



The Scindia Steam Navigation Co. Ltd.

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86th ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

2004-2005

Annual General Meeting

on Wednesday, 3rd August, 2005 at 11.30 A.M. at M.C. Ghia Hall,
Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.

THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

BOARD OF DIRECTORS

Shri D. A. Biwalkar — *Chairman and
Managing Director*
(from 26.03.2005)

Shri Dinesh Kumar

Shri G. Srinivas

Smt. Margaret Gangte (from 23-06-2005)

Shri K. V. Unni — *Chairman and
Managing Director*
(upto 25-3-2005)

Shri B. D. Berwal (upto 23-6-2005)

Shri M. K. Malhotra (upto 29-10-2004)



**JALANATH
THE LORD OF THE SEA**

Auditors:

Messrs K. S. Aiyar & Co.

Registered Office:

Scindia Colony, Building No.III,
Sir M.V. Road, Opp. Vishal Hall,
Andheri (East), Mumbai 400 069.
Tel : 022-26848120 - 8121
Fax : 022- 2684 8587

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Notice

NOTICE is hereby given that the Eighty-sixth Annual General Meeting of The Scindia Steam Navigation Company Limited, will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai 400 001, on Wednesday, the 3rd August, 2005 at 11-30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 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 modification, 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 86th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, and the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

Special Business

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

"RESOLVED THAT pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the limits specified in Section 198 and 309 and other applicable provisions, if any, of the Companies Act, and Schedule XIII to the Companies Act, 1956, approval of the Company be and is hereby accorded to the extension of term of office of Shri K.V. Unni, Chairman and Managing Director from September 16, 2004 to March 25, 2005, as set out in the Explanatory Statement annexed to the Notice.

4. 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 Section 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 D.A. Biwalkar as Chairman and Managing Director of the Company, for a period of one year from March 26, 2005, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice."

"RESOLVED FURTHER THAT the Board may, subject to the consent of Shri D.A. Biwalkar, accept alteration and / or modification, 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.,

D. A. Biwalkar
Chairman and Managing Director

Date: June 23, 2005.

Registered Office:

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

- 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 No. 2,3 and 4 is annexed.
 3. The Register of Members and Share Transfer Register will remain closed from July 28, 2005 to August 1, 2005, 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 2005-2006.

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. 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

3. The Members at the 83rd Annual General Meeting held on September 30, 2002 had approved the appointment of Shri K. V. Unni as Chairman and Managing Director (CMD) of the Company for a period of two years from September 16, 2002. The said Resolution containing payment of remuneration was approved by Government of India (Gol)/ICICI Bank Ltd. (Designated Person on behalf of Gol under the Shipping Development Fund Committee (Abolition) Act, 1986, as amended.

The Two-year period expired on September 15, 2004. Pending receipt of further communication in this regard and to meet administrative convenience and to avoid any vacuum, as desired by Gol, the Company continued availing his services on the same terms and conditions.

on receiving information from Gol, ICICI advised the Company that it was decided to extend his appointment as CMD for a further period up to March 25, 2005.

The Board of Directors of the Company at its meeting held on March 24, 2005, accordingly, passed a resolution extending the tenure of his office up to March 25, 2005 on the same terms and conditions as approved by the Members, as aforesaid, at the 83rd Annual General Meeting held on September 30, 2002.

Shri K.V. Unni is concerned or interested in the Resolution to the extent of remuneration for the aforesaid period. No other Director is concerned or interested in the resolution.

The aforesaid together with the resolution at Sr. No. 3 may be regarded as relevant extract under section 302 of the Companies Act, 1956. The relevant resolution passed by the Board at the Meeting held on March 24, 2005 is available for inspection by Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day up to the date of the Annual General Meeting.

4. As desired by Government of India (Gol), the Board of Directors of the Company at the Meeting held on March 24, 2005 appointed Shri D.A. Biwalkar as Chairman and Managing Director of the Company for a period of one year from March 26, 2005 in place of Shri K. V. Unni. The appointment and remuneration payable to him are subject to approval of the Company in a General Meeting. The remuneration payable is the same as approved by the Members at the Annual General Meeting of the Company held on September 30, 2002 in case of Shri K. V. Unni, CMD. The material terms and conditions for the appointment and remuneration payable to Shri Biwalkar are given below :

1. Shri D. A. Biwalkar, 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 : One year from March 26, 2005
3. 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 : 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, as per the rules of the Company.
 - (g) Leave : 30 days leave on full pay and allowance for 11 months service.
4. The terms and conditions of the said appointment may be altered and/or varied from time to time as may be directed by the Gol and agreed to between the Board and Shri D.A. Biwalkar within the limits laid down as above.
5. If, at any time, Shri D.A. Biwalkar 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 D.A. Biwalkar 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 the Resolution under Serial No. 4 to the accompanying Notice is and be treated as abstract under Section 302 of the Companies Act, 1956. Relevant resolution passed by Board of Directors of the Company at the Meeting held on March 24, 2005 for his appointment as CMD is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day up to the date of the Annual General Meeting.

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

D. A. BIWALKAR
Chairman and Managing Director

Date : June 23, 2005

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

The Scindia Steam Navigation Co. Ltd.

Directors' Report and Management Discussion & Analysis

TO

THE MEMBERS OF THE SCINDIA STEAM NAVIGATION COMPANY LIMITED.

Dear Shareholders,

Your Directors present the Eightysixth Annual Report on the Company with Audited Statement of Accounts for the year ended March 31, 2005.

2. (i) Since April 1997, the Company could not undertake any shipping/shipping-related activity. Operations related primarily to maintenance and sale of Company's properties. The financial results for the year ended 31.3.2005 show loss of Rs. 1094 lakhs as against loss of Rs. 544 lakhs for the last year. Results are summarised below :

	2004-2005 (Rs. Lakhs)	2003-2004 (Rs. Lakhs)
Freight and Charter hire		
Other Income	123	23
Surplus on sale of assets	718	1395
	<u>841</u>	<u>1418</u>
Less:		
Administrative Expenses	40	40
Profit/Loss (-) before		
Interest and Depreciation	(+)801	(+)1378
Less :		
Interest	1895	1922
Depreciation	-	-
Profit (+)/Loss (-) for the year	<u>(-) 1094</u>	<u>(-) 544</u>

- (ii) As informed earlier, all the real estate properties of the Company are mortgaged to Government of India (Gol) as security.

As you are aware, the sale of the "Scindia House" property to Income-Tax Department was accounted in the financial year 2002-2003. The balance receivable as on 31.3.2004 of Rs. 2565 lakhs has been received, and it was remitted to Gol towards the Company's outstanding dues. As informed in the last year's Report, the final consideration of "Scindia House" property was dependent on finalisation of lease rent by Mumbai Port Trust (MbPT) based on the Supreme Court decision dated January 13, 2004 in civil appeals filed by the Mbpt-lessees. MbPT has now finalised charging of lease rent for the above property and accordingly, in view of reduction in the lease rent, an amount of about Rs. 717 lakhs would be due from the I.T. Department. The I.T. Department has referred the matter to Gol for approval. The matter is being followed up with the I.T. Department and Gol.

- (iii) In respect of remaining three properties, Gol has already initiated steps for disposal.
- (iv) The Company presently has only three temporary personnel on contract basis.
3. There is no public deposit unclaimed or outstanding as at March 31, 2005.
4. (i) As you are aware, after the acquisition of land and buildings of the Company's 100% subsidiary, Scindia Workshop Ltd., (SWL) by the State Government for expansion of Mazagon Dock Ltd., in May 1988, there has been no ship repair activity for the past several years and there was no change in the position during the year under review.
- (ii) The Code of Corporate Governance was reviewed by the Audit Committee comprising three Directors. A report on Corporate Governance, along with Auditors' certificate thereon is annexed to this Report.
- (iii) The consolidated financial accounts, duly incorporating the financial results of the subsidiary, SWL, are annexed. Accounts of SWL are not annexed. However, any Shareholder desiring a copy may write to the Company.
5. The Company has no employees covered under Section 217 (2A) of the Companies Act, 1956.
6. Having no manufacturing activity, there is nothing to report regarding Conservation of Energy and Technology Absorption. There was no foreign exchange receipt or payment during the year under review.
7. Directors' declaration :
- Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, it is hereby stated :

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (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.

8. Observations of Auditors :

In respect of observations made by the Auditors in their 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.

9. (a) During the year under review, the Government of India (Gol), in terms of provisions of the Shipping Development Fund Committee (Abolition) Act, 1986, as amended, ["the said Act"], appointed Shri D.A. Biwalkar as Chairman and Managing Director (CMD) from March 26, 2005 in place of Shri K. V. Unni and Shri B.D. Berwal as Director in place of Shri M. K. Malhotra, Shri K. V. Unni was a Director from October 9, 2000 and Gol appointed him as CMD from September 16, 2002. Since the close of the year, Gol appointed Smt. Margaret Gangte, Under Secretary, Ministry of Finance, Banking Division, in place of Shri B. D. Berwal. She joined the Board on June 23, 2005. The Board places on record its appreciation for the valuable contribution made by Shri K. V. Unni, Shri M. K. Malhotra and Shri B. D. Berwal during their tenure as Director (s)/CMD on the Board of the Company.

Item No. 3 of the accompanying Notice for the 86th AGM pertains to remuneration payment to Shri K. V. Unni, CMD, for the extended period from September 16, 2004 to March 25, 2005 on the same terms as approved by Members at the 83rd AGM held on September 30, 2002. Item No. 4 of the Notice is for appointment of Shri D. A. Biwalkar as CMD from March 26, 2005 for a period of one year on the same terms as approved by the Members at the 83rd AGM held on September 30, 2002 for Shri K. V. Unni.

Both these appointments have been made by Gol. The Board recommends both the items for your approval.

- (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.

10. Your Directors wish to thank the Ministry of Finance, Ministry of Shipping, ICICI Bank Limited (Designated Person), Company's Bankers, employees, etc. for their support and co-operation.
11. 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 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,
For THE SCINDIA STEAM NAVIGATION CO. LTD.

D.A. Biwalkar
Chairman and Managing Director

Mumbai, June 23, 2005

Corporate Governance Report

(A) The Company believes in transparency in all its dealings and lays emphasis on regulatory compliance. The Company has complied with the mandatory requirements of Corporate Governance in all material aspects.

(B) Board of Directors:

All the Directors on the Company's Board 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 GoI.

Pecuniary relationship:

None of the Directors has any pecuniary relationship with the Company. Shri D. A. Biwalkar, Chairman and Managing Director (CMD) draws managerial remuneration approved by GoI and he does not have any other pecuniary relationship with the Company.

The Board, as on 31.3.2005, consisted of four Directors. Shri D. A. Biwalkar (CMD) is an Executive Director and the remaining three Directors are Non-Executive Independent Directors. The CMD may also be considered as an 'Independent Director' as, apart from receiving director's remuneration, he does not have any other pecuniary relationship with the Company.

The Composition of the Board and related information as on 31.03.2005 is as follows:-

Name	Executive (ED) Non-Executive (NED)	Board Meetings attended (5)	Attendance at the AGM on 28.12.04	Directorship in other Companies	No. of other Board Committees of which Chairman/Member
Shri K.V.Unni (CMD up to 25.03.2005)	—	5	Yes	1 (a)	—
Shri D. A. Biwalkar (CMD from 26.03.2005)	ED	N. A.	N. A.	—	2 (b)
Shri G Srinivas	NED	5	Yes	—	2 (c)
Shri B. D. Berwal (from 29.10.2004)	NED	1	No	—	1 (d)
Shri Dinesh Kumar	NED	—	No	2 (e)	—
Shri M. K. Malhotra (upto 29.10.2004)	—	2	N. A.	—	—

ED : Executive Director NED : Non Executive Director

- (a) Chairman, Scindia Workshop Limited. (up to 7.4.2005)
- (b) Member of Audit Committee, and Share-related Work Committee of the Company.
- (c) Chairman of Audit Committee and Share-related work Committee of the Company.
- (d) Member of Audit Committee of the Company.
- (e) Director, Hindustan Shipyard Ltd. and Hooghly, Dock & Port Engineers Ltd.

None of the Directors on the Board holds the office of Director in more than 15 companies or Membership of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all Companies.

Board Meetings held during the year:

Five Board Meetings were held during the year ended March 31, 2005 – 22.06.2004, 30.07.2004, 29.10.2004 28.01.2005 and 24.03.2005.

(C) Committees of the Board:

(a) Audit Committee:

The Committee consists of three Directors – Shri G. Srinivas, Shri B. D. Berwal and Shri D. A. Biwalkar. Shri G. Srinivas, Non-Executive Independent Director, acts as the Chairman. Shri B. D. Berwal became a Member of the Committee on 29.10.2004. Shri K. V. Unni was the Member of the Committee up to 25.03.2005 and he attended all four Meetings. Shri D. A. Biwalkar became a Member of the Committee from 26.03.2005.

The terms of reference of the Audit Committee include the matters specified in clause 49 of the Listing Agreement with The Stock Exchange, Mumbai and also matters stated in Section 292A of the Companies Act, 1956,

generally commensurate with the size and nature of the Company's business. The Audit Committee reviews the financial statements before submission to the Board.

During the period under review, four meetings of the Audit Committee were held on 22.06.2004, 30.07.2004, 29.10.2004 and 28.01.2005. The first two Meetings were attended by two Members. The Chairman of the Committee was present in all four Meetings. Shri K. S. Choksi, General Manager of the Company, acted as the Secretary to the Committee.

(b) Shares related work Committee:

The Committee consists of two Members - Shri G. Srinivas and Shri D. A. Biwalkar. Shri G. Srinivas, a Non-Executive Independent Director, is the Chairman of the Committee. Shri D. A. Biwalkar became the Member of the Committee from 26.03.2005. Before that, Shri K. V. Unni was the Member of the Committee up to 25.03.2005. During the year under review, 22 Meetings of this Committee were held and were attended by both the Members.

The Company's shares are listed on The Stock Exchange, Mumbai under Stock Code BSE 1887. The Company's shares are traded in physical mode and are not dematerialised.

All the shares received for transfer are registered and despatched to the Shareholders within thirty days of receipt if the relevant documents are correct and valid in all respects. As on March 31, 2005, no Share Transfer Deed was pending. During the year under review, no complaint was received from any Shareholder. The Committee also looks into grievances of Shareholders pertaining to transfer/transmission of Shares, non-receipt of Annual Report, etc. Shri K.S.Choksi, General Manager, is the Compliance Officer.

Status of communications received from Shareholders from 01.04.2004 to 31.03.2005 is given below:-

Sr. No.	Nature of request contained in the letter	Letter received	Issue resolved	Action pending
1.	Change of address	127	127	—
2.	Bank Mandate	—	—	—
3.	Nomination	6	6	—
4.	Non-receipt of Share Certificate(s)	—	—	—
5.	Transfers/Transmissions	1869	1869	—

(c) Remuneration Committee:

The remuneration payable to the Chairman and Managing Director, (CMD) is subject to approval by GoI. 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 was not constituted. The remuneration paid to CMD during the year was Rs.4.19 lakhs. The Company has not issued any Stock Options.

(D) Board Procedure:

The Members of the Board are being provided with the requisite information specified in the Listing Agreement well before the Board Meetings.

(E) General Body Meetings:

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

Financial Year	Date	Time	Place / Venue
2003-2004	28.12.2004	11-30 A.M.)	M.C.Ghia Hall,) Bhogilal Hargovindas) Building, 18/20,) Kaikhushroo Dubash) Marg, Mumbai 400 001.
2002-2003	13.9.2003	11-30 A.M.)	— " —
2001-2002	30.9.2002	3-00 P.M.)	— " —

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 needs 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, directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large: