



ANNUAL REPORT 1998-99

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TOLANI
Bulk Carriers Limited**EIGHTH ANNUAL GENERAL MEETING**

Date : 21st June 1999
Day : Monday
Time : 3.00 p.m.
Place : Kamalnayan Bajaj Hall,
 Bajaj Bhavan, Jamnalal Bajaj Marg,
 Nariman Point, Mumbai - 400 021.

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BOARD OF DIRECTORS

Dr. N. P. Tolani – Chairman Emeritus
 Mr. R. N. Tolani – Chairman
 Mr. P. L. Nain
 Mr. Anil Harish
 Mr. N. P. Gidwani
 Mr. A. K. Srivastava
 Vice Adm. (Retd.) M. P. Awati
 Lt. Col. (Retd.) T. J. Reejhsinghani
 Capt. S. K. Mansukhani
 Mr. B. R. Gupta – ICICI Nominee

MANAGER CUM SECRETARY

Mr. R. Kumar

BANKERS

Dena Bank
 State Bank of India
 Corporation Bank
 IndusInd Bank Ltd

AUDITORS

Messrs Chandabhoy & Jassoobhoy
 Kamanwala Chambers
 Sir P. M. Road
 Mumbai - 400 001.

REGISTRARS & SHARE TRANSFER AGENTS

Messrs Sharepro Services
 912, Raheja Centre
 Free Press Journal Road
 Nariman Point
 Mumbai 400 021.

REGISTERED OFFICE

10-A, Bakhtawar
 Nariman Point
 Mumbai 400 021.

TOLANI

Bulk Carriers Limited

Notice

NOTICE is hereby given that the Eighth Annual General Meeting of the members of Tolani Bulk Carriers Limited will be held on Monday the 21st June 1999 at 3.00 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 1999, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the Financial Year 1998-99.
3. To appoint a Director in place of Mr. N.P. Gidwani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. N.P. Tolani, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and for that purpose to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, the retiring Auditors of the Company, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of Eighth Annual General Meeting upto the conclusion of Ninth Annual General Meeting, on a remuneration of Rs. 70,000 (Rupees Seventy Thousand only) inclusive of tax audit fees but excluding travelling and out of pocket expenses and any fees that may be payable for other services rendered."

7. 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 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered/amended/substituted in the manner stated below :

I. That in the existing Article 2, the following sub-clauses shall be inserted namely,

| | |
|--|--|
| "Beneficial Owner" | "Beneficial Owner" shall mean and include 'a person or persons' as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996. |
| "Bye-laws" | "Bye-laws" means bye-laws made under Section 26 of the Depositories Act, 1996. |
| "Depositories Act" | "Depositories Act" shall mean and include the Depositories Act, 1996 and any statutory modifications or re-enactments thereof from time to time. |
| "Depository" | "Depository" means a Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996 and includes a company registered under the Companies Act, 1956 which has been granted a certificate of registration under sub section 1(A) of Section 12 of the Securities and Exchange Board of India Act, 1992. |
| "Participant" | "Participant" means a person registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992. |
| "Securities and Exchange Board of India" | "Securities and Exchange Board of India" (SEBI) means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992. |
| "Security" | "Security" means shares, debentures and/or such other securities as may be specified under the Companies Act, 1956 or by SEBI or other competent authority, from time to time. |

- II. The definition of "Member" and "Register of Members" appearing under Article 2 of the Articles of Association be and is hereby altered/amended/substituted to read as under :
- "Member" "Member" means the duly registered holder from time to time of the shares of the Company and includes subscribers of the Memorandum of the Company and person(s) whose name(s) is/are entered as beneficial owner in the records of the Depository.
- "Register of Members" "Register of Members" means the Register of Members to be kept pursuant to the Companies Act, 1956 and the Register and Index of beneficial owners maintained by the Depository under the Depositories Act, 1996.
- III. At the end of Article 3, the following new sub-clause be inserted namely :
- Marginal notes in Articles not to affect the construction thereof (c) Words and expressions used and not defined in the Act and in the Articles of Association of the Company, but defined in the Depositories Act, 1996, shall have the same meaning respectively assigned to them in the Depositories Act, 1996 as amended from time to time.
- IV. Article 11 of the Articles of Association of the Company be and is hereby altered/amended/substituted to read as under :
- Register and Index of Members (a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, 1996. The details of shares held in material and dematerialised forms may be maintained in a media as permitted by law including in any form of electronic media.
- (b) The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purposes of the Act and these Articles.
- V. Article 13 of the Articles of Association of the Company be and is hereby altered/amended/substituted to read as under :
- Shares to be numbered progressively and no share to be sub-divided The shares in the capital of the Company shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. Provided however that the provision relating to progressive numbering of shares shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.
- VI. Article 15 of the Articles of Association of the Company be and is hereby altered/amended/substituted to read as under :
- Share under control of Directors Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act. Notwithstanding anything contained in the Act or these Articles, the Board of Directors are empowered without any prior sanction of the members to dematerialise and rematerialise the securities of the company and issue/ allot fresh securities in dematerialised form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the provisions of the Depositories Act, 1996 and rules framed thereunder.

VII. Article 20(b) of the Articles of Association of the Company be and is hereby altered/amended/substituted to read as under :

Share Certificates (b) A Director may sign a Share Certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of a rubber stamp:

PROVIDED THAT the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose and the Director shall take all reasonable precautions for preventing the misuse thereof.

VIII. At the end of Article 20(b) the following new sub-clauses shall be inserted namely :

Share Certificates (c) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its securities, rematerialise its securities held in the depositories and/or to offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder if any.

(d) Notwithstanding anything contained in sub-section (1) of Section 113 of the Act, where the securities are dealt with in a Depository, the company shall intimate the details thereof to the Depository immediately on allotment of such securities as far as practicable. On receipt of such information the depository shall enter in its records the name of the allottee as the beneficial owner of that security.

(e) Every person subscribing to the securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

(f) All securities held by a depository shall be dematerialised and be in fungible form.

(g) Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372/372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a Depository. No certificate shall be issued for the securities held by a Depository.

IX. Article 52 of the Articles of Association of the Company be and is hereby altered/amended/substituted to read as under :

Register of Transfers (a) The Company shall maintain a Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

(b) Notwithstanding anything contained in the Act or these Articles, where securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or any such other means.

(c) Every Depository shall maintain a Register and an Index of beneficial owner provided in Sections 150, 151 and 152 of the Act.

(d) The company shall not be required to maintain Register of Transfers for entering particulars of transfer and transmission of securities in dematerialised form.

- X. Article 54 of the Articles of Association of the Company be and is hereby altered /amended/ substituted to read as under :

Instrument of Transfer to be completed and presented to the Company

- (a) The instrument of transfer duly stamped (if required to be stamped) and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. Any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.
- (b) Every depository shall, on receipt of intimation from a participant, register the transfer of security in the name of the transferee.
- (c) Nothing contained in Section 108 of the Act or the Articles which are inconsistent with the provisions of Depositories Act, 1996 shall apply to a transfer of shares effected by a transferor or transferee both of whom are entered as beneficial owners in the records of a depository.
- (d) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of securities where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply.

- XI. After the existing Article 58, a new Article 58 A be inserted to read as under :

Directors to recognise beneficial owners of securities

- 58-A (i) Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of a beneficial owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it, and the beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its securities held by a Depository.
- (ii) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future or partial interest in any security or (except otherwise expressly provided by the Articles) any right in respect of a security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.

- XII. Article 69 of the Articles of Association of the Company be and is hereby altered /amended/ substituted to read as under :

Register and Index of Debenture holders

- (a) The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture holders resident in that state or country.
- (b) The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Debenture holders for the purposes of the Act and these Articles.

TOLANI

Bulk Carriers Limited

XIII. Sub-clause 10 of Article 149 of the Articles of Association of the Company be and is hereby altered/amended/substituted to read as under :

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| Certain Powers of the Board | (10) Subject to the provisions of Section 292, 295, 370, 372 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. Notwithstanding anything contained in the Act or these Articles, the Company can hold investments in the name of a Depository when such investments are in the form of securities held by the Company as a beneficial owner. |
|-----------------------------|---|

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

"RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered/amended/substituted in the manner stated below :

After the existing Article 60, a new Article 60-A be inserted to read as under :

| | |
|--|---|
| Nomination by Shareholder/ Debentureholder | On the death of a shareholder/debentureholder of the Company, the Company shall confer the shares/debentures or interest of the deceased shareholder/debentureholder to a person or persons nominated by the shareholder/debentureholder in accordance with the Rules framed by the Board of Directors or if no such person is nominated as may appear to the Board of Directors, to the heir, legal representative of the deceased shareholder/debentureholder. Provided that such nominee or heir or legal representative of the deceased as the case may be is or duly admitted as a shareholder/debentureholder of the Company. All transfers and payments duly made by the Company in accordance with the provisions herein contained shall be valid and effective against any demand made upon the Company by any other person. |
|--|---|

Nomination and Transmission of shares and debentures will be governed by the provisions of Section 109-A and 109-B of the Act as amended from time to time.

9. 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 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered/amended/substituted in the manner stated below :

After the existing Article 162, a new Article 162-A be inserted to read as under :

| | |
|--|--|
| Payment of dividend, interests or other monies through electronic transfer | 162-A Notwithstanding anything contained in Article 162, the company may pay dividend, interest or other monies payable to the members by electronic transfer of funds to the bank account of the members entitled to the dividend, interest or other monies or according to the order of such member. |
|--|--|

Mumbai, Dated : 20th April, 1999.

By Order of the Board of Directors

Registered Office :

10-A, Bakhtawar

Nariman Point, Mumbai 400 021.

R. Kumar
Manager cum Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, 10-A, BAKHTAWAR, NARIMAN POINT, MUMBAI - 400 021 NOT LATER THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item nos. 7 to 9 is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 11th June 1999 to 21st June 1999 (both days inclusive).
5. Dividend, as recommended by the Board of Directors, if declared by the members at the Eighth Annual General Meeting, shall be paid to those Members whose names appear in the Register of Members of the Company as on 21st June 1999.
6. Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31st March, 1995. Members who have not collected dividends for any accounting year upto and including 31st March, 1995 are requested to make an application to the Registrar of Companies, Maharashtra, Hakoba Compound, Kalachowki, Chinchpokli (East), Mumbai 400 034 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205 C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrants for the financial year, 1996 or any subsequent dividend payments are requested to make their claims to the Company.
7. Members are requested to notify the Company's Registrars and Share Transfer Agents, Sharepro Services, 912, Raheja Centre, Nariman Point, Mumbai - 400 021 before 10th June 1999, any change in their address to enable the Company forward the dividend warrants to their current address.
8. Members are requested to furnish the Bank account particulars/ECS Mandate in the prescribed format furnished at the end of this report which is to be sent to the Company's Registrars and Share Transfer Agents, Sharepro Services, 912, Raheja Centre, Nariman Point, Mumbai 400 021.
9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at the Registered Office at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.

Mumbai, Dated : 20th April, 1999.

By Order of the Board of Directors

Registered Office :

10-A, Bakhtawar
Nariman Point, Mumbai 400 021.

R. Kumar
Manager cum Secretary

Annexure to the Notice

Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 annexed to Notice dated 20th April 1999.

ITEM NO. 7

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Articles of Association relating to the issue and holding of shares, transfer/transmission and dealing in shares, etc. are proposed to be amended to bring in line with the Depositories Act, 1996. This will enable the shareholders to deal in the shares of the company in dematerialised form as and when the Company decides to adopt the Depository system.

The Board of Directors has recommended the resolution for the approval of the Members to be passed as a Special Resolution.

Copy of the Memorandum and Articles of Association incorporating the proposed amendments will be available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the Meeting and will also be available for inspection at the Meeting.

None of the Directors of the Company is interested in the resolution.

ITEM NO. 8

With the introduction of new Sections 109-A and 109-B to the Companies Act, 1956 by the Companies (Amendment) Act, 1999, shareholders/debentureholders are permitted to nominate any person or persons to whom the shares or debentures shall vest in the event of his/her/their death. To enable nomination by the shareholders/debenture holders it is proposed to insert a new Article 60-A in the Articles of the Association of the Company.

The Board of Directors has recommended the resolution for the approval of the Members to be passed as a Special Resolution.

Copy of the Memorandum and Articles of Association incorporating the proposed amendments will be available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the Meeting and will also be available for inspection at the Meeting.

None of the Directors of the Company is interested in the resolution.

ITEM NO. 9

Article 162 of the Articles of Association of the Company provides for payment of dividend by cheque or warrant sent through the post to the registered address of the members entitled to the dividend. It is proposed to insert a new Article 162-A to enable payment of dividend, interest and other monies by way of electronic transfer of funds to the bank account of the members entitled thereto. Payment through electronic transfer of funds will ensure instant credit of the dividend to the bank account of the members with no extra costs besides eliminating the delay in postal transit, loss of warrant in transit and fraudulent encashment of cheques.

The Board of Directors has recommended the resolution for the approval of the Members to be passed as a Special Resolution.

Copy of the Memorandum and Articles of Association incorporating the proposed amendment will be available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the Meeting and will also be available for inspection at the Meeting.

None of the Directors of the Company is interested in the resolution.

Mumbai, Dated : 20th April, 1999.

For and on behalf of the Board of Directors

Registered Office :
10-A, Bakhtawar
Nariman Point, Mumbai 400 021.

R. Kumar
Manager cum Secretary

Directors' Report

To

The Members of Tolani Bulk Carriers Limited

Your Directors have pleasure in presenting their Eighth Annual Report on the business and operations of your Company and the audited accounts for the year ended 31st March 1999.

1. FINANCIAL RESULTS

| | (Rs. in million) | |
|--|------------------|---------|
| | 1998-99 | 1997-98 |
| Profit before Depreciation and Taxes | 110.35 | 116.34 |
| Less: Depreciation | 96.49 | 88.66 |
| Profit before Tax | 13.86 | 27.68 |
| Less: Provision for Taxation | 1.46 | 2.29 |
| Profit after Tax | 12.40 | 25.39 |
| Add/Less : Prior period adjustments (net) | 0.09 | (1.96) |
| Add : Excess provision of income tax in earlier year | 0.09 | — |
| Balance brought forward from previous year | 37.39 | 97.70 |
| Less : Transferred to Reserve under Section 33AC of the Income Tax Act, 1961 | — | 67.90 |
| Amount available for appropriation | 49.97 | 53.23 |
| Appropriations have been made as under : | | |
| (i) Proposed dividend | 14.40 | 14.40 |
| (ii) Tax on proposed dividend | 1.44 | 1.44 |
| (iii) Balance carried to Balance Sheet | 34.13 | 37.39 |
| | 49.97 | 53.23 |

Your Directors have recommended a payment of dividend of 6% (previous year 6%) on 24,000,000 equity shares of Rs. 10 each for the year ended 31st March 1999. The dividend, if approved by the Members at the Eighth Annual General Meeting, will be paid to those Shareholders whose names appear in the register of members as on 21st June 1999. The dividend will be tax free in the hands of the shareholders since the company will bear the tax on dividend.

2. OPERATIONS

During the year under review the dry bulk freight markets maintained their downward trend from the previous year. However, with the help of two attractive long-term charters, the addition of tonnage at an attractive price and a weakening of the Indian Rupee, the company was on track to match its performance of the earlier year. This was reflected in the company's performance of the first three quarters of fiscal 1998-99, which yielded a net profit of almost Rs. 22 million, Rs. 10 million of which represented income other than that from operations.

During this period, the company's oldest vessel, the 30-year-old m.v. Prabhu Gopal had been trading between the Red Sea and India. In November 1998, a remunerative charter was fixed for this vessel's last voyage from South Africa to Bombay, where it was intended to sell her for scrap. Regrettably, at the loading port circumstances led her to be subjected to an unreasonably stringent class survey. The outcome of this survey was the requirement of substantial repairs to be carried out in South Africa itself and the vessel having to return to India without the cargo. While the holding company came to the