

# The Scindia Steam Navigation Co. Ltd.

**91st ANNUAL REPORT**

**AND**

**STATEMENT OF ACCOUNTS**

**2009-2010**

*[Handwritten signature and illegible text]*

**Annual General Meeting**

On Wednesday, July 28, 2010 at 11.30 A.M. at M.C. Ghia Hall,  
Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.

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# THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

## BOARD OF DIRECTORS

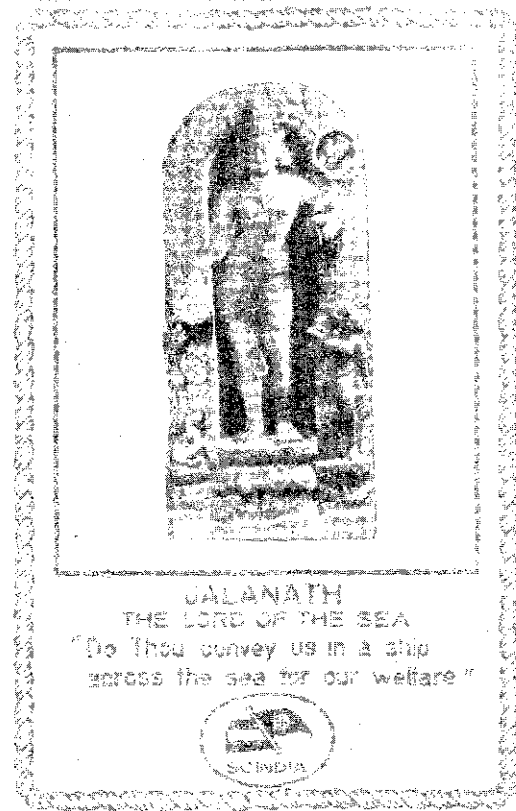
Shri D. A. Biwalkar - Chairman and  
Managing Director

Shri Dinesh Kumar

Shri G. Srinivas

Shri J. S. Phaugat (from 18.08.2009)

Shri Makaradhwaj Sahu (upto 18.08.2009)



## 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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## Notice

Notice is hereby given that the Ninety first 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 28th July 2010 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, 2010 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 the 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, as amended from time to time and subject to the limits specified in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956, and subject to approval of the Government of India, 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, 2010, 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".

4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and rules and regulations there under, or any statutory modification or any amendment or substitution or re-enactment thereof, approval of the Company be and is hereby accorded towards shifting the Registers and Index of Members of the Company under Sections 150 and 151 of the Act and copies of returns prepared under Section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act, or any one or more of them and other related books, from the Registered Office of the Company to the office premises of M/s. Sharex Dynamic (India) Private Limited, Company's Registrar & Transfer Agent ( Registration No. INR 000002102) having their Registered Office at 17/B Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400 001 and/ or at their branch office at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400 072, and/or at such other office(s) of the Registrar and Transfer Agents, within the city of Mumbai".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper and expedient to give effect to the above resolution".

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the company be wound up by the Court under the provisions of Section 433(a), 433(e), 433(f) read with Section 439(1)(a), and other applicable provisions, if any, of the Companies Act, 1956, and that, in this regard, the company do take necessary steps and initiate measures as advised by the Counsels/Solicitors/ Practicing Company Secretary".

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to delegate the powers in the above matter to any Committee or individual Director authorising it/him to take necessary steps including filing petitions, documents and declarations as may be necessary in the matter".

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

**D.A.Biwalkar**  
Chairman and Managing Director

Date: May 28, 2010

### Registered Office:

Scindia Colony, Building No. 3,  
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 Nos. 3, 4 and 5 is annexed.

3. The Register of Members and Share Transfer Register will remain closed from July 06, 2010 (Tuesday) to July 09, 2010 (Friday), (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 2010-11.
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 the Notice:

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

### Item No. 3

One year tenure of Shri D.A.Biwalkar as Chairman and Managing Director of the company as approved by the Shareholders at the 90th Annual General Meeting held on August 18, 2009 expired on March 25, 2010.

The Board of Directors of the company at its Meeting held on January 29, 2010 has re-appointed him as Chairman and Managing Director for a period of one year from March 26, 2010 on the same terms and conditions as approved by the Members at the 90th AGM held on August 18, 2009. The re-appointment is subject to requisite approval of the Company in a General Meeting and the Government of India. 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, 2010.
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 or reimbursement of expenses on company's business.
    - (e) Telephone : For use on company's business. Personal long distance calls to be 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 the 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 be and is 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 29, 2010 for his appointment as CMD is available for inspection at the Registered Office of the Company between 11.00A.M. and 1.00 P.M. on any working day up to the date of the Annual General Meeting.

### Item No. 4

Provision under Section 163 of the Companies Act, 1956 requires that statutory registers and documents such as Register of Members, Index of Members, Register of Debenture holders, copies of all Annual Returns prepared under Section 159 and Section 160 of the Companies Act, 1956, together with the copies of certificates and documents required to be annexed thereto under Section 160 and 161 of the Companies Act, 1956, are required to be kept at the Registered Office of the Company. It also provides that the aforesaid registers and returns may be kept at any other place other than the Registered Office of the Company, if such other place has been approved by the shareholders by Special Resolution at their meeting.

The Board of Directors of the company at the meeting held on September 30, 2009, considered appointment of M/s. Sharex Dynamic (India) Pvt. Ltd., as Registrar and Transfer Agent ('RTA') to carry out from their office premises entire share related work which was hitherto done in-house. After due discussion with RTA, the arrangement of carrying out the work was made effective from October 21, 2009.

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

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The Bombay Stock Exchange Ltd., where the company's shares are listed was advised and as required, advertisements regarding appointment of RTA and their address were released in newspapers.

The Directors recommend passing of the Resolution at Item No. 4 of the Notice as Special Resolution.

None of the Directors of the company is in any way, concerned or interested in this resolution.

### **Item No. 5**

The company has received a communication from M/s. ICICI Bank Ltd., - the Designated Person on behalf of Government of India under SDFC (Abolition) Act, 1986 inter alia directing the company to consider initiating winding up process under the provisions of the Companies Act, 1956.

Accordingly, the Board of Directors of the company at the meeting held on March 30, 2010 passed a resolution in this regard.

As the Members are aware, from 1982-83 onwards the company's financial position started deteriorating and it could not service the ship-acquisition loans availed from the erstwhile SDFC. With a view to protecting interest of all stakeholders, Government of India (Gol) invoked the provisions of SDFC (Abolition) Act, 1986 in August 1987 and reconstituted the Board of Directors by appointing all the Directors. Since then the company is under supervision of the Directors appointed by Gol.

With the financial assistance of Rs. 30 crores extended by Gol, the company could resume shipping operations from October 1988.

The company then had 13 ships. However, they were old and in view of the ageing vessels, it could not recover fully the operating cost, leave aside servicing outstanding ship-acquisition loans availed from Gol. It was incurring losses and as directed by Gol, it started selling of the ships as and when they came to Indian waters for survey repairs. The last ship was sold in March 1997. Thereafter, five real estate properties mortgaged to Gol were sold and net proceeds were remitted to Gol. Today, no tangible assets are left and the company still owes Rs. 299 crores to Gol.

In view of no tangible assets, it is not in a position to repay the outstanding loan amount to Gol nor is in a position to restart shipping operations.

In the circumstances, there is no other alternative but to initiate steps for winding up of the company by Court under the relevant provisions of Section 433 read with Section 439 or under any mode of winding up under the provisions of the Companies Act, 1956.

The Directors recommend passing of the Resolution at Item No. 5 of the Notice as Special Resolution.

None of the Directors is interested or concerned in the Resolution.

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

**D.A. Biwalkar**  
Chairman and Managing Director

Date: May 28, 2010

**Registered Office:**  
Scindia Colony, Building No. 3,  
Sir M. V. Road, Andheri (East),  
Mumbai 400 069.

# Directors' Report and Management Discussion & Analysis

To,

The Members of The Scindia Steam Navigation Company Ltd.

Dear Shareholders,

Your Directors present the Ninety first Annual Report on the company with Audited Statement of Accounts for the year ended March 31, 2010.

1. (a) The financial results for the year ended March 31, 2010 show loss of Rs. 2,019 lacs compared to loss of Rs. 1,945 lacs for the last year. Results are summarised below:

	2009-10	(Rs. Lacs) 2008-09
Freight & Charter Hire	0	0
Other Income	8	14
Sub total	8	14
Less: Administrative Expenses	24	27
Profit (+)/Loss (-) before Interest & Depreciation	(-) 16	(-) 13
Less: Interest	2003	1932
Depreciation (Rs. 791)	0	0
Profit/Loss before taxation	(-) 2019	(-) 1945
Tax provision	0	0
Profit/Loss for the year	(-) 2019	(-) 1945

- (b) The company since April 1997 could not undertake any shipping/shipping related activity. Operations during the year related primarily to compliance of various statutes and regulatory bodies on an on-going basis and resolving of pending issues. As mentioned above, the operations for the year resulted in loss of Rs. 2019 lacs compared to loss of Rs. 1945 lacs in the last year. The accumulated loss is Rs. 322 crores. The outstanding balance to Government of India is Rs. 299 crores. There is an increase of Rs. 71 lacs in interest expenses - Rs. 26 lacs increase on Government of India outstanding balances and Rs. 45 lacs increase on Bank of India/ASREC (India) outstanding balance. Interest on Government of India balances are provided based on loan covenants i.e. interest on principal loan balance and also interest on normal interest outstanding balances.
- (c) The company at present has only three contract officers for attending to day to day work.
2. There is no public deposit unclaimed or outstanding as on March 31, 2010.
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. The entire share related work has been outsourced to M/s. Sharex Dynamic (India) Pvt. Ltd., a SEBI registered Transfer Agent. The arrangement is operative from October 21, 2009. The item No. 4 of the Notice relates to this matter. The Board recommends passing of the resolution for your approval.
6. Since the sale of last ship in March 1997, the shipping activity was not operational. All the five real estate properties mortgaged to Gol were also sold. Still it was a huge liability of Rs. 299 crores to Gol. In view of no operating income, it has been incurring losses and accumulated loss is Rs. 322 crores.

The company received a letter from ICICI Bank Ltd., - Designated

Person on behalf of Government of India under the provisions of SDFC (Abolition) Act, 1986 inter alia directing the company to initiate steps for winding up under the provisions of the Companies Act, 1956. The company does not have any tangible asset but huge liability and huge accumulated loss. The Board deliberated this matter at the Meeting held on March 30, 2010 and considered winding up of the company by the Court under the relevant provisions of the Companies Act, 1956. The item No. 5 of the Notice relates to this matter. The Board recommends passing of the resolution for your approval.

7. Having no manufacturing activity, there is nothing to report regarding Conservation of Energy and Technology Absorption. During the year, no foreign exchange was spent or received.

8. Directors' declaration:

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

- (a) 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;
- (b) 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;
- (c) 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
- (d) that annual accounts have been prepared on a "going concern" basis.

9. 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.

10. The company has a 100 % subsidiary company - Scindia Workshop Limited (SWL). 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.

As per order dated October 20, 2005 passed by the Single Judge, Bombay High Court, additional compensation of Rs. 211 lacs is receivable. Notice of motion for withdrawal of the said amount was filed and was allowed. However, it has not been received till the date of this Report. The effect of the said amount will be considered by SWL in its accounts on receipt and it will be offered for tax accordingly. Appeal filed before the Division Bench for enhancement of compensation is admitted and pending.

The company has received approval from the Ministry of Corporate Affairs, Government of India, New Delhi under Section 212 (8) of the Companies Act, 1956. Based on the approval letter, 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.

11. (a) During the year under review, the Government of India in terms of the provisions of the S. D. F. C. (Abolition) Act, 1986 (the said Act) appointed Shri J. S. Phaugat as Director on the Board of the company in place of Shri Makaradhwaj Sahu. He was inducted on the Board on and from August 18, 2009. Brief information about Shri J. S. Phaugat is: He is Under Secretary to the Government of India in Ministry of Finance, Department of Financial Services, New Delhi. He does not hold any share in the company. He is a Member of the Audit Committee of the Board of Directors of the company. He does not hold Directorship of any other company.
- (b) Item No. 3 of the Notice pertains to re-appointment of Shri D. A. Biwalkar as Chairman & Managing Director for a period of one year from March 26, 2010 on the same terms and conditions as approved by the Members at the last AGM held on August 18, 2009. The Board recommends the item for your approval.
- (c) As per the provisions of the said Act, 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 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.
- (d) 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.
12. Your Directors wish to thank the Members, 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.
13. 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 & Managing Director

Mumbai,  
May 28, 2010

## 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, 2010, 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, 2010 is as follows:

Name	Executive Director (ED) Non-Exec. Director (NED)	Board Meetings attended (7)	Attendance at the AGM on 18.08.2009	Directorship in other companies	No. of other Board Committees of which Chairman/ Member
Shri D. A. Biwalkar (CMD)	ED	7	Yes	1 (a)	2 (b)
Shri Dinesh Kumar	NED	0	No	0	0
Shri G. Srinivas	NED	6	No	0	2 (c)
Shri Makaradhwaj Sahu (upto Aug. 18, 2009)	NED	1	Not applicable	0	1 (d)
Shri J. S. Phaugat (from Aug. 18, 2009)	NED	2	Yes	0	1 (d)

ED: Executive Director      NED: Non Executive Director

- (a) Scindia Workshop Ltd. Chairman
- (b) Member of Audit Committee and Share Sub Committee of the company.
- (c) Chairman of Audit Committee and Share Sub 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 companies or Chairmanship of more than five Committees across all companies.

**Board Meetings held during the year:**

Seven Board Meetings were held during the year ended March 31, 2010 - on May 20, 2009, July 31, 2009, August 18, 2009, September 30, 2009, October 30, 2009, January 29, 2010 and March 30, 2010.

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

(1) **Audit Committee:**

The Committee consists of three Directors - Shri G. Srinivas, Shri J. S. Phaugat and Shri D. A. Biwalkar. Shri G. Srinivas, Non-Executive Independent Director, is the Chairman. Shri J. S. Phaugat, Non-Executive Independent Director is a Member. Shri J. S. Phaugat became a Member of the Committee on August 18, 2009 in place of Shri Makaradhwaj Sahu who ceased to be a Member on August 18, 2009.

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.