



The Scindia Steam Navigation Co. Ltd.

Report  Junction.com

82nd ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2000-2001

Annual General Meeting

on Tuesday, 11th September, 2001 at 11.00 A.M. at 'Scindia House',
Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001.

The Scindia Steam Navigation Co. Ltd.

THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

BOARD OF DIRECTORS

Shri K. Venugopal — *Chairman and
Managing Director*

Shri U. N. Patel

Shri G. R. Summan

Shri K. V. Unni (from 9th October, 2000)

Shri Faquir Chand (upto 31st January, 2001)

Shri Pradeep Kumar (from 31st January, 2001)

Auditors:

Messrs K. S. Aiyar & Co.
Messrs N. M. Rajji & Co.

Registered Office:

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

Contents

Page

NOTICE	3
DIRECTORS' REPORT	4
AUDITORS' REPORT	5
BALANCE SHEET	6
PROFIT AND LOSS ACCOUNT	7
SCHEDULES I TO XIII FORMING PART OF THE ACCOUNTS	8-13
CASH FLOW STATEMENT	14
ACCOUNTS OF THE SUBSIDIARY COMPANY :	
SCINDIA WORKSHOP LTD.	15-18

Notice

Notice is hereby given that the Eighty Second Annual General Meeting of The Scindia Steam Navigation Company Limited, will be held at the Registered Office of the Company at 'Scindia House', Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001, on Tuesday, the 11th September, 2001 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, 2001, 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 be and are hereby appointed Auditors of the Company to hold office from the conclusion of the 82nd 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 the 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 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, 2001 for a period of two years, on the terms and conditions as set out in the Draft 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 : June 29, 2001

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

- 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 at its Registered Office 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 and 3 is annexed.
 3. The Register of Members and Share Transfer Register will remain closed from August 24, 2001 to August 29, 2001, both days inclusive.
 4. The Company's equity shares are listed at The Stock Exchange, Mumbai, (Regional Stock Exchange) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The Company has paid annual listing fee to the Stock Exchange for the financial year 2001-2002.

Annexure to 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. Hitherto the Company's accounts were being audited by two firms of Auditors Messrs K. S. Aiyar & Co., Chartered Accountants and Messrs N. M. Rajji & Co., Chartered Accountants. Messrs N. M. Rajji & Co. have expressed their desire to step down. Messrs K. S. Aiyar & Co., have intimated that their 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 by Government of India from September 25, 1996. The Board of Directors at its meeting held on 25.9.1996 appointed him Chairman and Managing Director of the Company. His last appointment was approved by the Members at the Annual General Meeting held on September 30, 2000. 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 present term expires on 24.9.2001.

At the meeting of the Board of Directors of the Company held on June 29, 2001, he was re-appointed as Chairman and Managing Director of the Company for a further period of two years from September 25, 2001. The Company has already approached Government of India for its approval. The terms and conditions remain same as last year. The Board recommends the Resolution for your approval. None of the Directors except Shri K. Venugopal is concerned or interested in the Resolution.

The material terms and conditions for the re-appointment of and remuneration payable to 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, 2001.
3. Remuneration :
 - (i) Salary : Rs. 22,500/- per month.
 - (ii) Perquisites :
 - (a) Housing : Company accommodation.
 - (b) Medical Reimbursement (Domiciliary) : For self and family on actual production of bills, subject to a ceiling of one month's salary per year.
 - (c) Conveyance : Car for use on Company's business.
 - (d) Telephone : For use on Company's business : Personal long distance calls paid by him.
 - (e) Leave Travel Concession : For self and family, in accordance with the rules of the Company.
 - (f) Leave : 30 days leave on full pay and allowance for every 11 months service.
4. 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.
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 re-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 : June 29, 2001

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

Dear Shareholders,

Your Directors present the Eightysecond Annual Report of the Company with Audited Statement of Accounts for the year ended on 31st March, 2001.

2. The last vessel of the Company was sold during March 1997. Since then, the Company could not undertake any shipping/shipping-related activities. The Other Income of Rs. 46 lakhs includes interest income and Rent/Compensation on the Company's real estate properties. The loss is mainly due to interest expense on the loans borrowed. The summarised financial results are given below:—

	Year ended 31.3.2001 Rs. (Lakhs)	Year ended 31.3.2000 Rs. (Lakhs)
Freight and Charterhire	—	—
Other Income	46	61
Less :		
Administrative Expenses	91	89
Profit/Loss (–) before Interest and Depreciation	(–)45	(–)28
Less :		
Interest	2231	2075
Depreciation	1	1
	(–)2277	(–)2104
Adjustment relating to prior years	30	30
	(–)2247	(–)2074

3. Your Company has valuable real estate properties. All the properties are mortgaged to Government of India (GoI) as security.

In regard to the Company's property, "Scindia House" at Ballard Estate, Mumbai, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, GoI, has shown keen interest in the property. As the property is situated on land taken on lease from Bombay Port Trust, the matter is being pursued with Mumbai Port Trust for their No Objection for assignment of leasehold interest.

In regard to the other properties, GoI, the Mortgagee, is taking necessary steps for disposal. The real estate market, at present, is subdued and realisation is expected to be comparatively lower.

4. There is no public deposit unclaimed or outstanding as at March 31, 2001.

5. During the year under review, The Eastern Bunkerers Ltd. ceased to be the subsidiary of the Company. The Report and Accounts of another subsidiary company, Scindia Workshop Ltd. are annexed hereto. During the year, a special loan of Rs. 315 lakhs was released by GoI for settlement of outstanding wages and terminal dues to SWL employees with a cut-off date up to 31.3.1995.

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

7. As the Company has no manufacturing operations, there are no particulars to be furnished with regard to Conservation of Energy and Technology Absorption. The foreign exchange earning was 'Nil'. Foreign exchange outgo was Rs. 1.12 lakhs.

8. Pursuant to the requirements under Section 217(2A) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby stated :

- (i) that in the preparation of the annual accounts for the financial year ended on 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the accounting policies have been selected and applied consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;

- (iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) that annual accounts have been prepared on a 'going concern' basis.

9. Observation of Auditors :

In regard to balance of Rs. 31.62 lakhs due from a guarantor bank in respect of sale of a vessel to a shipping company, the suit filed in the Bombay High Court is pending. The Company is pursuing the matter in the Court. With a view to resolve the matter expeditiously, the Company has approached the concerned Ministry in the Government of India for intervention. In respect of other observations made by the Auditors in the Report, the same are self-explanatory and, apart from what has been stated in the Report and in the Notes to the Accounts, do not require any further clarification.

10. (a) Since the last Report, in terms of the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986, ["the said Act"], Shri Faquir Chand ceased to be a Director of the Company. In his place, Shri Pradeep Kumar was appointed as a Director of the Company. Shri K. V. Unni was also appointed a Director. The Board places on record its appreciation of the valuable contribution made by Shri Faquir Chand during his tenure as a Director on the Board of the Company.

- (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.

- (d) The term of Shri K. Venugopal as Chairman and Managing Director will expire on September 24, 2001. The Board at the Meeting held on June 29, 2001, has approved his re-appointment for a further period of two years on the same terms and conditions. His re-appointment and remuneration payable to him are subject to requisite approval of the Company in a General Meeting and the Central Government under the Shipping Development Fund Committee (Abolition) Act, 1986. The Company has already approached GoI, and its approval is awaited. The Resolution at Sr. No. 3 of the Notice is in regard to Shri. K. Venugopal's re-appointment as Chairman and Managing Director and remuneration payable to him.

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

12. Auditors :

Messrs. K. S. Aiyar & Co., and Messrs. N. M. Rajji & Co., Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting.

Since inception of the Company, the Company's books of accounts were checked by these two firms of Auditors. In view of reduction in the Company's activity, Messrs. N. M. Rajji & Co., Chartered Accountants, have expressed their desire to step down. Messrs. K. S. Aiyar & Co. have given their consent to continue as Auditors, if appointed. As required under Section 224A of the Companies Act, 1956, a Special Resolution for their appointment is recommended for adoption.

On behalf of the Board of Directors,

(K. Venugopal)
Chairman and Managing Director

Mumbai, June 29, 2001.

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, 2001 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) According to the information and explanations given to us and on the basis of written representations taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2001 from being appointed as a director under Section 274 (1) (g) of the Companies Act, 1956.
 - (e) (i) *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, 2001. 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).*
 - (ii) *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, 2001 is Rs. 1949 lakhs. The recoverability of this amount is in our opinion, 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).

- (iii) *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 and on eventual reconciliation may necessitate adjustments of a revenue nature, the impact of which cannot be at present ascertained with reasonable accuracy. (Refer Note No. 7 forming part of accounts).*
- (f) In our opinion, subject to para (e) (i) 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;

Subject to (e) and (f) above and without considering items no (e) (i), (e) (ii) and (e) (iii) above the impact whereof could not be quantified. In our opinion and to the best of our information and according to 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 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, 2001, 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, June 30, 2001.

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

J. M. GANDHI
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 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. There are no companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956.</p> <p>(v) The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the Register 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>(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. 1,949 lakhs granted to a subsidiary company, Scindia Workshop Limited, there is no stipulation as 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) The Company has not accepted any deposit from the public, therefore the provision of Section 58A of the Companies Act, 1956 and rules framed thereunder are not applicable to the Company.</p> <p>(x) The Company does not generate scrap nor does it have any realisable by-products.</p> <p>(xi) In our opinion, the Company's present internal audit system is generally commensurate with the size and nature of its business.</p> <p>(xii) Maintenance of cost records under Section 209(i)(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, 2001, 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> |
|---|---|

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

RAGHUVIR M. AIYAR
Partner

Mumbai, June 30, 2001.

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

J. M. GANDHI
Partner