



The Scindia Steam Navigation Co. Ltd.

92nd ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2010-2011

Annual General Meeting

on Monday, 26th September, 2011 at 11.00 A.M. at M.C. Ghia Hall,
Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.

THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

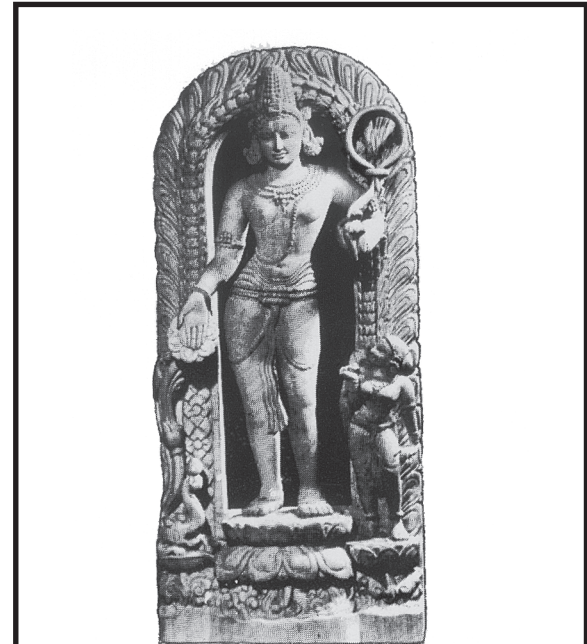
BOARD OF DIRECTORS

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

Shri Dinesh Kumar

Shri G. Srinivas

Shri J. S. Phaugat (from 18-08-2009)



**JALANATH
THE LORD OF THE SEA**

Auditors:

Messrs K. S. Aiyar & Co.

Registered Office:

RCC – 4, J. K. Industrial Estates,
Off Mahakali Caves Road,
Andheri (East), Mumbai 400 093
Tel : 022-26878422
Fax : 022- 26878433

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Notice

Notice is hereby given that the Ninety Second 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 Monday, the 26th September, 2011 at 11:00 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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 authorize 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, 2011, 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 authorized 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 17, 2011

Registered Office:
RCC – 4, J. K. Industrial Estates,
Off Mahakali Caves Road,
Andheri (East),
Mumbai 400 093

- 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 September 19, 2011 (Monday) to September 23, 2011 (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 2011-12.
 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.
 6. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered email addresses of shareholders. To support this green initiative and to receive communications from the company through electronic mode, members are requested to contact the Share Transfer Agents of the company and register their email id .

Annexure to 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 91st Annual General Meeting held on July 28, 2010 expired on March 25, 2011.

The Board of Directors of the company at its Meeting held on January 31, 2011 has re-appointed him as Chairman and Managing Director for a period of one year from March 26, 2011 on the same terms and conditions as approved by the Members at the 91st AGM held on July 28, 2010. 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, 2011.
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) Hospitalization : 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 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 are 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, 2011 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.

Except Shri D. A. Biwalkar, no other Directors are interested in this Resolution.

The Directors recommend passing of the Resolution at Item No. 3 of the Notice as Special Resolution.

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

D.A.Biwalkar
Chairman and Managing Director

Date: June 17, 2011

Registered Office:
RCC – 4, J. K. Industrial Estates,
Off Mahakali Caves Road,
Andheri (East),
Mumbai 400 093

Directors' Report and Management Discussion & Analysis

To,

The Members of The Scindia Steam Navigation Company Ltd.

Dear Shareholders,

Your Directors present the Ninety second Annual Report on the company with Audited Statement of Accounts for the year ended March 31, 2011.

1. (a) The financial results for the year ended March 31, 2011 show loss of Rs. 2099 lacs compared to loss of Rs. 2019 lacs for the last year. Results are summarized below:

	(Rs. Lacs)	
	2010-11	2009-10
Freight & Charter Hire	—	—
Other Income	14	8
Sub total	14	8
Less: Administrative Expenses	33	24
Profit (+)/Loss (-) before Interest and Depreciation	- 19	-16
Less: Interest	2080	2003
Depreciation (Rs. 677)	—	—
Profit/Loss before taxation	-2099	-2019
Tax provision (excess tax provision Rs. 58,285 written back)	—	—
Profit/Loss for the year	-2099	-2019

- (b) The company could not undertake any shipping/shipping related activity since April 1997. 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. 2099 lacs compared to loss of Rs. 2019 lacs in the last year. The accumulated loss is Rs. 343 crores. The outstanding balance to Government of India is Rs. 314 crores. There is an increase of Rs. 77 lacs in interest expenses - Rs. 25 lacs increase in interest on Government of India outstanding balances and Rs. 52 lacs increase in interest 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, 2011.
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.
6. As you are aware, the Members at the last AGM held on July 28, 2010 passed a resolution for initiating winding up of the company. Accordingly, the winding up petition was filed on February 28, 2011 in the High Court at Bombay and it is numbered as C. P. 150 of 2011.
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 judgments 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).

- (a) 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 plus interest is receivable. The subsidiary collected the total sum of Rs. 290 lacs from the High Court during July / August 2010 and it was accounted in its books.

- (b) Based on legal advice received, appeal for enhancement of compensation was filed before the Division Bench of the High Court at Bombay and it was heard.

The Division Bench passed an Order on January 11, 2011 directing the subsidiary to approach the High Powered Committee of Government of India as all parties involved in the appeal are Government or Government undertakings in view of Supreme Court judgment in the case of ONGC & Another v/s Collector of Central Excise. However, on February 17, 2011 in Civil Appeal no. 1883 of 2011 of ECIL V/S Union of India & Others, the Larger Bench of the Supreme Court observed that the High Powered Committee has not achieved the results for which it was constituted and in fact led to delays in litigation and loss of revenue, and in the circumstances, the Larger Bench decided to recall its earlier order and disbanded the High Powered Committee.

In view of the above developments, the subsidiary will have to file review application before the Division Bench of the High Court to once again hear the matter on merits.

- (c) The company has applied to the Ministry of Corporate Affairs, Government of India, New Delhi for approval under section 212 (8) 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 (AS 21) 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) Since July 2002 the company was occupying office at Scindia Colony, Building No. III, Sir M. V. Road, Andheri (East), Mumbai 400 069. The mortgagee, the Government of India sold the said property in August 2006 to M/s. Export Credit Guarantee Corporation of India Limited (ECGC). The company is thankful to the ECGC management for permitting it to utilize the premises up to March 31, 2011. Since they required the property for development, the company shifted its Registered Office to the new premises from May 20, 2011. The Shareholders are requested to kindly note the new address of the company.

12. (a) 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, 2011 on the same terms and conditions as approved by the Members at the last AGM held on July 28, 2010. The Board recommends the item 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, 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.

- (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.

13. 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., employees, etc., for their assistance, support and co-operation.
14. 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,
June 17, 2011

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, 2011, 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, 2011, is as follows:-

Name	Executive Director (ED) Non-Executive (NED)	Board Meetings attended (5)	Attendance at the AGM held on 28.07.2010	Directorship in other Companies	No. of other Board Committees of which Chairman/Member
Shri D. A. Biwalkar CMD	ED	5	Yes	2 (a)	2 (b)
Shri Dinesh Kumar	NED	—	No	—	—
Shri G. Srinivas	NED	5	No	—	2 (c)
Shri J. S. Phaugat	NED	—	Yes	—	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:

Five Board Meetings were held during the year ended March 31, 2011 – on 28.05.2010, 12.08.2010, 29.10.2010, 31.01.2011 and on 24.03.2011.

(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 and Shri D. A. Biwalkar Executive Director are also members of the Committee.

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: 28.05.2010, 12.08.2010, 29.10.2010 and on 31.01.2011. The Chairman of the Audit Committee and Shri D.A. Biwalkar attended all four meetings. Shri J. S. Phaugat did not attend any meeting. Shri G. Srinivas, Chairman of the Audit Committee did not attend the Annual General Meeting. Shri N.I. Sheth, Manager of the Company, acted as the Secretary to the Committee.

(2) Share Sub 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, 23 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 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 30 days of receipt if relevant documents attached are

correct and valid in all respects. As on March 31, 2011, 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 N. I. Sheth, Manager, of the Company acted as the Compliance Officer.

Effective from October 21, 2009, the Company appointed M/s Sharex Dynamic (India) Pvt. Ltd., as Registrar & Transfer Agent (RTA).

Status of communications received from Shareholders for the year 2010-11 is given below:

Sr. No.	Nature of request contained in the letter	Letter received	Issue resolved	Action pending
1.	Change of address	18	18	—
2.	Bank Mandate	—	—	—
3.	Nomination	—	—	—
4.	Non-receipt of Share Certificate(s)	—	—	—
5.	Transfers/Transmissions	734	734	—

(D) Remuneration Committee:

The remuneration payable to the Chairman and 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.573,885 (Salary Rs. 351,000 + Perquisite Rs. 1,45,000 + Gratuity Payable Rs. 77,885). 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
2007-2008	04.07.2008	11.30 A.M.)	M.C.Ghia Hall,) Bhogil Hargovindas) Building, 18/20,) Kaikhushroo Dubash) Marg, Mumbai 400 001.
2008-2009	18.08.2009	11.30 A.M.)	— do —
2009-2010	28.07.2010	11.30 A.M.)	— do —

Following two Special Resolutions were passed by requisite majority at the last AGM held on 28.07.2010:

a) shifting of the share related records to the office of the Share Registrar & Transfer Agent - Sharex Dynamic (India) Pvt. Ltd., u/s 163 of the Companies Act, 1956.

b) initiating steps for winding up of the company u/s 433(a), 433(e), 433(f) read with section 439(i) (a) of the Companies Act, 1956.

No special resolutions were passed at the AGM held on 04.07.2008 and 18.08.2009.

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.

regarding appointment of auditors was passed by requisite majority at the Annual General Meeting 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 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 2010-11.

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