 83,74,21,416/- being the balance amount required to maintain the security cover with respect to various loans/financial assistance granted by Gol including working capital loan (Rehabilitation Loan) of Rs. 30 crores sanctioned by Gol in 1988 for restarting shipping operations. The Resolution at Sr. No. 4 of the Notice of the ensuing Annual General Meeting placed for your approval is in regard to extension of existing English Mortgage for Rs. 83.74 crores.

7. Consequent upon the reconstitution of the Board by Gol, Shri K. Venugopal was appointed a Director at the Board Meeting held on 25.9.1996, and thereafter at the same meeting he was appointed Chairman and Managing Director. The Resolution at Sr. No. 3 of the said Notice is in regard to his appointment as Chairman and Managing Director of the Company and the remuneration payable to him.

8. Observations of the Auditors:

As regards internal audit system, appropriate steps are being taken to strengthen the Department commensurate with the activities of the Company. In regard to other observations made by them in their report, they are explanatory and apart from what has been stated in this report and in the notes to the accounts, they do not require any further explanation.

9. Subsidiaries:

The accounts of the subsidiaries — Scindia Workshop Ltd. (SWL) and The Eastern Bunkerers Ltd. (EB) — are attached. In case of SWL, possession of its land and buildings at Mazagaon was taken over by the Land Acquisition Officer (MHADA) in May 1997. SWL has filed a winding up petition in the Bombay High Court in May 1997. The Reference filed earlier under Section 18 of the Land Acquisition Act, 1894 for enhancement of compensation is pending in the High Court. The subsidiary is confident of being awarded substantially enhanced amount as compensation. The other subsidiary, EB, has performed better and has proposed 20% dividend for the year 1996-97.

10. Your Company being a shipping company and not a manufacturing company, particulars relating to Conservation of Energy and Technology Absorption are not applicable. The foreign exchange earnings and outgo during the year were as under:—

The Scindia Steam Navigation Co. Ltd.

- (i) Activities relating to export initiatives taken to increase export, development of new export markets for products and services, and export plans ... Not applicable

(ii) Total Foreign Exchange:

Earnings: (including Rs. 100 lakhs saved) ... Rs. 599 lakhs

Used (including Rs. Nil) for payment on Capital Account ... Rs. 475 lakhs

11. Information required to be furnished as per Section 217 (2A) of the Companies Act, 1956, regarding particulars of employees for the year is annexed and forms part of the Report.

12. The employee/management relation has been cordial during the year.

13. Your Directors wish to thank the Ministry of Finance, Ministry of Surface Transport, Reserve Bank of India, The Directorate General of Shipping, The Mercantile Marine Department, Transchart, and SCICI Ltd./ICICI Ltd. (the designated person), Charterers and Brokers and Company's Bankers for their continued support and co-operation.

14. (a) Since the last report, in terms of the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986 (the said Act), Shri N. S. Parulekar, Capt. R. D. Kohli, Shri A. C. Mukherji, Shri S. K. Ojha, and Dr. K. B. L. Mathur ceased to be the Directors of the Company. Shri K. Venugopal, Shri R. Mukundan and Shri D. K. Tyagi were appointed as Directors of the Company. The Board places on record its appreciation of the valuable contributions made by Shri N. S. Parulekar, Shri A. C. Mukherji, Capt. R. D. Kohli, Shri S. K. Ojha and Dr. K.B.L. Mathur during their tenures as the Company's Directors.

- (b) As per the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986, nothing in the Companies Act, 1956, or the Articles of Association of the Company, insofar as it relates to holding any share qualification, age limit, restriction on number of Directors or Directorships, retirement by rotation or removal from office, in respect of Director appointed under the said Act, is applicable to such a Director. Since your Directors are appointed pursuant to the provisions of Section 10 of the said Act, the above provisions of the Companies Act, including retirement by rotation, are not applicable to them.

- (c) Further, under Section 14 of the said Act, the Shareholders of the Company, on whose Board, Directors are appointed under Section 10 of the said Act, do not have the right to nominate or appoint any person to be a Director of the Company and no Resolution passed at any meeting of the Shareholders can be given effect to unless approved by the Central Government.

18. You are requested to appoint Auditors for the ensuing year. M/s. K. S. Aiyar & Co., Chartered Accountants and M/s. N. M. Rajji & Co., Chartered Accountants have furnished certificates under Section 224 (1) of the Companies Act, 1956, of their eligibility for re-appointment. The re-appointment, if made, will have to be by a Special Resolution as required under Section 224 (A) of the Companies Act, 1956.

On behalf of the Board of Directors,
K. VENUGOPAL

August 20, 1997.

Chairman and Managing Director

Auditors' Report

TO
THE SHAREHOLDERS OF
THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

We have audited the attached Balance Sheet of The Scindia Steam Navigation Company Limited as at 31st March, 1997 and the annexed Profit and Loss Account for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above,
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books ;
 - (c) The Balance Sheet and Profit and Loss Account under report are in agreement with the books of account ;
 - (d) Despite continued losses and erosion of equity, Accounts were so far (i. e. till 1995-96 inclusive) prepared on a 'Going concern basis', in the context of some (though substantially curtailed) operations. As at present, shipping operations of the Company stand suspended. However, preparation of accounts on a 'Going concern basis' has been continued in the absence of adequate necessary data for compilation on an alternative basis. Consequently, no adjustment are made in the accounts relating to recoverability of recorded asset amounts and in respect of liabilities as might be necessary for compilation on an alternative basis.
 - (e) The Company has an investment in the form of Equity Share Capital of Rs. 24 lakhs in the subsidiary company, Scindia Workshop Limited.

Also the Company has granted a loan of Rs. 1,800 lakhs (amount outstanding as at 31st March, 1997 - Rs. 1,633 lakhs) to the said subsidiary company. The recoverability of the investment and the loan is, in our opinion, dependent on outcome of the reference made under Section 18 of the Land Acquisition Act, 1894 against the award given by the Special Land Acquisition Officer (MHADA) for the land and buildings acquired by the Government of Maharashtra; and further in the context of the said subsidiary having filed a petition for voluntary winding up in May 1997 in the Bombay High Court under the provisions of the Companies Act, 1956;

- (f) In the current state of affairs, there are inherent limitations and constraints on the detailed review of current assets, advances and current liabilities. These items include balances which are not reconciled which, on eventual reconciliation may necessitate adjustments of a revenue nature, the impact whereof cannot be ascertained with reasonable accuracy.

In our opinion and according to the best of our information and the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to paras (d), (e) and (f) above (Reference Note Nos. 6, 8 and 7 forming part of accounts) and read with other notes thereon give a true and fair view -

- (i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997, and
- (ii) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

For N. M. RAIJI & CO.,
Chartered Accountants

V. V. NERURKAR
Partner
Mumbai, 21st August, 1997.

For K. S. AIYAR & CO.,
Chartered Accountants

MANI A. AIYAR
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our report of even date.

- | | |
|--|---|
| <p>(i) The Company has maintained proper records to show full particulars including quantitative details and the situation of Fixed Assets and the same have been physically verified by the Management and no serious discrepancies have been noticed. In case of Furniture, Fixtures and Office Equipment, itemwise valuation cannot be ascertained.</p> <p>(ii) There has been no revaluation of the Fixed Assets during the year.</p> <p>(iii) The Company's business consists of operating ships and hence does not have stocks of Finished Goods and Raw Materials. The Management has conducted physical verification at reasonable intervals in respect of stores and spare parts.</p> <p>(iv) The procedure followed by the Management for such physical verification is, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>(v) No discrepancies were observed in the physical verification of stores and spare parts conducted by the Management.</p> <p>(vi) Since there is no closing stock, the question of valuation of the same does not arise.</p> <p>(vii) The Company has not taken any loans from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956.</p> <p>(viii) The Company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the Registers maintained under Section 301. There are no Companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956.</p> <p>(ix) The parties to whom the Loan and advances in the nature of loans have been given are generally repaying the principal amounts as stipulated and interest regularly except that in one case of credit granted where the suit filed by the Company for recovery of the amount involved (Rs. 31.62 lakhs) with interest has not yet been decided. In respect of the loan of Rs. 1,633 lakhs granted to a subsidiary company, Scindia Workshop Limited, there is no stipulation as regards repayment and interest though charged up to 1995-96 is not recovered. Instalments and interest where applicable on loans granted to the staff are recovered regularly as per rules of the Company.</p> <p>(x) On the basis of checks carried out in the course of our audit and according to the information given to us, we are of the opinion that there is adequate Internal Control procedure for purchases of stores and spare parts and other assets, commensurate with the size of the Company and the nature of its business. The Company does not have any sale of goods.</p> <p>(xi) There were no transactions of purchase of goods and materials and sale of goods, materials and services during the year, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.</p> | <p>(xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores.</p> <p>(xiii) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.</p> <p>(xiv) The Company does not generate scrap nor does it have any realisable by-products.</p> <p>(xv) In our opinion, the internal audit system of the Company needs to be further strengthened to be commensurate with the size and nature of its business.</p> <p>(xvi) Maintenance of cost records has not been prescribed by the Central Government under Section 209(i)(d) of the Companies Act, 1956.</p> <p>(xvii) The Company has regularly deposited Provident Fund dues with the appropriate authorities. We have been informed that the provisions of Employees' State Insurance Act are not applicable to the Company.</p> <p>(xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1997, for a period of more than six months from the date they became payable.</p> <p>(xix) According to the information and explanations given to us, personal expenses have not been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.</p> <p>(xx) The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, are not applicable to the Company.</p> <p>(xxi) The Company has a reasonable system of recording receipts, issue and consumption of stores.</p> <p>(xxii) In the business of operating ships, the question of allocation of materials and man-hours to relative jobs does not arise.</p> <p>(xxiii) The Company has a reasonable system of internal control and of authorisation at proper levels with necessary control on the issue of stores.</p> |
|--|---|

For N. M. RAIJI & CO.,
Chartered Accountants

V. V. NERURKAR
Partner
Mumbai, 21st August, 1997.

For K. S. AIYAR & CO.,
Chartered Accountants

MANI A. AIYAR
Partner

The Scindia Steam Navigation Co. Ltd.

Balance Sheet as at 31st March, 1997

	Schedule	As at 31st March, 1997 Rupees	As at 31st March, 1996 Rupees
LIABILITIES:			
SHARE CAPITAL	I	18,94,58,620	18,94,58,620
RESERVES AND SURPLUS	II	1,37,27,447	1,37,28,279
SECURED LOANS	III	2,21,84,15,015	2,15,81,16,254
UNSECURED LOANS	IV	18,63,53,325	17,01,06,215
CURRENT LIABILITIES AND PROVISIONS	V	14,97,31,538	15,67,84,832
SECURITY, GENERAL AVERAGE DEPOSITS		—	2,15,138
		<u>2,75,76,85,945</u>	<u>2,68,84,09,338</u>
ASSETS:			
FIXED ASSETS			
Gross Block	VI	89,50,316	27,52,72,006
Less : Depreciation		68,99,641	25,00,56,071
Net Block		20,50,675	2,52,15,935
INVESTMENTS	VII	30,66,472	30,70,472
CURRENT ASSETS, LOANS AND ADVANCES	VIII	27,51,79,694	29,92,20,340
SECURITY, GENERAL AVERAGE DEPOSITS		—	8,30,250
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED) SPECIAL SURVEY EXPENSES		—	1,97,08,428
PROFIT AND LOSS ACCOUNT		2,48,45,31,934	2,34,75,06,743
Less : FREE REVENUE RESERVES DEDUCTED PER CONTRA		71,42,830	71,42,830
(Refer Schedule II)		<u>2,47,73,89,104</u>	<u>2,34,03,63,913</u>
		<u>2,75,76,85,945</u>	<u>2,68,84,09,338</u>

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants
MANI A. AIYAR
Partner.

K. VENUGOPAL

Chairman &
Managing Director

For N. M. RAIJI & CO.
Chartered Accountants
V. V. NERURKAR
Partner.

K. S. CHOKSI
Deputy Gen. Manager (Accounts)

D. K. TYAGI
M. J. SUBBAIAH
U. N. PATEL

} Directors

Mumbai, 21st August, 1997.

20th August, 1997.

Profit and Loss Account for the year ended 31st March, 1997

	Schedule	Current Year Rupees	Previous Year Rupees
INCOME:			
FREIGHT AND CHARTER HIRE		6,02,66,579	18,08,59,727
INCOME FROM INVESTMENT AND DEPOSITS ETC.	IX	21,93,423	1,68,47,036
OTHER INCOME	X	55,36,465	29,74,004
SURPLUS ON SALE OF ASSETS		12,66,17,182	13,41,25,441
TOTAL INCOME:		<u>19,46,13,649</u>	<u>33,48,06,208</u>
EXPENDITURE:			
SHIPS OPERATING EXPENSES	XI	9,93,68,341	18,97,16,016
ADMINISTRATIVE EXPENSES	XII	3,49,46,460	2,29,38,634
INTEREST ON BORROWINGS	XIII	17,88,05,406	17,18,84,595
DEPRECIATION		62,66,335	1,07,46,364
DIRECTORS' FEES AND REMUNERATION		2,64,279	4,42,630
TOTAL EXPENDITURE:		<u>31,96,50,821</u>	<u>39,57,28,239</u>
Loss		12,50,37,172	6,09,22,031
ADJUSTMENTS RELATING TO PRIOR YEARS (NET)		1,19,88,019	(1,05,77,692)
TRANSFERRED FROM INVESTMENT RESERVE		—	24,00,000
LESS : PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT		—	24,00,000
LOSS FOR THE YEAR		<u>13,70,25,191</u>	<u>5,03,44,339</u>
BALANCE BROUGHT FORWARD FROM LAST YEAR'S ACCOUNT		<u>2,34,75,06,743</u>	<u>2,29,71,62,404</u>
BALANCE CARRIED TO BALANCE SHEET		<u>2,48,45,31,934</u>	<u>2,34,75,06,743</u>

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants
MANI A. AIYAR
Partner.

For N. M. RAIJI & CO.
Chartered Accountants
V. V. NERURKAR
Partner.

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Mumbai, 21st August, 1997.

20th August, 1997.