



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

Report  junction.com

**89th ANNUAL REPORT**

**AND**

**STATEMENT OF ACCOUNTS**

**2007-2008**

**Annual General Meeting**

on Friday, July 04, 2008 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*

Shri Dinesh Kumar

Shri G. Srinivas

Shri Makaradhwaj Sahu



**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 : 022-2684 8120 - 8121  
Fax : 022-2684 8587

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

# Notice

Notice is hereby given that the Eighty-Ninth 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), on Friday, the 4th July, 2008 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, 2008 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to authorise the Board of Directors 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 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, 2008, 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: May 26, 2008

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. 3, is annexed.
  3. The Register of Members and Share Transfer Register will remain closed from 20.06.2008 (Friday) to 24.06.2008 (Tuesday), both days inclusive.
  4. The Company's equity shares are listed at Bombay Stock Exchange Ltd, 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 2008-09.
  5. Shareholders are requested to notify any change of address. In case the mailing address mentioned on this Annual Report is without the PINCODE, shareholders are requested to kindly inform their PINCODE.

# Annexure to Notice

(EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956).

Item No.3

3. One year tenure of Shri D.A.Biwalkar as Chairman and Managing Director of the Company expired on March 25, 2008. The Government of India (Gol), has extended his period for one year on the same terms and conditions.

The Board of Directors of the Company at its Meeting held on January 31, 2008 has re-appointed him as Chairman and Managing Director for a period of one year from March 26, 2008 on the same terms and conditions as approved by the Members at the 88th AGM held on August 22, 2007. The re-appointment is subject to approval of the Company in a General Meeting. The material terms and conditions for the appointment and remuneration payable to him 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, 2008.

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 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. 3 to the accompanying Notice is and be treated as abstract under Section 302 of the Companies Act, 1956. Relevant Resolution passed by the Board of Directors of the Company at the Meeting held on January 31, 2008 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: May 26, 2008

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 Ltd.

Dear Shareholders,

Your Directors present the Eightyninth Annual Report on the Company with Audited Statement of Accounts for the year ended March 31, 2008.

- 2 (a) The financial results for the year ended March 31, 2008 show loss of Rs. 1490 lacs compared to profit of Rs. 4564 lacs for the last year. Results are summarised below:

	2007-08	(Rs. lacs) 2006-07
Freight & Charter Hire	—	—
Other Income	24	103
Surplus on sale of a property/Income on transfer of lease properties	411	6301
	435	6404
Less: Administrative expenses	25	27
Expenses in respect of lease properties	28	—
Profit (+)/Loss (-) before Interest and Depreciation	(+) 382	(+) 6377
Less: Interest	1871	1808
Depreciation (Rs. 1,932)	—	—
Profit/Loss before taxation	(-) 1489	(+) 4569
Taxation —	1	—
— MAT liability	—	5
— FBT (Rs.20000)	—	—
Profit/Loss for the year	(-) 1490	(+) 4564

- (b) During the year, the last property mortgaged to the Government of India (Gol) - Flat No. 6 in Lakshmi Mahal Co-operative Housing Society, Bomanji Petit Road, Mumbai 400 036 was sold with the due approval of Gol for Rs. 161 lacs. A sum of Rs. 156 lacs was remitted to Gol towards the Company's dues. Further, in respect of two lease properties, the proposed assignees have paid full amount to the Company and also paid entire liability of Mumbai Port Trust (MbPT) as per liability statement based on the Hon'ble Supreme Court decision dated 13 January, 2004. They have undertaken to deal with MbPT for transfer of leasehold rights in their favour, hence the aggregate amount of Rs. 250 lacs was transferred to Profit and Loss Account; also a sum of Rs. 28 lacs being expense in this regard was transferred to expenses in the Profit and Loss Account. The operations for the year resulted in loss of Rs. 1490 lacs. The accumulated loss is Rs. 282 crores. The profit of Rs. 4564 lacs during the last year was mainly due to sale of two properties of the Company.
- (c) During the year under review, the last property mortgaged to Gol was sold, the outstanding dues to Gol has now been shown as unsecured loan.
- (d) A sum of Rs. 80,000 has been provided in the books as income tax liability. A sum of Rs. 20,000 has been paid towards Fringe Benefit Tax.
- (e) Since April 1997, the Company could not undertake any shipping/shipping related activity. Operations related primarily to maintenance and sale of the Company's properties/compliance of various statutes and regulatory bodies.
- (f) The Company, at present, has only three temporary personnel on contract basis.
2. There is no public deposit unclaimed or outstanding as on March 31, 2008.
3. The code of corporate governance was reviewed by the Audit Committee comprising three Directors. A report on corporate governance is annexed to this Report.
4. The Company has no employee covered under Section 217(2A) of the Companies Act, 1956.
5. Having no manufacturing activity, there is nothing to report regarding Conservation of Energy and Technology Absorption. During the year, no foreign exchange was spent and foreign exchange equivalent to Rs. 11.23 lacs was received from Department of Energy, U.S.A.

## 6. Directors' declaration:

As per the requirement under Section 217 (2AA) of the Companies Act, 1956, it is hereby stated:

- 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;
- 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.

## 7. Observation 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.

8. The Company has one subsidiary company - Scindia Workshop Ltd. The land and buildings were acquired by the State Government in 1988 for expansion of Mazagon Dock Ltd. Hence, thereafter there has been no ship-repair activity. Appeal filed before the Division Bench of the Bombay High Court for enhancement of compensation is pending. The Company has applied to the Ministry of Corporate Affairs, Government of India, New Delhi for approval under section 212 (B) of the Companies Act, 1956 and approval is awaited. Last year the approval was received. Based on the approval letter received, the information of financial results of the subsidiary is annexed. In line with the Accounting Standard 21 (AS21) issued by the Institute of Chartered Accountants of India, the consolidated financial results of the Company, duly incorporating the financial results of the subsidiary are annexed. Any shareholder desiring a copy of the accounts of the subsidiary may write to the Company.
9. (a) Item No. 3 of the accompanying Notice for the 89th AGM pertains to re-appointment of Shri D.A.Biwalkar for a period of one year from March 26, 2008 on the same terms and conditions as approved by the Members at the last AGM held on August 22, 2007. The re-appointment has been approved by Gol. The Board recommends the item for your approval.
- (b) As per the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986, nothing in the Companies Act, 1956, or the Articles of Association of the Company, in so far 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 as per 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 Ltd (Designated Person), Company's Bankers, M/s. ECGC Ltd., owners of Scindia Colony property, employees, etc., for their assistance, 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. They have given their consent to continue as Auditors. The Board recommends the resolution for adoption.

On behalf of the Board of Directors,  
For THE SCINDIA STEAM NAVIGATION CO. LTD.

D.A.Biwalkar  
Chairman and Managing Director

Mumbai,  
May 26, 2008

# 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 its 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.

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

The Company does not have, at present, shipping operations. The day-to-day work is being attended to by three contract officers.

The Board, as on March 31, 2008, consisted of four Directors. Shri D.A.Biwalkar (CMD) is an Executive Director and 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 March 31, 2008 is as follows:-

Name	Executive Director (ED) Non-Executive Director (NED)	Board Meetings attended (5)	Attendance at the AGM held on 22-08-2007	Directorship in other Companies	No. of other Board Committees of which Chairman/Member
Shri D. A.Biwalkar CMD	ED	5	Yes	1 (a)	2 (b)
Shri Dinesh Kumar	NED	—	No	—	—
Shri G. Srinivas	NED	5	Yes	—	2 (c)
Shri Makaradhwaj Sahu	NED	1	No	—	1 (d)

(a) Scindia Workshop Ltd. Chairman

(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.

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 five Committees across all companies.

**Board Meetings held during the year:**

Five Board Meetings were held during the year ended March 31, 2008- on May 28, 2007, June 29, 2007, July 31, 2007, October 30, 2007 and January 31, 2008.

**(C) Committees of the Board:**

**(1) Audit Committee:**

The Committee consists of three Directors: Shri G. Srinivas, Shri Makaradhwaj Sahu and Shri D.A.Biwalkar. Shri G. Srinivas, Non-Executive Independent Director, is the Chairman. Shri Makaradhwaj Sahu, Non-Executive Independent Director is a member.

The terms of reference of the Audit Committee include the matters specified in Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd., 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 year, four meetings of the Audit Committee were held on: June 29, 2007, July 31, 2007, October 30, 2007 & January 31, 2008. The Chairman of the Audit Committee and Shri D.A.Biwalkar attended all four meetings. Shri Makaradhwaj Sahu attended one meeting. Shri N.I.Sheth, Manager of the Company, acts as the Secretary to the Committee.

**(2) Share 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. During the year, 12 Meetings of the Committee were held and were attended by both the Members.

The Company's shares are listed on Bombay Stock Exchange Ltd., under Stock Code 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 30 days of receipt if relevant documents are correct and valid in all respects. As on March 31, 2008, no share transfer deed was pending. During the year, 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 N.I.Sheth, Manager of the Company, acts as the Compliance Officer.

Status of communications received from shareholders for the year 2007-08 is given below:

Sr. No.	Nature of request contained in the letter	Letters received	Issue resolved	Action pending
1.	Change of address	118	118	—
2.	Bank Mandate	—	—	—
3.	Nomination	4	4	—
4.	Non-receipt of Share Certificate(s)	—	—	—
5.	Transfers/Transmissions	9,736	9,736	—

**(D) Remuneration Committee:**

The remuneration payable to the Chairman & Managing Director (CMD), is approved 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. Hence, a Committee for this purpose was not constituted. The remuneration paid to CMD was Rs. 3.51 lacs. The Company has not issued any Stock Options.

**(E) Board Procedure:**

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

**(F) General Body Meetings:**

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Place/venue
2006-07	22.08.2007	11.30 A.M.	{ M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushroo Dubash Marg, Mumbai 400 001.
2005-06	19.09.2006	11.30 A.M.	{ — do —
2004-05	03.08.2005	11.30 A.M.	{ — do —

The Special Resolution regarding appointment of auditors was passed by requisite majority at the Annual General Meetings held on 03.08.2005 and 19.09.2006. There were no special resolutions required to be passed through Postal Ballot at the last AGM. None of the resolutions proposed for the ensuing AGM needs to be passed by Postal Ballot.

**(G) Other Disclosures:**

- (i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or 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.
- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Bombay Stock Exchange Ltd., or the SEBI or any statutory authority on any matter related to capital markets during the last three years:
  - } None.

**(H) Certification of Financial Statements by CMD and Manager**

The Board of Directors, The Scindia Steam Navigation Co., Ltd. Mumbai. Re: Financial Statements for the Financial Year 2007-08. We, D.A.Biwalkar, Chairman and Managing Director, and N.I.Sheth, Manager of The Scindia Steam Navigation Company Ltd., on the basis of review of the financial statements and the cash flow statement for the financial year ended March 31, 2008, and to the best of our knowledge and belief, hereby certify that: