



Report



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Annual Report 2003-2004



TOLANI

Shipping Co. Ltd.

Thirty First Annual Report 2003-2004

BOARD OF DIRECTORS

Dr. N. P. Tolani – *Chairman & Managing Director*
 Mr. R. N. Tolani – *Non-Executive Vice Chairman*
 Mr. A. K. Srivastava – *Executive Director*
 Mr. R. Kumar – *Finance Director*
 Mr. N. P. Gidwani
 Mr. N. C. Singhal
 Mr. Anil Harish
 Vice Adm. (Retd.) M. P. Awati
 Lt. Col. (Retd.) T. J. Reejhsinghani

THIRTY FIRST ANNUAL GENERAL MEETING

Date : 5th August, 2004
 Day : Thursday
 Time : 11.00 A.M.
 Venue : M.C. Ghia Hall,
 Bhogilal Hargovindas Bldg., 2nd Floor,
 18/20 K. Dubhash Marg, Behind Prince
 of Wales Museum (Kalaghoda),
 Mumbai - 400 001.

COMPANY SECRETARY

Mr. S. Venkatachalam

BANKERS

HDFC Bank Ltd.
 Corporation Bank
 State Bank of India

AUDITORS

Messrs Chandabhoj & Jassoobhoj,
 208, Phoenix House,
 'A' Wing, 2nd Floor,
 462, Senapati Bapat Marg,
 Lower Parel, Mumbai 400 013.

REGISTERED OFFICE

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

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Notice

NOTICE is hereby given that the Thirty First Annual General Meeting of Tolani Shipping Co. Ltd. will be held on Thursday, 5th August, 2004 at 11.00 A.M at M. C. Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20 K. Dubash Marg, Behind Prince of Wales Museum (Kalaghoda), Mumbai – 400 001 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004, Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors.
2. To declare dividend for the financial year 2003-2004.
3. To appoint a Director in place of Mr. R.N.Tolani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N.P. Gidwani, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 Thirty First Annual General Meeting till the conclusion of the Thirty Second 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

6. To consider and if thought fit, to pass with or without modification(s), 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, the regulations contained in the draft Articles of Association submitted to this meeting, duly initialled by the Company Secretary for the purpose of identification, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of all the existing Articles thereof.

RESOLVED FURTHER THAT any Director of the Company or the Company Secretary be and are hereby authorised to do all acts, deeds and things including agreeing to any changes to the Articles as may be directed by the Registrar of Companies or any other statutory authority and as may be necessary and incidental to give effect to this Resolution.”

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

“RESOLVED THAT subject to the provisions of the Companies Act, 1956, the Articles of Association of the Company and approval of any authority/institution as may be required, a sum of Rs.118,260,000 being a part of the amount standing to the credit of Capital Reserve be capitalised and the same be applied for allotment of fully paid Bonus Shares of Rs. 10 each to the existing equity shareholders of the Company in the proportion of one Equity Share for every one Equity Share held by them in the Company on such date as may be determined by the Board of Directors or Committee thereof, subject to the following terms and conditions:

- (a) That the new Equity Shares to be issued/allotted will be subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing Equity Shares of the Company, save and except that they will be entitled to participate in any dividend to be declared after the date of allotment.
- (b) That the issue and allotment of Bonus Shares to the Non Resident Shareholders of the Company will be subject to the guidelines issued by the Reserve Bank of India in this regard.

RESOLVED FURTHER THAT the Board of Directors or the Committee thereof be and are hereby authorised to allot the new Equity Shares credited as fully paid in terms of this Resolution and to take such steps that may be necessary for issuing the Share Certificates in respect of the new Equity Shares.

RESOLVED FURTHER THAT the Board of Directors or the Committee thereof be and are hereby authorised to take all necessary steps and give all directions as may be necessary or desirable and to settle any question or difficulty that may arise in regard to the issue and allotment of the Bonus Shares.”

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

“RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 consent of the Members of the Company be and is hereby accorded to the Board of Directors or the Committee thereof (“the Board”) to:

- 1) make loans/deal in trade bills/commercial papers of any body corporate mentioned hereinbelow,
- 2) give guarantees or provide securities in connection with loans made by any other person to, or to any other persons by any body corporate mentioned hereinbelow,
- 3) acquire by way of subscription, purchase or otherwise the securities of any body corporate mentioned hereinbelow,

upto a sum of Rs. 2,000,000,000 (Rupees Two Thousand Million) notwithstanding that such loans/trade bills/commercial papers/guarantees/securities/investments may exceed the aggregate of 60% of the Paid up Share Capital and Free Reserves of the Company or 100% of the Free Reserves of the Company whichever is higher.

RESOLVED FURTHER THAT the Board of Directors or the Committee thereof be and are hereby authorised to determine;

- (a) the actual sums to be loaned to and/or guarantees to be given/purchase of trade bills and/or commercial papers/securities of any body corporate mentioned hereinbelow,
- (b) the actual sums to be invested in equity shares, preference shares, debentures, bonds, secured premium notes, mutual fund schemes or any other securities of any body corporate as mentioned hereinbelow,
- (c) the actual sums to be invested in equities and equity related instruments through subscription/purchase from primary or secondary markets, derivatives or through forward trading or options or any other manner which the Board of Directors or the Committee thereof in the exercise of its judgment considers safe and prudent in the best interest of the Company,

within the overall limit of Rs. 2,000,000,000 (Rupees Two Thousand Million) and to determine the time/period and manner for making such loans/dealing in trade bills/commercial papers/guarantees/securities/investments and generally to deal with and decide on all or any of the matters arising out of or incidental to the same and to do all such acts, deeds, matters and things for giving effect to this Resolution including any amendment(s) or modification(s) as the Board of Directors or the Committee thereof may in its absolute discretion deem fit and proper.

RESOLVED FURTHER THAT the Board of Directors or the Committee thereof be and is hereby authorised to delegate all or any of the powers or authorities as conferred hereinabove in the manner it deems fit.

RESOLVED FURTHER THAT the bodies corporate referred to in the preceding paragraphs would mean and include:

Names of Bodies Corporate:

- | | |
|---|---------------------------------------|
| 1) The Associated Cement Companies Ltd. | 2) Bajaj Electricals Ltd. |
| 3) Bayer India Ltd. | 4) Birla Global Finance Ltd. |
| 5) Deepak Fertiliser & Petro-Chemicals Ltd. | 6) Godrej Foods Ltd. |
| 7) Godrej Properties & Investments Ltd. | 8) Godrej Agrovet Ltd. |
| 9) Godrej Tea Ltd. | 10) Godrej Soaps Ltd. |
| 11) Godrej & Boyce Mfg. Co. Ltd. | 12) Grasim Industries Ltd. |
| 13) GE Lighting Ltd. | 14) ICICI Bank Ltd. |
| 15) Information Technology Park Ltd. | 16) Indian Hotels Ltd. |
| 17) Indian Railway Finance Corpn. Ltd. | 18) Kotak Mahindra Capital Co. Ltd. |
| 19) Kotak Mahindra Primus Ltd. | 20) L & T Ltd. |
| 21) L & T Finance Ltd. | 22) Nestle India Ltd. |
| 23) MTNL Ltd. | 24) Ranbaxy Laboratories Ltd. |
| 25) Tata Communications Ltd. | 26) Tata Infomedia Ltd. |
| 27) Tata Engineering & Locomotive Co. Ltd. | 28) Tata Teleservices Ltd. |
| 29) Tata Telecom Ltd. | 30) Tata Industries Ltd. |
| 31) Tata Iron & Steel Co. Ltd. | 32) Tata Internet Services Ltd. |
| 33) Tata Housing Development Co. Ltd. | 34) Timex Watches Ltd. |
| 35) Titan Industries Ltd. | 36) Tolani Bulk Carriers Ltd. |
| 37) Tolani Private Ltd. | 38) Tolani Education Foundation. |
| 39) Wipro Finance Ltd. | 40) All SEBI Registered Mutual Funds. |

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- 41) Any other Bodies Corporate/Organisation having any of their instruments/securities rated "AA" or its equivalent thereof.
- 42) Any other Bodies Corporate/Banks/Public Sector Undertakings whose equity or equity related instruments or other securities are listed on the stock exchanges or proposed to be listed on the stock exchanges."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Members be and is hereby accorded to the Board of Directors to contribute any amount or amounts to charitable and/or other funds to any trust/organisation/institution/individual, etc., not directly related to the business of the Company or welfare of its employees notwithstanding the fact that such amount or amounts in aggregate may exceed in any financial year of the Company the limits prescribed under Section 293(1)(e) of the Companies Act, 1956, subject, however, to the conditions that the aggregate amounts so contributed shall not exceed Rs.250,000,000 (Rupees Two Hundred Fifty Million only) in any financial year."
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT in addition/modification to the Resolution passed by the Members of the Company at the Meeting held on 12th June, 2002, consent of the Members be and is hereby accorded pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, to the payment of Bonus as part of remuneration to Mr. A.K.Srivastava, Executive Director, as and when declared by the Company for the financial year 2003-2004 and onwards."
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions of the Companies Act, 1956, the consent of the Members be and is hereby accorded for keeping the Register and index of Members and all documents relating to the shareholding of the Company and copies of Annual Returns prepared under Section 159 of the Companies Act, 1956 together with copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956, returns and copies and certificates and all documents or any one or more of them at the office of the Registrar and Transfer Agents of the Company, M/s. Sharepro Services located at (a) 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021 and (b) Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 098 or at such other place as may be decided by the Board of Directors from time to time instead of being kept at the Registered Office of the Company."

Registered Office:
10-A, Bakhtawar,
Nariman Point, Mumbai 400 021.
Mumbai, Dated: 17th June, 2004.

By Order of the Board of Directors

S. Venkatachalam
Company 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 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 addresses to the Company's Registrars and Share Transfer Agents, Sharepro Services, 912, Raheja Centre, Nariman Point, Mumbai-400 021.

Registered Office:
10-A, Bakhtawar,
Nariman Point, Mumbai 400 021.
Mumbai, Dated: 17th June, 2004.

By Order of the Board of Directors

S. Venkatachalam
Company Secretary

Annexure to the Notice

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

ITEM NO. 6

The Company has since its incorporation in 1974 adopted Article "Table – A" prescribed under the Companies Act, 1956. Over a period of time there has been several changes to the provisions of the Companies Act, 1956 ('the Act') and some of the Articles have become redundant. The Company has now drawn up its own set of Articles, in consonance with the provisions of the Act, which is placed for adoption of the Members.

A copy of the proposed Articles is available for inspection of the Members at the Registered Office of the Company upto the date of the meeting, on any working day, except Saturday, between 11.00 A.M and 1.00 P.M. The same would also be available for inspection at the meeting.

(None of the Directors of the Company is interested in the Resolution).

ITEM NO. 7

The Authorised Capital of the Company is Rs.500,000,000 comprising of 25,000,000 Equity Shares of Rs. 10 each and 500,000 Redeemable Preference Shares of Rs. 500 each.

The Paid up Capital of the Company is Rs.161,485,000 comprising of 11,826,000 Equity Shares of Rs.10 each and 86,450 8% Cumulative Redeemable Preference Shares of Rs.500 each.

The written down value of the fixed assets of the Company as on 31st March, 2004 was Rs.1,196.53 million against the paid up capital of Rs.161.49 million and reserves of Rs.1,243.82 million. To bridge the disproportionate gap between the paid up capital and the capital employed, it is proposed to consolidate and increase the paid up capital of the Company from Rs.161.49 million to Rs. 279.75 million by issue of 11,826,000 Equity Shares of Rs.10 each to be allotted as fully paid Bonus Equity Shares to the existing Equity Shareholders of the Company in the ratio of one Bonus Share for every one Equity Share currently held by them. The Bonus Shares would be issued by capitalising a sum of Rs.118.26 million from the Capital Reserves of the Company. The paid up capital of the Company after the Bonus issue will be Rs.279.75 million comprising of 23,652,000 Equity Shares of Rs.10 each and 86,450 8% Cumulative Redeemable Preference Shares of Rs.500 each.

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

(None of the Directors of the Company is interested in the Resolution except to the extent that Dr. N. P. Tolani and Mr. R.N. Tolani will be entitled to the Bonus Shares as and when allotted by the Company).

ITEM NO. 8

The Members of the Company at their meeting held on 19th June, 2001 had passed a resolution authorising the Board of Directors or the Committee thereof to:

- (i) advance loans/deal in trade bills, commercial papers of specified body corporates
- (ii) give guarantees or provide securities in connection with the loans made to specified body corporates
- (iii) acquire by way of subscription, purchase or otherwise the securities of specified body corporates

upto a sum of Rs.750,000,000 (Rupees Seven Hundred Fifty Million only) notwithstanding the fact that such loans/ trade bills/commercial papers/guarantees/ securities/investments may exceed the aggregate of 60% of the Paid up Share Capital and Free Reserves of the Company or 100% of the Free Reserves of the Company.

Considering the performance of the Company and the future cash flows, there may be need for the Company to make investments, grant loans, issue guarantees beyond Rs.750,000,000. The Board of Directors therefore recommend to the Members for their adoption a resolution

- (i) for enhancing the authority of the Board of Directors or the Committee thereof for making investments, loans and guarantees from Rs.750,000,000 to Rs. 2,000,000,000 notwithstanding the fact that the aggregate of investments, loans and guarantees may exceed 60% of the Paid up Share Capital and Free Reserves of the Company or 100% of the Free Reserves of the Company.
- (ii) for amendments to the list of Bodies Corporate for making investments, loans and guarantees by (a) deleting from the existing list Blue Shell Investments Pvt. Ltd., Rallis India Ltd., IDBI and Yarrowda Investments Pvt. Ltd.

Tolani Shipping Co. Ltd.

and (b) adding Tata Internet Services Ltd., Godrej Tea Ltd., Tolani Private Ltd. and Tata Housing Development Co. Ltd.

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

(None of the Directors of the Company other than Dr. N. P. Tolani, Mr. R. N. Tolani, Mr. R. Kumar, Mr. A. K. Srivastava and Lt. Col. (Retd) T. J. Reejhsingani may be deemed to be concerned or interested in the Resolution).

ITEM NO. 9

The Members of the Company at their meeting held on 14th November, 2003 had passed a resolution authorising the Board of Directors to contribute any amount or amounts to charitable and/or other funds not directly related to the business of the Company or welfare of its employees upto Rs.100,000,000 (Rupees Hundred Million only) notwithstanding that the amount in aggregate may exceed in any financial year of the Company 5% of the average net profit of preceding three financial years or Rs.50,000 whichever is higher. The Company has been receiving requests from Tolani Education Foundation, Nandlal Tolani Charitable Trust and other charitable institutions seeking donations for noble and worthy causes. Considering the continuous support extended by the Company to charitable and other institutions for promoting social cause, the Board of Directors at its meeting held on 17th June, 2004 has, subject to the consent of Members, approved an enhancement in the limits for making donations from Rs.100,000,000 to Rs.250,000,000 in any financial year notwithstanding that the aggregate of all donations may exceed 5% of the average net profit of preceding three financial years or Rs.50,000 whichever is higher.

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 other than Dr. N.P. Tolani, Mr. R.N. Tolani and Lt. Col. (Retd.) T.J. Reejhsinghani may be deemed to be concerned or interested in the Resolution).

ITEM NO. 10

Members of the Company at their Meeting held on 12th June, 2002 had approved the appointment of Mr. A.K. Srivastava as Executive Director of the Company for a period of 5 years, with effect from 1st August, 2002 on a basic salary of Rs.35,000- Rs.60,000 per month plus perquisites and allowances upto 300% of the basic salary.

It is now proposed to revise/modify the terms of appointment and remuneration of Mr. A.K. Srivastava to provide for payment of Bonus, as part of remuneration as and when declared by the Company. The payment of Bonus will be applicable from financial year 2003-2004 and onwards.

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

(None of the Directors of the Company other than Mr. A. K. Srivastava may be deemed to be concerned or interested in the Resolution).

ITEM NO. 11

Section 163 of the Companies Act, 1956 requires the Register of Members, Index of Members, Register and Index of Debenture-holders and copies of all Annual Returns prepared under Section 159 and 160 of the Companies Act, 1956 together with copies of certificates and documents required to be annexed thereto under Section 160 and 161 of the Companies Act, 1956 to be kept at the Registered Office of the Company. However, such registers, indexes, returns and copies, certificates and documents or any one or more of them may, instead of being kept at the Registered Office of the Company may be kept at any other place within the city, town or village in which the Registered Office of the Company is situated, if such other place has been approved by a special resolution passed by the Company in General Meeting.

The Company has been maintaining the Register of Members, Index of the Members, copies of Annual Returns, etc. at the Registered Office of the Company. With the Company assigning the work relating to 8% Cumulative Redeemable Preference Shares, to M/s. Sharepro Services, Registrar and Transfer Agents, there may be occasion to keep the

Registers and Index of 8% Cumulative Redeemable Preference Shareholders at the office of M/s. Sharepro Services located at (a) 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021 and (b) Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 098 or such other place as may be decided by the Board of Directors from time to time.

The Board of Directors at its Meeting held on 17th June, 2004 has subject to the approval of the Members, resolved to maintain some of the Register of Members, Index of Members, copies of Annual Return, etc., at the office of Sharepro Services instead of the Registered Office of the Company or at such other place as may be decided by the Board from time to time.

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

(None of the Directors of the Company is concerned or interested in the Resolution).

Registered Office:

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

Mumbai, Dated: 17th June, 2004.

By Order of the Board of Directors

S. Venkatachalam
Company Secretary



Tolani Shipping Co. Ltd.

Directors' Report

To,

The Members of Tolani Shipping Co. Ltd.

Your Directors have pleasure in presenting their Thirty First Annual Report on the operations and the performance of the Company as well as the audited statement of accounts for the financial year ended 31st March, 2004.

1. FINANCIAL RESULTS

	2003-04	2002-03
	(Rs. in million)	
Profit before Interest, Depreciation & Taxes	769.18	496.78
Less : Interest	48.21	150.59
Profit before Depreciation & Taxes	720.97	346.19
Less : Depreciation	150.87	189.81
Profit before Tax	570.10	156.38
Less : Transferred to 33AC Reserves	460.00	-
Less : Provision for Current Tax	12.86	12.34
Less : Provision for Deferred Tax	(10.77)	79.02
Profit after Tax	108.01	65.02
Add : Balance brought forward from previous year	20.60	35.84
Add : Prior period adjustments (net)	1.01	1.42
Less: Income Tax of earlier years	6.18	-
Amount available for appropriation	123.44	102.28
APPROPRIATIONS		
Transfer to General Reserve	10.85	55.00
Dividend	50.62	23.65
Tax on Dividend	6.49	3.03
Balance carried to Balance Sheet	55.48	20.60
	123.44	102.28

2. DIVIDEND FOR FINANCIAL YEAR 2003-2004

Your Directors have declared interim dividend of 40% on 11,826,000 Equity Shares of Rs.10 each and proportionate 8% dividend on 86,450 8% Cumulative Redeemable Preference Shares of Rs. 500 each aggregating to Rs.50,628,992 for the financial year ended 31st March, 2004. Considering the dividend to be reasonable and commensurate with the financial results of the Company, your Directors do not recommend any further dividend for the year under review.

3. OPERATIONS AND FUTURE OUTLOOK

The year 2003-2004 was a landmark year for dry bulk shipping. Buoyed by the raising freight rates, the net profits of several shipping companies rose to a new high. Your Company's operating earnings also surged to Rs.1,403.50 million against Rs.896.73 million of the previous year. The Net Profit of the Company before tax also scaled to Rs. 570.10 million from Rs. 156.38 million of the previous year, recording an increase of 264%.

The overall firming up of the freight rates was driven by resurgence in the global economy and a strong Chinese demand for steel and iron ore. The Handymax Dry Bulk rates, as indicated by the Baltic Handymax Index, rose from 12,500 levels in April, 2003 to 26,000 by the end of December, 2003 and to 35,000 by February, 2004. The sentiment in the shipping market however changed due to worries over China's economic growth as well as rising oil prices. The freight rates have weakened since March, 2004 with Baltic Handymax Index reduced to 17,600 levels by June, 2004. There has been a definite slow down in commodities intake by China, especially in iron ore, as a result of credit restrictions imposed. Nevertheless there is a universal belief that China's economy and infrastructure must continue to develop at a reasonably rapid rate. Therefore, the fundamentals for a

buoyant shipping market remain intact. Hence the current correction can be seen to provide an opportunity to grow and position the Company for a bright future.

The year under review also saw firming of prices of new building and secondhand vessels. It was a time for companies to conserve their resources and wait for appropriate time to expand. Your Company in the meanwhile focused its attention on replacing older tonnages and upgrade its quality control systems to face global competition.

The future will be far more complex for shipping companies. The companies will need to constantly analyze the market trends and decide on focused market strategies to capitalize on their own strengths.

4. DIVIDEND FOR FINANCIAL YEAR 2004-2005

Considering the performance of the Company and the estimated profits for the financial year 2004-2005, the Board of Directors has at its meeting held on 17th June, 2004 declared an interim dividend for the financial year 2004-2005 of 40% on 11,826,000 Equity Shares of Rs. 10 each aggregating to Rs. 47,304,000.

5. DEMERGER

In terms of the order of High Court of Bombay, the shipping business of the subsidiary company, Tolani Bulk Carriers Ltd. was demerged and transferred to the Company pursuant to a Scheme of Arrangement. In consideration for transfer, the Company has on 16th April, 2003 allotted 86,450 8% Cumulative Redeemable Preference Shares of Rs.500 each to the Equity Shareholders of Tolani Bulk Carriers Ltd. The Paid up Capital of the Company after the allotment stood raised to Rs. 161.48 million from Rs. 118.26 million.

6. CAPITAL

With a view to consolidate the Paid up Capital, it is proposed to issue 11,826,000 Equity Shares of Rs. 10 each to be allotted as fully paid up Bonus Shares to the existing Equity Shareholders of the Company in the ratio of one Bonus Share for every one Equity Share held by them. The Bonus Shares would be issued by capitalizing a sum of Rs.118.26 million from the Capital Reserves of the Company. The Paid up Capital after the Bonus Issue will stand raised to Rs. 279.75 million comprising of 23,652,000 Equity Shares of Rs.10 each and 86,450 8% Cumulative Redeemable Preference Shares of Rs. 500 each.

7. SUBSIDIARY COMPANIES

- The operation of the Indian subsidiary, Tolani Bulk Carriers Ltd., has shrunk substantially after demerger of shipping business of the company into our Company.
- Your Directors are pleased to inform that the Singapore subsidiaries Tolani Shipping (Singapore) Pte. Ltd., Puni Gopal Shipping Pte. Ltd. and Parvati Shipping Pte. Ltd. set up in 2003, together own and operate 3 Handymax Bulk Carriers.

The Audited Statement of Accounts, Directors' Report and Auditors' Report of the subsidiaries for the year ended 31st March, 2004 are annexed in terms of the provisions of Section 212 of the Companies Act, 1956.

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Particulars	(Rs. in million)	
	2003-04	2002-03
a) Foreign exchange earnings/savings	1,016.66	687.05
b) Foreign exchange used [including Rs.322.80 million (Previous Year Rs. 218.85 million) towards loan repayment and interest]	656.01	618.27

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

9. DIRECTORATE

Mr. R.N.Tolani and Mr. N.P.Gidwani, Directors of the Company are due to retire by rotation at the Thirty First Annual General Meeting and being eligible offer themselves for reappointment.

Mr. P.L.Nain has resigned from the Directorship of the Company due to ill health. The Board accepted his resignation effective from 25th September, 2003 and placed on record its warm appreciation of the valuable contribution made by Mr. P.L.Nain.