



# **The Scindia Steam Navigation Co. Ltd.**

## **83rd ANNUAL REPORT AND STATEMENT OF ACCOUNTS**

**2001-2002**

Report  junction.com

**Annual General Meeting**  
on Monday, 30th September, 2002 at 3.00 P.M. at M.C. Ghia Hall,  
Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, 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 (up to 22nd October, 2001)

Shri G. R. Summan (up to 25th January, 2002)

Shri K. V. Unni

Shri Pradeep Kumar

Shri K. H. Vora (from 22nd October, 2001)

Shri P. M. Sirajuddin (from 25th January, 2002)

## FOR INFORMATION OF SHARE HOLDERS

The company's Registered Office, hitherto, had been at "Scindia House", Ballard Estate, Mumbai 400 001 since past over six decades. "Scindia House" property, already mortgaged to Gol as security by way of English Mortgage duly approved by the Shareholders, was sold to Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India, and the company has, accordingly, handed over the "Scindia House" property to CBDT. The process of assignment of "Scindia House" Property in favour of CBDT is in progress and same is expected to be completed shortly.

In view of the foregoing, there was no other alternative for the Company but to relocate its Registered Office. The Board, accordingly, at the Meeting held on 29. 7. 2002 decided to shift the Registered Office of the company from "Scindia House", Narottam Morarjee Marg, Ballard Estate, Mumbai 400 001.

To,

"SCINDIA COLONY", BUILDING NO.III,

SIR M. V. ROAD, OPP. VISHAL HALL,

ANDHERI (EAST), MUMBAI 400 069

Telephone 6848120, 6848121 Telefax 6848120

effective from August 1, 2002.

The company's share department is also functioning from the same premises. All shareholders are requested to kindly take note of the new address of the Registered Office of the Company and be guided accordingly.

## Auditors:

Messrs K. S. Aiyar & Co.

## Registered Office:

Building No. III, Scindia Colony,  
Sir M. V. Road, Andheri (East), Mumbai 400 069.

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## Notice

Notice is hereby given that the Eighty-third Annual General Meeting of The Scindia Steam Navigation Company Limited, will be held on Monday, the 30th September 2002 at 3-00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400 001, to transact the following business:

### Ordinary Business:

- To receive and adopt the Audited Balance Sheet as at 31st March, 2002, 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 be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of the 83rd 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:

- 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 appointment of Shri K. V. Unni as Chairman and Managing Director of the Company, for a period of two years effective from September 16, 2002, on the terms and conditions as set out in the Draft Agreement to be entered into between the Company on the one part and Shri K. V. Unni on the other part, a draft of which is placed before the Meeting, the terms of which 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. V. Unni."

"RESOLVED FURTHER THAT the Board may, subject to the consent of Shri K. V. Unni, 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 28, 2002

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

**Administrative Office :**  
Scindia Colony, Building No. III,  
Sir M. V. Road, Opp. Vishal Hall,  
Andheri, (East),  
Mumbai 400 069.

- 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 at its Administrative Office 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 28, 2002 to September 25, 2002 both days inclusive.
  - The Draft Agreement between the Company and Shri K. V. Unni is available for inspection at the Administrative Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the Meeting.
  - 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, Mumbai for the financial year 2002-2003.

## 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 or re-appointment of Statutory Auditors is required to be made only by passing a Special Resolution. 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. V. Unni was appointed as a Director on the Board of the Company by Government of India on 9.10.2000. As desired by GoI, the Board of Directors at the Meeting held on 28.6.2002 considered his appointment as Chairman and Managing Director of the Company for a period of two years from 16.9.2002 in place of Shri K. Venugopal. The appointment and remuneration payable to him are subject to approval of the Company in a General Meeting and the Central Government. The material terms and conditions for the appointment and remuneration payable to him are given below :-

- Shri K. V. Unni, 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 : Two years from 16.9.2002.
- Remuneration :
 

(i) Salary	: Rs. 22,500/- per month.
(ii) Perquisites :	
(a) House Rent Allowance	: 30% of the salary.
(b) Medical Reimbursement (Domiciliary)	: For self and family on production of actual bills, subject to a ceiling of one month's salary per year.
(c) Hospitalisation Reimbursement	: For self and family as per the rules of the Company.
(d) Conveyance	: Car for use on Company's business.
(e) Telephone	: For use on Company's business : Personal long distance calls paid by him.
(f) Leave Travel Concession	: For self and family, in accordance with the rules of the Company.
(g) 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. V. Unni, within the limits laid down as above.
- If, at any time, Shri K. V. Unni 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. V. Unni 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. V. Unni 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 : June 28, 2002

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

**Administrative Office :**  
Scindia Colony, Building No. III,  
Sir M. V. Road, Opp. Vishal Hall,  
Andheri, (East),  
Mumbai 400 069.

## The Scindia Steam Navigation Co. Ltd.

## Directors' Report

To  
THE MEMBERS OF  
THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

Dear Shareholders,

Your Directors present the Eightythird Annual Report of the Company with Audited Statement of Accounts for the year ended on 31st March, 2002.

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. 34 lakhs includes Interest Income and Rent/Compensation on the Company's real estate properties. Interest income is comparatively lower mainly due to reduction in the interest rates. The loss is mainly due to interest expense on the loans borrowed. The summarised financial results are given below:—

	Year ended 31.3.2002 Rs. (Lakhs)	Year ended 31.3.2001 Rs. (Lakhs)
Freight and Charter hire . . . . .	—	—
Other Income . . . . .	34	46
<b>Less :</b>		
Administrative Expenses . . . . .	78	91
<b>Profit/Loss (-) before</b>		
Interest and Depreciation . . . . .	(-)44	(-)45
<b>Less :</b>		
Interest . . . . .	2271	2231
Depreciation . . . . .	1	1
	(-)2316	(-)2277
Adjustment relating to prior years etc. . . . .	44	30
	(-)2272	(-)2247

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, took keen interest in the same and, accordingly, this property has been sold to them. Pending receipt of No Objection/Permission letter from Mumbai Port Trust, the part consideration amount received from the buyers was deposited in the escrow account with a Bank. The interest of Rs. 118 lakhs earned thereon during the period 1.4.2001 to 31.3.2002 has not been considered as income in the accounts for the year 2001-2002 as No Objection/Permission from Mumbai Port Trust for assignment - a condition precedent for operation of the escrow account - was not received up to 31.3.2002. On receipt of the No Objection/Permission letter and compliance of the terms and conditions as stipulated by MbPT, sale would be considered, resultant profit will be booked and the amount will be repaid to GoI towards the Company's outstanding dues.

In regard to the Company's property, "Scindia Sadan" at Walkeshwar, a public sector financial institution has evinced interest and they have submitted their offer for this property to GoI. Preparation of Sale Agreement, documentation and other formalities are in progress.

In regard to the other three properties of the Company, i.e. "Scindia Colony", Andheri (East), a flat in "Lakshmi Mahal" of The Lakshmi Mahal Co-operative Housing Society Ltd., Bomanji Petit Road, Mumbai 400 036 and the Company's Health Resort at Panchgani, GoI, the mortgagee, is taking necessary steps for their disposal.

4. There is no public deposit unclaimed or outstanding as at March 31, 2002.

5. The Report and Accounts of the subsidiary company, Scindia Workshop Ltd. are annexed hereto.

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 receipt was Rs. 24.20 lakhs. Foreign exchange outgo was Rs. 17.09 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 :

- that in the preparation of the annual accounts for the financial year ended on 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;

- 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
- 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, in 1981 a suit was filed in the Bombay High Court. In view of inordinate delay in the matter, the concerned Ministry in the Government of India was approached for intervention. After due discussion with the guarantor bank, the matter was amicably resolved out of Court and the amount was received from the Bank in April 2002. In respect of other observations made by the Auditors in their Report, the same are self-explanatory and, apart from what has been stated in this Report and in the Notes to the Accounts, do not require any further clarification.

10. Pursuant to clause 49 of the Listing Agreement with The Stock Exchange, Mumbai, a compliance report on Corporate Governance is annexed as part of the Annual Report.

11. (a) Since the last Report, in terms of the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986, ["the said Act"], Shri U. N. Patel and Shri G. R. Summan ceased to be Directors of the Company. The Board places on record its appreciation of the valuable contribution made by them during their tenures as Directors on the Board of the Company. In their place, GoI appointed Shri K. H. Vora and Shri P. M. Sirajuddin as Directors 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) Shri K. Venugopal was re-appointed as Chairman and Managing Director (CMD) by the Members at the last Annual General Meeting held on 11.09.2001. The Board at the meeting held on 28.6.2002, has considered appointment of Shri K. V. Unni as CMD effective from 16.09.2002 in place of Shri K. Venugopal.

Shri K. V. Unni was appointed as a Director on the Board by GoI on 9.10.2000. He is B. Com., CAIIB, AICWA, CFA (USA) and has experience of 35 years. He has retired from ICICI Bank Limited on 1.5.2002. The appointment and remuneration payable to him are subject to requisite approval of the Company in a General Meeting and the Central Government. Resolution at Sr. No. 3 of the Notice is for his appointment. The Directors recommend the Resolution for approval of the Members.

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

#### 13. Auditors :

Messrs. K. S. Aiyar & Co., the Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting. Messrs. K. S. Aiyar & Co. 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 their re-appointment is recommended for adoption.

On behalf of the Board of Directors,

K. Venugopal  
Chairman and Managing Director

Mumbai, June 28, 2002.

## Management Discussion and Analysis

Shipping industry is cyclical and highly capital-intensive.

The Company is, primarily, a shipping company incorporated in 1919. Prior to independence, the Company had to face severe onslaughts from alien shipping lines in the form of freight wars but survived with great determination and courage fired with the spirit of patriotism. It had a glorious past. Unfortunately, with the change of time, being the biggest Indian shipowner of those days, it could not take timely advantage of the technological advancements in the shipping industry as upgrading the entire fleet require huge fresh outlay. The recession in the shipping industry world over during mid-1970s extending to mid-1980s affected adversely shipping business of the Company and, due to paucity of funds progressively the Company's shipping operations came to a stand-still during 1986-87. With the financial assistance extended by the Government of India, the Company restarted its operations from 1988-89, but later on, due to its ships getting aged and because the cost of putting the vessels through special survey became prohibitive in the context of strict compliance enforced by the Classification and other regulatory authorities, there was no other alternative for the Company but to dispose of its ships, one by one, as and when they became due for special survey.

The Company, at present does not have any ship. The Company has five real estate properties — all mortgaged to Government of India as security. At present, the Company has an employee strength of ten.

### CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance :-

#### (A) Corporate Governance :

The Stock Exchange, Mumbai, has by an amendment added clause 49 to the Listing Agreement incorporating "Code of Corporate Governance". The Mandatory features of the code were required to be implemented by the Companies with Paid-up Share Capital of Rs. 10 Crores and above within the financial year 2001-2002, but not later than March 2002. Accordingly, the Company has complied with the mandatory requirements of Corporate Governance in all material aspects. A report on Corporate Governance is given below:

The Company believes in transparency in all its dealings and lays emphasis on regulatory compliance, as far as practicable.

#### (B) Board of Directors :

All the Directors on the Board of the Company are appointed by Government of India (GoI) under the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986. Thus, all the Directors are Nominee Directors of Government of India.

Pecuniary relationship :

None of the Directors has any pecuniary relationship with the Company. Shri K. Venugopal, Chairman and Managing Director of the Company, draws managerial remuneration approved by Government of India; he does not have any other pecuniary relationship with the Company.

The strength of the Board of Directors, as on 31.3.2002, was five. The Chairman and Managing Director is an Executive Director and remaining four Directors are Non Executive Independent Directors. The Chairman and Managing Director is also an "Independent Director" as apart from receiving director's remuneration, he does not have any other pecuniary relationship with the Company.

During the financial year under review, six Board Meetings were held on 30th April, 2001, 16th May, 2001, 29th June, 2001, 26th July, 2001, 22nd October, 2001 and 25th January, 2002.

The Composition of the Board of Directors, their attendance at the Board Meetings during the year under review and at the last Annual General Meeting as also number of other directorships held by them are as per Annexure (\*\*) attached.

#### (C) Committee of the Board :

##### (a) Audit Committee :

This Committee comprises three Directors - Shri K. Venugopal as the Chairman, Shri K. V. Unni and Shri K. H. Vora as the other Members. The Committee was constituted on 26.7.2001.

The brief description of the terms of reference of the Audit Committee is:

To review internal audit reports, to review the statutory auditor's report on financial statements, to generally interact with the internal auditors and statutory auditors, to review the financial statements before submission to the Board.

During the period under review, three meetings of the Audit Committee were held, the dates being 22.10.2001, 25.1.2002 and 25.3.2002. All the three Members attended these meetings.

Shri K. S. Choksi, General Manager, acts as the Secretary of the Committee.

##### (b) Share Transfer Committee :

This Committee consists of two Members - Shri K. Venugopal and Shri K. H. Vora. Shri K. Venugopal chairs the meeting. Shri K. H. Vora became a Member with effect from 22.10.2001 on Shri U. N. Patel ceasing to be a Director/Member.

All the shares received for transfer are registered and despatched within thirty days of receipt if the documents are correct and valid in all respects. The Company has in-house Share Transfer Department. As on 31st March, 2002, no share transfer deeds were pending. During the year under review, no complaint from Shareholder was received. The Company's shares are traded in physical mode only. The Company's shares are listed at The Stock Exchange, Mumbai and the Company has paid the Listing fee for the year 2002-2003. Shri K. S. Choksi, General Manager, is the Compliance Officer. This Committee also looks into the grievances of the Shareholders like transfer/transmission of shares, non-receipt of annual report, etc. The Company's shares are not dematerialised and are traded in physical mode.

Status of Reference/Complaints from 1.4.2001 to 31.3.2002 is given below :-

Status of the Reference/Complaints from 1.4.2001 to 31.3.2002

Sr. No.	Nature of Reference/ Complaints	Received	Resolved	Pending
1.	Change of Address	183	183	--
2.	Bank Mandates	2	2	--
3.	Nomination	17	17	--
4.	Non-receipt of Share Certificates	--	--	--
5.	Transfers	1845	1845	--

#### (C) Remuneration Committee :

The remuneration payable to the Chairman and Managing Director is subject to approval by Government of India. The other Directors are not entitled to any remuneration; and no sitting fee is payable to Directors for attending the Board Meetings or Committee Meetings. Therefore, a Committee for this purpose has not been constituted. The Company has not issued any stock options. The remuneration paid to the Chairman and Managing Director for the year 2001-2002 was Rs. 2.78 lakhs.

#### (D) Board Procedure :

The Members of the Board are being provided with the requisite information mentioned in the Listing Agreement well before the Board Meetings. All the Directors who are on various Committees are within the permissible limits of the Listing Agreement.

#### (E) General Body Meetings:

The last three Annual General Meetings were held as under :-

Financial Year	Date	Time	Place / Venue
2000-2001	11.9.2001	11.00 A.M.	"Scindia House"
1999-2000	30.9.2000	11.00 A.M.	Narottam Morarjee Marg.
1998-1999	31.8.1999	11.00 A.M.	Ballard Estate, Mumbai - 400 001.

There were no special resolutions required to be passed through Postal Ballot at the last Annual General Meeting. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

#### (F) Other Disclosures :

(i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large:

The Board has received disclosures from the Directors relating to their holding of office of directorship in other companies. There were no transactions of material nature between the Company and its Directors and management and their relatives or promoters that may have a potential conflict with the interests of the Company, except for Shri K. Venugopal, Chairman and Managing Director, receiving managerial remuneration approved by Government of India.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by The Stock Exchange, Mumbai, or The Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years. None

#### (G) Means of communication :

(i) whether half-yearly report sent to each household of shareholders. — No

(ii) Quarterly Results : Quarterly results are published in two newspapers and sent to The Stock Exchange. Names of the newspapers "Free Press Journal" and "Navshakti".

(iii) Any website displayed: No

(iv) Whether Management Discussion and Analysis Report is a part of the Annual Report : Yes

(v) Presentation made to Institutional Investors or Analysis No

#### (H) Appointment of Directors :

During the year under review, Shri K. H. Vora and Shri P. M. Sirajuddin were appointed as Directors by Government of India under the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986. Brief information regarding these two Directors is given below :-

Shri K. H. Vora, aged 57 years, is on the Board of the Company as a Nominee Director of GoI. He is the General Manager of Bank of India. He is on the Board of Central Depository Services (India) Ltd. and Kamani Tubes Ltd. as Bank of India nominee. He is Chairman of Audit Committee of Central Depository Services (India) Ltd. He is also a Member of the Business Development Committee, Depository Participants Admission Committee and Disciplinary Action Committee of the said Company.

Shri P. M. Sirajuddin, aged 57 years, is the Director in the Department of Economic Affairs, Ministry of Finance (Banking Division), GoI. He is on the Board of the Company as a Nominee Director of GoI.

#### (I) General Shareholders Information :

(i) 83rd Annual General Meeting

Date : September 30, 2002  
Time : 3.00 P.M.  
Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400 001

(ii) Financial calendar :

Results for the quarter ending  
June 2002 end July 2002  
September 2002 end October 2002  
December 2002 end January 2003  
for the quarter ending March 2003 end June 2003

(iii) Dividend declared

NIL

(iv) Book closure period : 28.8.2002 to 25.9.2002 (both days inclusive).



## The Scindia Steam Navigation Co. Ltd.

- (v) Listing on Stock Exchange :  
The Company's shares are listed on The Stock Exchange, Mumbai. The annual listing fee for the year 2002-2003 has been paid.  
Stock Code B.S.E. 1887
- (vi) Market Price Data :  
The high and low price of the Company's share during the months April 2001 to March 2002 are as under :

Listed with		The Stock Exchange, Mumbai		
Month		Rate per Share of Rs. 20/- face value		
		High	Low	Monthly Volume
April	2001	Rs. 2.30	Rs. 1.15	4,640
May	2001	Rs. 1.05	Rs. 0.85	4,736
June	2001	Rs. 0.90	Rs. 0.65	1,352
July	2001	Rs. 1.10	Rs. 1.10	1,639
August	2001	..	..	29,099
September	2001	..	..	3,342
October	2001	Rs. 2.00	Rs. 1.35	8,138
November	2001	Rs. 2.50	Rs. 2.50	34,464
December	2001	Rs. 3.10	Rs. 3.10	12,194
January	2002	..	..	13,642
February	2002	..	..	1,217
March	2002	..	..	3,842
				1,18,305

- (vii) Performance in comparison to broad-based indices - BSE :  
In view of low volume and less transactions, particularly no trading from January 2002, comparison of share's market price vis a vis BSE Sensex is not given.
- (viii) The Company has In-house Share Transfer Department.
- (ix) Distribution of Shareholding :

The Distribution of shareholding as on 31st March, 2002 was as follows:-

Shareholding	Shareholders		Shareholding	
	Numbers	% to total	Numbers	% to total
Up to 500	49,822	96.45	38,02,189	40.14
501 to 1000	1,174	2.27	8,82,380	9.31
1001 to 2000	422	0.82	5,97,785	6.31
2001 to 3000	92	0.18	2,22,367	2.35
3001 to 4000	49	0.09	1,70,265	1.79
4001 to 5000	29	0.06	1,34,122	1.42
5001 and above	67	0.13	36,63,823	38.68
Total	51,655	100.00	94,72,931	100.00

- (x) The Shareholding pattern as on 31st March, 2002 was as follows :-

Category	No. of Shares	% to total
Individuals	62,94,031	66.45
Bodies Corporate	3,14,669	3.32
Financial Institutions, UTI & Nationalised Banks	8,92,662	9.42
Insurance Companies	18,45,562	19.48
Non-Resident Indians/ Overseas Corporate Others	1,18,488 7,519	1.25 0.08
Total	94,72,931	100.00

- (xi) The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.
- (xii) The Company's shares are traded in physical mode. The Company's shares are not dematerialised.
- (xiii) Plant location : The Company is a shipping company.
- (xiv) In regard to observations made by the Auditors for an amount of Rs. 31.62 lakhs outstanding from a shipping company for which a suit was filed, it may be stated that with the intervention of the concerned Ministry of Government of India. Out of Court Settlement was reached and the amount has since been recovered. Regarding other observations made by the Auditors in their Report, they are explanatory.
- (xv) Address for correspondence : All correspondence from the Shareholders be addressed to the Share Department of the Company.  
Address : Building No. III, Scindia Colony, Sir M. V. Road, Andheri (E), Mumbai 400 069.  
Telephone No. : 6848121 Fax No. : 6848120

### ANNEXURE \*\*

Directors	Category of Directorship	Board Meetings attended	Attendance at the last A.G.M. as CHAIRMAN	No. of Directorships in other Companies as DIRECTOR	No. of Committee Position held in other Companies as CHAIRMAN	No. of Committee Position held in other Companies as MEMBER
Shri K. Venugopal	E D	6	Yes	1 (a)	—	—
Shri K. V. Unni	NED	5	Yes	—	2 (b)	—
Shri Pradeep Kumar	NED	4	Yes	—	2 (c)	—
Shri K. H. Vora (from 22.10.2001)	NED	2 (i)	N.A.	—	2 (d)	1
Shri P. M. Sirajuddin (from 25.1.2002)	NED	1 (ii)	N.A.	—	—	—
Shri U. N. Patel (up to 22.10.2001)	NED	4 (iii)	Yes	—	—	—
Shri G. R. Summan (up to 25.1.2002)	NED	1 (iv)	No	—	—	—

ED - Executive Director NED - Non-Executive Director

- (a) Scindia Workshop Limited
- (b) Birla VXL Ltd. and Kirloskar Systems Ltd
- (c) Hooghly Docking & Port Services Ltd., and Hindustan Shipyard Ltd.
- (d) Central Depository Services (India) Ltd., and Kamani Tubes Ltd.
- (i) Shri K. H. Vora was appointed on 22.10.2001 and he attended both the Board Meetings held thereafter.
- (ii) Shri P. M. Sirajuddin was appointed on 25.1.2002 and he attended one Board Meeting held thereafter.
- (iii) Shri U. N. Patel ceased to be a Director on 22.10.2001 and he attended all Board Meeting held prior thereto.
- (iv) Shri G. R. Summan ceased to be a Director on 25.1.2002 and he attended one Board Meeting held prior thereto.

### Auditors' Certificate on Corporate Governance

The Members,  
The Scindia Steam Navigation Co. Ltd.,  
Mumbai 400 038.

We have examined the compliance of conditions of Corporate Governance by **The Scindia Steam Navigation Co. Ltd.**, for the financial period ended March 31, 2002, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. S. Aiyar & Co.,  
Chartered Accountants

Mumbai  
Dated: 29th June, 2002

RAGHUVIR M. AIYAR  
Partner

# Auditors' Report

TO  
THE SHAREHOLDERS OF  
THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

**Report on the Accounts for the year ended on 31st March, 2002 in compliance with Section 227 (2) of the Companies Act, 1956**

We have audited the attached Balance Sheet of The Scindia Steam Navigation Company Limited as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of provisions 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.

Further to our comments in the annexure referred to above, we report that:

- We have obtained all the information and the explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 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 those books.
- The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the Company's books of account.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- We are informed that in terms of clarification issued by Ministry of Finance, Justice and Company Affairs, Department of Company Affairs, Government of India Vide General circular No. 8 dated 22nd March, 2002, the directors of the Company are not subject to any disqualification under section 274(1)(g) of the Companies Act, 1956, as their appointment is made by the Government of India;

- 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, 2002. 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)
  - 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, 2002 is Rs. 1949 Lakhs. The recoverability of this amount 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, particularly in the context of the said subsidiary having filed petition for voluntary winding up under the provisions of the Companies Act, 1956 (Refer note no. 8 forming part of accounts)
  - 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 adjustment of a revenue nature, the impact of which cannot be at present ascertained with reasonable accuracy. (Refer note no. 7 forming part of accounts)
- We further report that subject to f, g and h above, the effect of which 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
  - in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

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

RAGHUVIR M. AIYAR  
Partner

Mumbai, June 29, 2002.

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

In our opinion and on the basis of such checks of the books and records as we considered appropriate, and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that:

- The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets and the same have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- None of the fixed assets have been revalued during the year.
- Since the Company does not hold any stock during the year, the requirement of clauses (iii, iv, v, vi and xii) of the Order are not applicable to the Company.
- 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 of the Companies Act, 1956 are not applicable to a company with effect from 31.10.1998.
- The Company has not given any loans to the 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 31.10.1998.
- The parties to whom the loans and advances in the nature of loan has been given are generally repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable except in one case of credit granted where the suit filed by the Company for the recovery of the amount involved (Rs. 31.62 Lakhs) with interest was not decided as at the year end but we are informed that the same has been decided in favour of the Company after 31.03.2002 and the amount has since been recovered alongwith interest. In respect of the Loan of Rs. 1949 Lakhs granted to Subsidiary Company, Scindia Workshop Limited; there is no stipulation as regards repayment. Interest charged up to financial year 1995-96 is also not recovered. Installment and interest where applicable on loans granted to the staff are recovered regularly as per rules of the Company.
- On the basis of checks carried out in course of our audit and according to the information given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of fixed assets. The Company does not have any sale of goods.

- There were no transactions of purchase of goods, materials and services and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
- The Company has not accepted any deposits from the public, therefore the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder are not applicable to the Company.
- The Company does not generate scrap nor does it have any realisable by-product.
- In our opinion, the Company's present internal audit system is generally commensurate with the size and nature of its business.
- The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company.
- The Company was regular in depositing 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.
- No undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2002 for a period of more than six months from the date on which they became payable.
- No personal expenses have been charged to the Profit and Loss account other than those payable under contractual obligation or in accordance with the generally accepted business practices.
- The provisions of the Sick Industrial Companies (Special Provisions) Amendment Act, 1985 are not applicable to the Company.
- The requirements 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.

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

RAGHUVIR M. AIYAR  
Partner

Mumbai, June 29, 2002.

The Scindia Steam Navigation Co. Ltd.

**Balance Sheet as at 31st March, 2002**

	Schedule	As at 31st March, 2002 Rupees	As at 31st March, 2001 Rupees
<b>SOURCES OF FUNDS:</b>			
SHARE CAPITAL .....	I	18,94,58,620	18,94,58,620
RESERVES AND SURPLUS .....	II	1,31,97,236	1,31,97,236
SHAREHOLDERS' FUNDS .....		20,26,55,856	20,26,55,856
LOANS :			
(a) SECURED .....	III	3,26,65,48,003	3,03,81,58,544
(b) UNSECURED .....	IV	—	16,26,76,321
		3,26,65,48,003	3,20,08,34,865
TOTAL .....		3,46,92,03,859	3,40,34,90,721
<b>APPLICATION OF FUNDS :</b>			
FIXED ASSETS .....	V		
Gross Block .....		75,41,530	79,00,730
Less : Depreciation .....		61,39,592	64,03,116
		14,01,938	14,97,614
INVESTMENTS .....	VI	1,01,472	1,01,472
CURRENT ASSETS, LOANS AND ADVANCES .....	VII		
Cash and Bank Balances .....		3,98,99,002	2,74,65,999
Loans and Advances .....		21,16,87,252	21,04,43,385
		25,15,86,254	23,79,09,384
Less :			
CURRENT LIABILITIES AND PROVISIONS .....	VIII		
Current Liabilities .....		25,38,36,873	7,87,87,118
Provisions .....		2,35,00,000	2,35,00,000
		27,73,36,873	10,22,87,118
NET CURRENT ASSETS .....		(-) 2,57,50,619	13,56,22,266
PROFIT AND LOSS ACCOUNT .....		3,49,34,51,068	3,26,62,69,369
TOTAL .....		3,46,92,03,859	3,40,34,90,721
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

K. S. CHOKSI  
General Manager

P. M. SIRAJUDDIN  
K. H. VORA

} Directors

Mumbai, June 29, 2002.

Mumbai, June 28, 2002.



## Profit and Loss Account for the year ended 31st March, 2002

	Schedule	Current Year Rupees	Previous Year Rupees
<b>INCOME:</b>			
FREIGHT AND CHARTER HIRE .....		—	—
INCOME FROM INVESTMENT AND DEPOSITS ETC. ....	IX	28,28,769	33,05,252
OTHER INCOME .....	X	5,55,207	13,32,103
SURPLUS ON SALE OF ASSETS .....		9,412	12,253
<b>TOTAL INCOME:</b>		<b>33,93,388</b>	<b>46,49,608</b>
<b>EXPENDITURE:</b>			
SHIPS OPERATING EXPENSES .....		—	—
ADMINISTRATIVE EXPENSES .....	XI	75,82,487	88,03,179
INTEREST ON BORROWINGS .....	XII	22,70,51,701	22,31,39,459
DEPRECIATION .....		86,504	99,936
DIRECTORS' FEES AND REMUNERATION .....		2,78,157	2,71,220
<b>TOTAL EXPENDITURE:</b>		<b>23,49,98,849</b>	<b>23,23,13,794</b>
Loss before prior period adjustments .....		23,16,05,461	22,76,64,186
PRIOR PERIOD ADJUSTMENTS (NET) .....		(44,23,762)	(25,80,118)
(Refer Note No. 17)			
LOSS FOR THE YEAR .....		22,71,81,699	22,50,84,068
BALANCE BROUGHT FORWARD FROM LAST YEAR'S ACCOUNT .....		3,26,62,69,369	3,04,16,25,301
TRANSFERRED FROM INVESTMENT RESERVE .....		—	(4,40,000)
BALANCE CARRIED TO BALANCE SHEET .....		3,49,34,51,068	3,26,62,69,369
Basic Earnings Per Share of Rs. 20/- .....		(-) 23.98	(-) 23.76
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

K. S. CHOKSI  
General Manager

P. M. SIRAJUDDIN  
K. H. VORA

} Directors

Mumbai, June 29, 2002.

Mumbai, June 28, 2002.