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**TOLANI**  
**Bulk Carriers Limited**

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# ANNUAL REPORT 2002-2003

# TOLANI

## Bulk Carriers Limited

### Twelfth Annual Report 2002-03

#### BOARD OF DIRECTORS

Dr. N.P. Tolani	Chairman Emeritus
Mr. R. N. Tolani	Chairman
Mr. A. K. Srivastava	
Lt. Col. (Retd.) T. J. Reejsinghani	
Mr. N. C. Singhal	
Mr. R. Kumar	

#### TWELFTH ANNUAL GENERAL MEETING

Date	: 14 <sup>th</sup> November, 2003
Day	: Friday
Time	: 3.00 P.M.
Venue	: Yashwantrao Chavan Pratishthan Convention Hall, 4 <sup>th</sup> Floor, Chavan Centre, Opp. Sachivalay Gymkhana, General Jagannath Bhosle Marg, Mumbai - 400 021.

#### BANKERS

HDFC Bank Ltd.

#### AUDITORS

Messrs. Chandabhoy & Jassoobhoy  
208, Phoneix House  
"A" Wing, 2<sup>nd</sup> Floor  
462, Senapati Bapat Marg  
Lower Parel, Mumbai - 400 013.

#### REGISTRARS AND 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.

#### CONTENTS

#### Page No.

Board of Directors	1
Notice	2
Directors' Report	5
Report on Corporate Governance	8
Compliance Certificate	12
Auditors' Report on Accounts	15
Balance Sheet	18
Profit and Loss Account	19
Schedules forming part of Balance Sheet	20
Schedules forming part of Profit and Loss Account	26
Significant Accounting Policies	28
Notes forming part of accounts	30
Balance Sheet Abstract and Company's General Business Profile	34
Attendance Slip, Proxy Form	35

## NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Tolani Bulk Carriers Limited will be held on Friday, 14<sup>th</sup> November, 2003 at 3.00 P.M at Yashwantrao Chavan Pratishthan, Convention Hall, 4<sup>th</sup> Floor, Chavan Centre, Opp. Sachivalay Gymkhana, General Jagannath Bhosle Marg, Mumbai – 400 021 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2003, Profit and Loss Account for the year ended on that date, Reports of the Directors, Auditors and Secretarial Compliance Certificate.
2. To appoint a Director in place of Mr. R. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N.C. Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Auditors and in this connection, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Chandabhoy and Jassoobhoy, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of Twelfth Annual General Meeting till the conclusion of the Thirteenth Annual General Meeting on a remuneration and reimbursement of all out of pocket expenses and other costs as may be approved by the Board of Directors of the Company.”

### Special Business

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Chairman of the Company be and is hereby authorised to retain the services of a whole time practicing Company Secretary for obtaining necessary Secretarial Compliance Certificate in terms of Sub-Section (1) of Section 383A of the Companies Act, 1956 for the financial year ending 31<sup>st</sup> March, 2004 and subsequent financial years thereafter.

RESOLVED FURTHER THAT the Chairman of the Company be and is hereby authorised to do all needful in this regard.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals and permissions, as may be required, the Board of Directors of the Company (“the Board”, which expression shall include any Committee thereof constituted by the Board) be and is hereby authorised to deal, negotiate, sell and dispose of barges viz., M.V.Tolani XV, M.V.Tolani XVI and M.V.Tolani XVII to M/s. Vijay Marine Services or any other interested party or parties as the Board may deem appropriate and for that purpose authorise signing, sealing and delivery of such instruments, agreements, contracts, deeds, conveyances or any other documents that may be necessary, usual or proper for effecting the sale/disposal of the barges which according to the Board or Committee thereof may be considered beneficial and convenient in the best interest of the Company.”

Mumbai, Dated : 18<sup>th</sup> September, 2003.

Registered Office:

10-A, Bakhtawar,  
Nariman Point, Mumbai-400021.

By Order of the Board of Directors

Rohet N. Tolani  
Chairman

**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-400021 NOT LATER THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of items of Special Business is annexed hereto.
4. Members are requested to inform the changes, if any, in their registered addresses to the Company's Registrars and Share Transfer Agents, Sharepro Services, 912, Raheja Centre, Nariman Point, Mumbai-400 021.
5. Members are hereby informed that the dividend till the financial year ended 31<sup>st</sup> March, 1996 has been transferred to the Investors Education and Protection Fund.

Members who have not encashed the dividend warrants for the financial year ended 31<sup>st</sup> March, 1997 or for subsequent financial years are requested to lodge their claims to the Company or to the Company's Registrars and Share Transfer Agents.

6. Members who are desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Chairman of the Company at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.



Mumbai, Dated : 18<sup>th</sup> September, 2003.

By Order of the Board of Directors

Registered Office:

10-A, Bakhtawar,  
Nariman Point, Mumbai-400021.

Rohet N. Tolani  
Chairman

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### ITEM NO. 5

In terms of Sub-Section (1) of Section 383A of the Companies Act, 1956, every company having a paid-up share capital of Rs.1 million and above and below Rs. 20 million have to file with the Registrar of Companies, along with the Annual Accounts, a Secretarial Compliance Certificate from a Secretary in whole time practice. The Compliance Certificate to be issued by the Secretary in whole time practice will cover compliance by the company of the various provisions of the Companies Act, 1956, including maintenance of statutory records and registers. Accordingly, the Company has obtained the necessary Compliance Certificate from Mr.S.Lakshminarayanan, a practicing whole time Company Secretary for the financial year ended 31<sup>st</sup> March, 2003, a copy of which is enclosed along with the Directors' Report. The Members of the Company may now consider authorising the Chairman of the Company to obtain necessary Secretarial Compliance Certificate for financial year ending 31<sup>st</sup> March, 2004 and subsequent financial years thereafter from a practicing whole time Company Secretary for submission to the Registrar of Companies.

It is therefore that the Resolution, which is self-explanatory, is placed before the Members to be passed as an Ordinary Resolution.

None of the Directors of the Company is in anyway, concerned or interested in the Resolution.

### ITEM NO. 6

The Company presently owns three barges viz., M.V.Tolani XV, M.V.Tolani XVI and M.V.Tolani XVII, which are given on bareboat charter cum demise basis to M/s. Vijay Marine Services, Goa. Under the bareboat charter Agreement, M/s. Vijay Marine Services has the option to purchase the Barges on the first day of any month at the agreed price.

According to Section 293(1)(a) of the Companies Act, 1956, sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company requires the approval of the Members by way of an Ordinary Resolution.

Since sale of barges may amount to the disposal of the whole or substantially the whole of the undertaking of the Company, it may require approval of the Members by way of an Ordinary Resolution in terms of Section 293(1)(a) of the Companies Act, 1956.

It is therefore that the Resolution, which is self-explanatory, is placed before the Members to be passed as an Ordinary Resolution.

Copy of the Agreements entered with M/s Vijay Marine Services will be available for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Meeting.

None of the Directors of the Company is in anyway, concerned or interested in the Resolution.

Mumbai, Dated : 18<sup>th</sup> September, 2003.

By Order of the Board of Directors

Registered Office:

10-A, Bakhtawar

Nariman Point, Mumbai-400021.

Rohet N. Tolani  
Chairman

## DIRECTORS' REPORT

To,

**The Members of Tolani Bulk Carriers Limited**

Your Directors present their Twelfth Annual Report on the business and operations of your Company and the audited accounts for the year ended 31<sup>st</sup> March 2003.

### 1. FINANCIAL RESULTS

The financial results for the year under review are after the demerger of the shipping business of the Company into Tolani Shipping Co. Ltd. and hence not comparable with the financials of the previous year.

	2002-03	2001-02
		(Rs. in million)
Profit before Depreciation and Taxes	44.11	137.90
Less: Depreciation	31.67	94.88
<b>Profit before Tax</b>	<b>(12.44)</b>	43.02
Less: Provision for Current Taxation	-	3.29
Add: Deferred Tax	4.31	-
<b>Profit after Tax</b>	<b>(8.13)</b>	39.73
Add/(Less): Prior period adjustments (net)	0.22	0.11
Add/(Less): Income tax of earlier years	-	(0.01)
Add: Balance brought forward from previous year	115.94	76.11
Less: Reduction as per Scheme of Arrangement	(97.30)	-
<b>Balance carried to Balance Sheet</b>	<b>10.73</b>	115.94

### 2. DIVIDEND

Considering loss for the year, your Directors do not recommend any dividend for the financial year ended 31<sup>st</sup> March, 2003.

### 3. DEMERGER

During the year, the entire ocean shipping business (excluding barges) of the Company was demerged and transferred to the holding Company, Tolani Shipping Co. Ltd., in terms of the Scheme of Arrangement approved by the High Court of Bombay. The Scheme, effective from 15<sup>th</sup> January, 2003 relates back to the Appointed Date, i.e., 1<sup>st</sup> July, 2002. In terms of the Scheme, Tolani Shipping Co. Ltd. has allotted 86,450 8% Cumulative Redeemable Preference Shares of Rs. 500 each on a proportionate basis to the equity shareholders of the Company in the ratio of 80, 8% Cumulative Redeemable Preference Shares for every 10,000 equity shares held by the shareholders in the Company.

### 4. CAPITAL

In terms of the scheme of demerger, the issued, subscribed and paid up capital of the Company was reduced by Rs. 238,800,000 each as of 16<sup>th</sup> April, 2003 and such reduction has been effected by reducing the paid up capital by Rs.9.95 per equity share. Simultaneously, with reduction of the paid up share capital, 200 equity shares so reduced were consolidated into 1 equity share of Rs.10 each. Consequent to reorganization of capital, the paid up share capital of the Company presently consists of 120,000 equity shares of Rs.10 each.



## 5. FINANCIAL REVIEW OF OPERATIONS

During the year, your Company acquired three barges, M.V. Tolani XV, M. V. Tolani XVI, and M.V. Tolani XVII. The contributions from barge operations were Rs . 10.08 million for the year.

During the year under review, the total income of the Company was Rs.64.81 million, which after adjusting expenses and deferred tax resulted in a Net loss of Rs.8.13 million.

With the demerger and transfer of its oceangoing bulk carriers, your Company's focus is on its barge business.

## 6. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings and outgoings are as follows:

<u>Particulars</u>	(Rs. in million)	
	<u>2002-03</u>	<u>2001-02</u>
Foreign Exchange earnings/savings.	<b>38.06</b>	257.40
Foreign Exchange used (including Rs. 99.13 million towards loan repayments and interest; previous year Rs. 180.30 million).	<b>164.75</b>	298.58

The other particulars in the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

## 7. PARTICULARS OF EMPLOYEES

There were no employees in the Company drawing remuneration of more than Rs. 2,400,000 during the financial year ended 31<sup>st</sup> March, 2003 or more than Rs. 200,000 per month during any part of the year.

## 8. DIRECTORATE

With the demerger of shipping business of the Company and consequent reduction in the Company's activities, Vice.Adm.(Retd.) M. P.Awati, Mr. P. L.Nain, Mr. N.P. Gidwani, Capt. S.K. Mansukhani and Mr. B.R. Gupta have resigned from Directorship of the Company. The Board of Directors place on record their appreciation to the valuable contribution made by them during their tenure.

Mr. R. Kumar and Mr. N.C. Singhal, Directors of the Company are due to retire by rotation at the Twelfth Annual General Meeting and being eligible offer themselves for re-appointment.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2003, and of the profit/loss of the Company for the period 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003;
- the Directors have taken proper and sufficient care 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;
- the Directors have prepared the annual accounts on a going concern basis.

**10. AUDITORS**

Chandabhoy and Jassoobhoy, Chartered Accountants, the auditors of the Company hold office until the conclusion of the Twelfth Annual General Meeting, and are eligible for re-appointment.

**11. CORPORATE GOVERNANCE**

The Company has voluntarily complied with the provisions of corporate governance norms prescribed by the stock exchanges. A separate report on corporate governance is furnished as part of this report.

**12. SECRETARIAL COMPLIANCE CERTIFICATE**

Pursuant to the provisions of Section 383A of the Companies Act, 1956, as amended by the Companies Amendment Act, 2000, a Compliance Certificate from a Practicing Company Secretary is annexed to this report.

**13. APPRECIATION**

The Board places on record their sincere gratitude to the banks and shareholders for their continued support, confidence and faith in the Company. The Board wishes to place on record its appreciation to the contribution made by the employees at all levels during the year.

For and on behalf of the Board,

Mumbai, Dated : 18<sup>th</sup> September, 2003.

Rohet N. Tolani  
Chairman





## CORPORATE GOVERNANCE REPORT

### A. Company's Philosophy on Corporate Governance:

Company considers good corporate governance as an integral part of its management policies and practices. It encompasses professionalism, integrity, transparency, fairness and responsible corporate conduct.

### B. Board of Directors:

The Board of Directors consists of professionals drawn from diverse fields. The Board comprises of 6 Directors as on 31<sup>st</sup> March, 2003.

Composition, Category of Directors and Directorship in other Companies/Committees are detailed hereunder:

Name of the Director	Directorship in other companies*	Chairman/Member in committees of other companies	
<i>Promoter Directors</i>		<b>Chairman</b>	<b>Member</b>
Dr.N.P.Tolani	8	–	–
Mr.R.N.Tolani	9	–	–
<i>Independent Directors</i>			
Mr.A.K.Srivastava	2	–	–
Lt. Col. (Retd.) T.J.Reejhsinghani	4	–	–
Mr.N.C.Singhal	13	4	8
Mr.R.Kumar	1	–	1

\*includes Directorship in Private Limited Companies and Foreign Companies.

With the demerger of shipping business of the Company and consequent reduction in the Company's activities, the following Directors have resigned from the Board of Directors during the year :

Name of Director	Date of Resignation
Vice. Adm. (Retd.) M. P.Awati	15 <sup>th</sup> January, 2003
Mr. P. L. Nain	15 <sup>th</sup> January, 2003
Mr. N.P. Gidwani	15 <sup>th</sup> January, 2003
Capt. S.K. Mansukhani	15 <sup>th</sup> January, 2003
Mr. B.R. Gupta	21 <sup>st</sup> March, 2003

### Meetings and Attendance

During the year, the Board of Directors met 5 times on 26<sup>th</sup> April, 2002, 24<sup>th</sup> May, 2002, 2<sup>nd</sup> August, 2002, 2<sup>nd</sup> Novemebr, 2002 and 14<sup>th</sup> January, 2003.

The attendance of Directors at these Board Meetings and at the last Annual General Meeting is as under:

Sr. No.	Directors	Number of Board Meetings attended	Attendance at the AGM held on 2 <sup>nd</sup> August, 2002
1	Dr.N.P.Tolani	5	Yes
2	Mr.R.N.Tolani	5	Yes
3	Mr.A.K.Srivastava	5	Yes
4	Lt. Col. (Retd.) T.J.Reejhsinghani	5	Yes
5	Mr.N.C.Singhal	5	Yes
6	Mr.R.Kumar	5	Yes

Sr. No.	Directors	Number of Board Meetings attended	Attendance at the AGM held on 2 <sup>nd</sup> August, 2002
7	Vice Adm. (Retd.) M. P. Awati	4	Yes
8	Mr. P. L. Nain	4	Yes
9	Mr. N. P. Gidwani	4	Yes
10	Capt. S. K. Mansukhani	3	Yes
11	Mr. B. R. Gupta	3	Yes

**C. Audit Committee:**

The Audit Committee comprises solely of non-executive and independent Directors. During the financial year 2002-2003, two Audit Committee meetings were held on 21<sup>st</sup> May, 2002 and 1<sup>st</sup> August, 2002. The attendance of the Members at the meetings is as under:

Name of Members and Chairperson	No. of Meetings attended
Mr. N.P.Gidwani (Chairman)	2
Mr.N.C.Singhal	2
Mr.R.Kumar	2

Representative of Internal Auditors and Statutory Auditors attended Audit Committee Meetings.

The terms of reference of the Audit Committee are set out in the Resolutions passed by the Board of Directors on 24<sup>th</sup> October, 2000. These broadly include review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussion on half yearly and annual financial results with statutory and internal auditors.

With the reduction of the Paid-up Capital from Rs.240,000,000 to Rs. 1,200,000 as of 16<sup>th</sup> April, 2003, the Audit Committee has been dissolved w.e.f. 16<sup>th</sup> April, 2003.

**D. Shareholders' / Investors' Grievance Committee:**

The Shareholders' / Investors' Grievance Committee deals with various matters relating to :-

- Transfer/transmission of shares,
- Issue of duplicate share certificates,
- Review of shares dematerialized and all other related matters,
- Expeditious redressal of investors' grievances,
- All other matters related to shares.

The Shareholders Grievance Committee functions under the Chairmanship of Mr. R. N. Tolani who is also the Chairman of the Company. The other members of the Committee are Dr. N. P. Tolani, Mr. R. Kumar and Mr. A. K. Srivastava.

Details of Investors complaints received and redressed during the financial year 2002-2003 are as follows:

Sl.No.	Nature of Complaint	Received	Redressed
1	Non-receipt of Dividend Warrant	19	19
2	Non-receipt of share certificates	6	6
3	Others	39	39

The Company had two pending share transfers as on 31<sup>st</sup> March, 2003. The same have been attended in the first week of April, 2003.