



The Scindia Steam Navigation Co. Ltd.

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81st ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

1999-2000

Annual General Meeting
on Saturday, 30th September, 2000 at 11.00 A.M. at 'Scindia House',
Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001.

THE SCINDIA STEAM
NAVIGATION
COMPANY LIMITED

BOARD OF DIRECTORS

Shri K. Venugopal — *Chairman and
Managing Director*

Shri M. J. Subbaiah (upto 6th July, 2000)

Shri U. N. Patel

Shri Faquir Chand (from 27th July, 1999)

Shri Sunil Arora (upto 24th May, 2000)

Shri G. R. Summan (from 24th May, 2000)



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 Eighty First Annual General Meeting of the Members of The Scindia Steam Navigation Company Limited, will be held at the Registered Office of the Company at 'Scindia House', 6th Floor, Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001, on Saturday, the 30th September, 2000 at 11.00 a.m., to transact the following business:

Ordinary Business:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000, and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
- 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. Rajji & Co., Chartered Accountants, be and are hereby re-appointed Joint Auditors of the Company to hold office from the conclusion of the 81st 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:

- 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 Sections 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 re-appointment of Shri K. Venugopal as Chairman and Managing Director of the Company with effect from 25th September, 2000 for a period of one year, 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(s), if any, as may be required or directed by the Government of India."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all such acts, matters, deeds and things as may be necessary and desirable to implement the foregoing Resolution."

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

K. Venugopal
Chairman and
Managing Director

Date : August 30, 2000.

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

- Notes :**
- 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.
 - An Explanatory Statement as required under Section 173 of the Companies Act, 1956, in respect of Item Nos. 2 and 3 is annexed.
 - The Register of Members and Share Transfer Register will remain closed from August 21, 2000 to September 18, 2000, both days inclusive.
 - The Company's equity shares are listed at The Stock Exchange, Mumbai, (Regional Stock Exchange) Phiroze Jeebhoy Towers, Dalal Street, Mumbai 400 001. The Company has paid annual listing fee to the Stock Exchange for the financial year 2000-2001.

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 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 September 25, 1996. The Board of Directors at the same meeting appointed him Chairman and Managing Director of the Company. His remuneration was approved by the Members at the Annual General Meeting held on September 30, 1998.

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. The Government of India had already conveyed its approval for his appointment and payment of remuneration. His two year term expires on 24.9.2000.

At the meeting of the Board of Directors of the Company held on April 25, 2000, he was re-appointed as Chairman and Managing Director of the Company for a further period of one year from September 25, 2000.

His remuneration has been approved by the Government of India.

The Board recommends the Resolution for your approval.

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

- 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.
- Period : One year from 25th September, 2000
- Remuneration :
 - Salary : Rs. 22,500/- per month.
 - Perquisites :
 - Housing : Company accommodation.
 - Medical Reimbursement (Domiciliary) : For self and family on actual production of bills, subject to a ceiling of one month's salary per year.
 - Conveyance : Car for use on Company's business.
 - Telephone : For use on Company's business; personal long distance calls paid by him.
 - Leave Travel Concession : For self and family, in accordance with the rules of the Company.
 - Leave : 30 days leave on full pay and allowance for every 11 months service.
- The terms and conditions of the said appointment and/or the Agreement may be altered and/or varied from time to time as may be directed by the Government of India and agreed to between the Board and Shri K. Venugopal, within the limits laid down as above.
- 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.
- 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.
- 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.

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

K. Venugopal
Chairman and Managing Director

Date : August 30, 2000

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

The Scindia Steam Navigation Co. Ltd.

Directors' Report

To
THE MEMBERS OF
THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

Ladies and Gentlemen,

Your Directors present the 81st Annual Report of the Company with Audited Statement of Accounts for the year ended 31st March, 2000.

2. The financial results for the year ended 31st March, 2000, are summarised below :—

		Previous Year
	(Rs. in Lakhs)	(Rs. in Lakhs)
Freight and Charter hire.	—	—
Other Income	61	156
Less :		
Administrative expenses.	89	107
Profit/Loss(-) before Interest and Depreciation	(-)28	(+)49
Less :		
Interest	2075	1971
Depreciation	1	1
	(-)2104	(-)1923
Adjustments relating to prior years, etc.	30	78
	<u>(-)2074</u>	<u>(-)1845</u>

3. The last vessel of the Company was sold during March 1997. Since then, in view of various constraints, the Company could not undertake shipping/ shipping-related activities. The other income includes interest income and rent/compensation on Company's real estate properties. The loss is mainly due to interest expense on the loans borrowed.

4. In respect of charter hire due from one charterer, some disputes had arisen. The matter had to be referred initially for arbitration and later on to the Court of Appeal in consultation with the P & I Club. The matter was decided against the Company. An amount of Rs. 53,562/- was provided as doubtful debts in the earlier year. In view of the adverse outcome, the amount due from the Charterer has been adjusted as bad debt against the provision made in the earlier year.

5. As per the leave and licence arrangement, ICICI Ltd., have vacated and handed over possession of the three floors of Scindia House Property on respective dates during the year under review.

6. There is no public deposit unclaimed or outstanding as at 31st March, 2000.

7. Your Company has valuable real estate properties. All the properties are mortgaged to the Government of India as security. In view of the depressed real estate market, the Company could not dispose of any property during the year.

8. Observations of Auditors: In regard to balance of Rs. 31.62 lakhs due from a guarantor bank for sale of a ship to a shipping company, the suit filed in the Bombay High Court is pending. The Company is pursuing the matter. In regard to internal audit system, appropriate steps are being taken to strengthen the department commensurate with the activities of the Company. In respect of other observations made by the Auditors in their Report, the same are explanatory and, apart from what has been stated in this Report and in the Notes to the Accounts, do not require further clarification.

9. As per the amendment to the Companies Act, 1956, the shareholders of the Company are allowed to nominate any person to whom the shares shall be transmitted in the event of the shareholder's death. This facility will reduce the problem normally faced by the legal heirs in getting the shares transmitted in their favour. Nomination Form can be obtained from the Share Department of the Company.

10. The Company has no employees covered under Section 217(2A) of the Companies Act, 1956.

11. Subsidiaries:

The reports and accounts of the subsidiaries — The Eastern Bunkers Ltd., and Scindia Workshop Ltd. are annexed hereto.

12. 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 :—

(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) Foreign Exchange : Earnings	Nil
Used (including Rs. Nil for payment on Capital Account)	Rs. 1.05 Lakhs.

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

14. Your Directors wish to thank the Ministry of Finance, Ministry of Surface Transport, Directorate General of Shipping, Mercantile Marine Department, ICICI Ltd. ('Designated Person'), Company's Bankers, etc. for their support and co-operation.

15. (a) Since the last report, in terms of the provisions of the Shipping development fund Committee (Abolition) Act, 1986, ('the said Act'), Shri Sunil Arora and Shri M. J. Subbaiah ceased to be Directors of the Company. In place of Shri Sunil Arora, Shri G. R. Summan was appointed as Director of the Company. The Board places on record its appreciation of the valuable contribution made by Shri Sunil Arora and Shri M. J. Subbaiah during their tenures as Directors.

(b) As per the provisions of the said Act, 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 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.

16. **Auditors :**

Messrs K. S. Aiyar & Co., and Messrs N. M. Rajji & Co., Chartered Accountants, the Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting. They have given their consent to continue as Auditors if re-appointed. As required under Section 224A of the Companies Act, 1956, a Special Resolution for re-appointment of the Auditors is recommended for adoption.

On behalf of the Board of Directors,

K. VENUGOPAL
Chairman and Managing Director

Mumbai, August 30, 2000.

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, 2000 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 purposes 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) The shipping operations of the company stand suspended. Further, the company has continuously incurred losses and thereby the net worth of the company has been totally eroded and a substantial loss is carried forward as at 31st March, 2000. Despite this, the Accounts of the company have been prepared on a 'Going Concern Basis' in the absence of adequate data and information for its compilation on an alternative basis. Consequently, no adjustments are made in the accounts relating to the recoverability of recorded asset amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the Company. (Refer Note No. 6 forming part of accounts).
 - (e) The Company has granted a loan to Scindia Workshop Limited, the Subsidiary company. Outstanding amount of such loan with accrued interest as at 31st March, 2000 is Rs. 1633 lakhs. In our opinion, the

recoverability of this amount cannot be ascertained at present with reasonable accuracy, as it is dependant 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, particularly in the context of the said subsidiary having filed a petition for voluntary winding up under the provisions of the Companies Act, 1956. (Refer Note No. 8 forming part of accounts).

(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. (Refer Note No. 7 forming part of accounts).

(g) In our opinion, subject to para (d) above, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

In our opinion and to the best of our information and the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject to paras (d), (e) and (f) above the impact of which cannot be ascertained at present, give a true and fair view —

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000, and

(ii) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

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

RAGHUVIR M. AIYAR
 Partner

Mumbai, August 30, 2000.

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

J. M. GANDHI
 Partner

ANNEXURE TO THE AUDITORS' REPORT

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

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|---|---|
| <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 material discrepancies were noticed.</p> <p>(ii) There has been no revaluation of the Fixed Assets during the year.</p> <p>(iii) Since the Company does not hold any stocks during the year, the requirement of Clauses (iii), (iv), (v), (vi) and (xii) of the Order are not applicable to the Company.</p> <p>(iv) 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. The provisions of Section 370 are not applicable to a company with effect from 31st October, 1998.</p> <p>(v) The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the Registers maintained under Section 301. The provisions of Section 370 are not applicable to a company with effect from 31st October, 1998.</p> <p>(vi) The parties to whom the Loans 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 regards repayment. Interest charged upto financial year 1995-96 is also not recovered. Instalments and interest where applicable on loans granted to the staff are recovered regularly as per rules of the Company.</p> <p>(vii) 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 procedures for purchases of fixed 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>(viii) There were no transactions of purchase of goods, materials and services 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>(ix) In our opinion and according to the information and explanations 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>(x) The Company does not generate scrap nor does it have any realisable by-products.</p> <p>(xi) In our opinion, the internal audit system of the Company needs to be strengthened to be commensurate with the size and nature of its business.</p> <p>(xii) Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company.</p> <p>(xiii) 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>(xiv) 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, 2000, for a period of more than six months from the date they became payable.</p> <p>(xv) 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>(xvi) The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, are not applicable to the Company.</p> <p>(xvii) The requirement of Paras 4(B), 4(C) and 4(D) of the Order are not applicable to the Company as there are no such activities carried on by the Company.</p> |
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For K. S. AIYAR & CO.,
 Chartered Accountants

RAGHUVIR M. AIYAR
 Partner

Mumbai, August 30, 2000.

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

J. M. GANDHI
 Partner

Balance Sheet as at 31st March, 2000

	Schedule	Rupees	As at 31st March, 1999 Rupees
SOURCES OF FUNDS:			
SHARE CAPITAL	I	18,94,58,620	18,94,58,620
RESERVES AND SURPLUS	II	1,36,37,236	1,37,18,679
SHAREHOLDERS' FUNDS		20,30,95,856	20,31,77,299
LOANS :			
(a) SECURED	III	2,78,46,11,619	2,57,75,55,130
(b) UNSECURED	IV	16,26,76,321	17,00,82,325
		2,94,72,87,940	2,74,76,37,455
TOTAL FUNDS EMPLOYED		3,15,03,83,796	2,95,08,14,754
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	V	83,55,876	84,42,756
Less : Depreciation		67,45,225	67,14,137
		16,10,651	17,28,619
INVESTMENTS			
CURRENT ASSETS, LOANS AND ADVANCES	VI	5,41,472	6,41,472
Sundry Debtors	VII	—	10,57,870
Cash and Bank Balances		3,34,08,354	2,61,14,435
Loans and Advances		17,80,46,269	20,39,95,743
		21,14,54,623	23,11,68,048
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	VIII	8,13,48,251	9,34,41,813
Provisions		2,35,00,000	2,35,00,000
		10,48,48,251	11,69,41,813
NET CURRENT ASSETS		10,66,06,372	11,42,26,235
PROFIT AND LOSS ACCOUNT		3,04,16,25,301	2,83,42,18,428
		3,15,03,83,796	2,95,08,14,754
Notes forming part of Accounts	XIII		

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants
RAGHUVIR M. AIYAR
Partner.

K. VENUGOPAL

Chairman &
Managing Director

For N. M. RAJI & CO.
Chartered Accountants
J. M. GANDHI
Partner.

K. S. CHOKSI
General Manager

G. R. SUMMAN
FAQUIR CHAND

Directors

Mumbai, August 30, 2000.

August 30, 2000

Profit and Loss Account for the year ended 31st March, 2000

	Schedule	Current Year Rupees	Previous Year Rupees
INCOME:			
FREIGHT AND CHARTER HIRE		—	—
INCOME FROM INVESTMENT AND DEPOSITS ETC.....	IX	46,68,442	1,32,41,855
OTHER INCOME	X	14,05,116	23,48,061
SURPLUS ON SALE OF ASSETS		10,461	—
TOTAL INCOME:		<u>60,84,019</u>	<u>1,55,89,916</u>
EXPENDITURE:			
SHIPS OPERATING EXPENSES		—	—
ADMINISTRATIVE EXPENSES.....	XI	86,93,166	1,04,06,865
INTEREST ON BORROWINGS	XII	20,74,78,918	19,71,15,595
DEPRECIATION		1,16,926	1,39,128
DIRECTORS' FEES AND REMUNERATION		2,52,334	2,69,313
TOTAL EXPENDITURE:		<u>21,65,41,344</u>	<u>20,79,30,901</u>
Loss before prior period adjustments		21,04,57,325	19,23,40,985
PRIOR PERIOD ADJUSTMENTS (NET)		(29,70,452)	(73,33,663)
(Refer Note No. 17)			
PROVISION FOR CONTINGENCIES WRITTEN BACK		—	(5,00,000)
LOSS FOR THE YEAR		<u>20,74,86,873</u>	<u>18,45,07,322</u>
BALANCE BROUGHT FORWARD FROM LAST YEAR'S ACCOUNT		2,83,42,18,428	2,64,97,11,106
TRANSFERRED FROM INVESTMENT RESERVE		(80,000)	—
BALANCE CARRIED TO BALANCE SHEET		<u>3,04,16,25,301</u>	<u>2,83,42,18,428</u>
Notes forming part of Accounts	XIII		

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants
RAGHUVIR M. AIYAR
Partner.

For N. M. RAIJI & CO.
Chartered Accountants
J. M. GANDHI
Partner.

K. S. CHOKSI
General Manager

K. VENUGOPAL

Chairman &
Managing Director

G. R. SUMMAN
FAQUIR CHAND

Directors

Mumbai, August 30, 2000.

August 30, 2000