

# VARUN

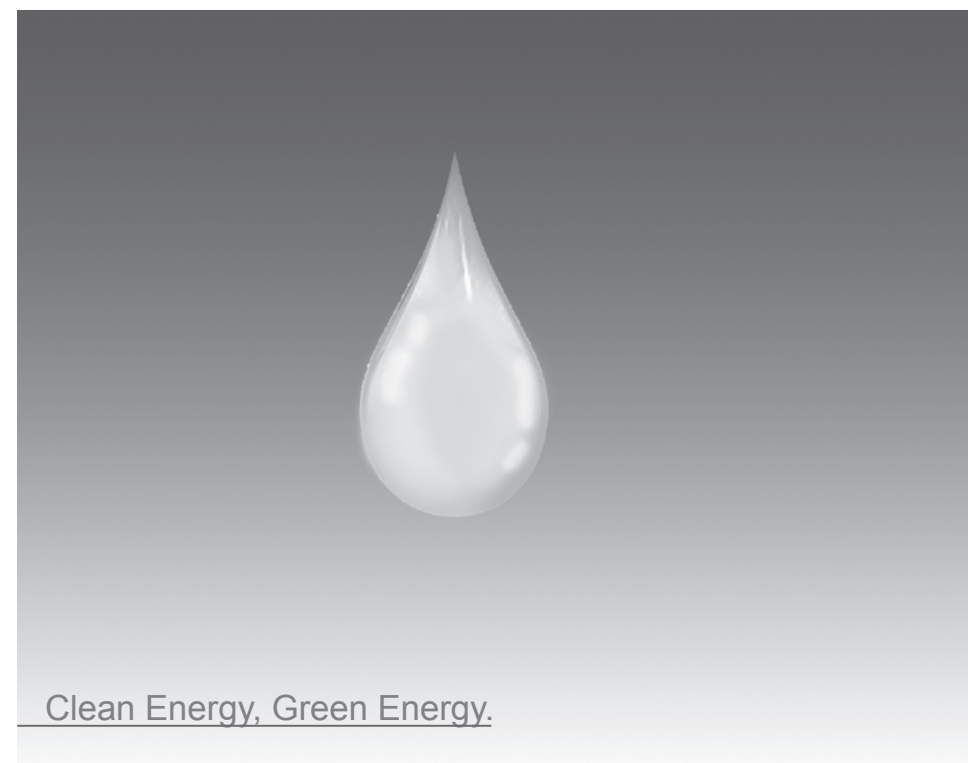


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Clean Energy, Green Energy.

39th annual report  
2009-2010



**VARUN SHIPPING COMPANY LIMITED**

## Clean Energy, Green Energy

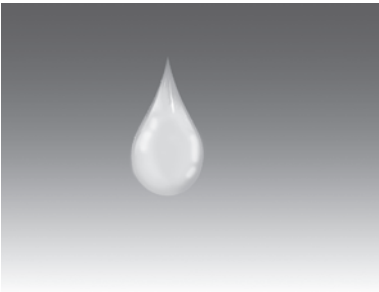
A wise man once said “if we take care of the earth, she will take care of us.” We at Varun Shipping take this saying seriously. We believe in the concept of “green and clean energy” and provide marine services which support this ideology. It is our commitment to be an effective energy transportation and logistics company that supports sustainable forms of energy.

Varun Shipping is Asia’s largest LPG transportation company. LPG is considered to be one of the most eco-friendly fuels and a greener, cleaner alternative to kerosene, firewood and charcoal. LPG encourages people in rural India to refrain from depleting natural resources such as firewood and charcoal and use pollution-free LPG for cooking.

Varun Shipping transports oil in an environmentally friendly and safe manner. Our vessels are State-of-the-Art, double-hulled and comply with the latest International Quality regulations. Varun Shipping is the first Indian company to phase out all single hull vessels and invest in double hull crude tankers, which evidences our commitment towards a greener tomorrow.

Varun Shipping is involved in offshore exploration services such as anchor handling, towing and supply activities. Our vessels are modern, energy efficient and designed to assist in the exploration of Oil and Gas in a responsible and an environmentally safe manner.

Varun Shipping’s operations uphold the maxim of “Clean Energy, Green Energy” by ensuring that our vessels as well as the crew follow the ‘best practices’ in all aspects of shipping and offshore support services. This is done by training, timely inspections and compliance of oil major vetting standards. Through high quality assets, knowledge and care, we renew and revitalise our commitment and promise towards a greener and cleaner future.



The drop symbolises Varun Shipping’s ideal of “green energy”. Varun Shipping supports transportation and exploration of green and clean fuel that is in synergy with our environment and not detrimental to it. The light background is a representation of Varun Shipping’s “clean marine” vision. Together, the drop and the water stand for Varun Shipping’s support for eco-friendly forms of energy.

## The Fleet Composition

(As on 31st March, 2010)

NAME	TYPE	YEAR OF BUILD	YARD WHERE BUILT	GRT	CBM	STATUS
MAHARSHI BHARDWAJ	GAS CARRIER	1992	SOUTH KOREA	43635	76644	OWNERSHIP
MAHARSHI VAMADEVA	GAS CARRIER	1991	U.K.	34974	57206	OWNERSHIP
MAHARSHI MAHATREYA	GAS CARRIER	1991	SOUTH KOREA	23878	35559	OWNERSHIP
MAHARSHI KRISHNATREYA	GAS CARRIER	1991	SOUTH KOREA	23878	35559	OWNERSHIP
MAHARSHI SHUBHATREYA	GAS CARRIER	1982	JAPAN	29240	43670	OWNERSHIP
MAHARSHI BHAVATREYA	GAS CARRIER	1991	SOUTH KOREA	23878	35559	ON MANAGEMENT
MAHARSHI DEVATREYA	GAS CARRIER	1990	SOUTH KOREA	23878	35559	ON MANAGEMENT
MAHARSHI DATTATREYA	GAS CARRIER	1983	NORWAY	15709	24054	ON CHARTER
MAHARSHI SHIVATREYA	GAS CARRIER	1984	NORWAY	15399	24050	ON CHARTER
MAHARSHI LABHATREYA	GAS CARRIER	1982	NORWAY	15405	24046	ON CHARTER
NAME	TYPE	YEAR OF BUILD	YARD WHERE BUILT	GRT	DWT	STATUS
AMBA BHARGAVI	CRUDE OIL TANKER	2006	KOREA	57243	106004	OWNERSHIP
AMBA BHAVANEE	CRUDE OIL TANKER	2003	JAPAN	58136	107081	OWNERSHIP
AMBA BHAKTI	CRUDE OIL TANKER	1997	JAPAN	56127	106597	OWNERSHIP
NAME	TYPE	YEAR OF BUILD	YARD WHERE BUILT	BP	BHP	STATUS
SUCHANDRA	AHTS**	2009	NORWAY	193	17200	OWNERSHIP
SUBHADRA	AHTS**	2008	NORWAY	188	17200	OWNERSHIP
SUVARNA	AHTS**	2002	CHINA	201	17300	OWNERSHIP
SUBHIKSHA	AHTS**	2001	CHINA	192	16565	OWNERSHIP
SUDAKSHA	AHTS**	2001	CHINA	199	16565	OWNERSHIP
NEEL AKASH	AHTS**	1984	JAPAN	60	5200	ON CHARTER
NEEL KAMAL	AHTS**	1983	JAPAN	60	5200	ON CHARTER
** Anchor Handling Towing and Supply Vessel						





# Notice

NOTICE is hereby given that the thirty-ninth Annual General Meeting of the Company will be held at Y.B.Chavan Centre, General Jagannath Bhonsle Marg, Sachivalaya, Mumbai - 400021 on Wednesday, 4th August, 2010 at 11.00 a.m to transact the following business :

## **Ordinary Business :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Praveen Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Charles Cayzer, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## **Special Business:**

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

“RESOLVED THAT Mr.Khurshed M. Thanawalla, who was appointed as a Director of the Company on 27th January, 2009 in the casual vacancy caused by the resignation of Mrs. Rina D. Khatau and whose term of office expires under Section 262 of the Companies Act, 1956 (the “Act”) at this meeting and in respect of whom notices under Section 257 of the Act have been received from some members signifying their intention to propose Mr. Khurshed M. Thanawalla as a candidate for the office of Director of the Company along with the requisite amount of deposit, be and is hereby appointed as a Director of the Company liable to retirement by rotation.”

7. 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 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and rules, notifications issued thereunder including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and subject to the provisions of the applicable laws, statutes, rules, regulations and guidelines and subject to the approval of the Central Government and any other approvals, consents, permissions and/or sanctions, if any, from the appropriate authorities, institutions or regulators as may be necessary and further subject to such terms, conditions, modifications and alterations as may be prescribed, imposed, stipulated or suggested by any of the authorities, institutions or regulators concerned while granting such approvals, consents, permissions or sanctions, which the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on Board by this resolution may have been delegated by the Board), be and is hereby authorized to accept, consent of the Company be and is hereby accorded, for the re-appointment of Mr. Haider Nawaz, relative of Mr. Yudhishthir D. Khatau, Vice Chairman and Managing Director of the Company, to continue to hold an office or place of profit as “Vice President – Business Development” (or any other designation which the Chairman & Managing Director failing which the Board may decide from time to time), for a period of four years with effect from 25th February, 2011, on the terms and conditions as set out in the Explanatory Statement annexed to this notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to alter, amend, vary and modify the terms and conditions of re-appointment of Mr. Haider Nawaz from time to time as it may deem fit and proper.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things including to settle all questions, difficulties or doubts that may arise and execute such deeds, documents, writings and the like with regard to the re-appointment and terms and conditions of re-appointment of Mr. Haider Nawaz as the Board in its absolute discretion, may deem fit, necessary, expedient, desirable, appropriate or proper.”





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 the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII to the Act including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and further subject to the approval of Central Government and further subject to such conditions, modifications and changes as the Central Government may direct, require and approve and which the Directors be and are hereby authorised to accept at their sole and absolute discretion, the Company ratifies and confirms payment of excess remuneration of Rs.1,06,36,647/- to Mr. Arun Mehta, Chairman & Managing Director for the financial year ended 31st March, 2010.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Act read with Schedule XIII to the Act including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and further subject to the approval of Central Government and further subject to such conditions, modifications and changes as the Central Government may direct, require and approve and which the Directors be and are hereby authorised to accept at their sole and absolute discretion, consent of the Company be and is hereby accorded for waiving the recovery of an amount of Rs.1,06,36,647/- paid as excess remuneration exceeding the statutory limits laid down under the Act, to Mr. Arun Mehta, Chairman & Managing Director, resulting from the inadequacy of profits for the financial year ended 31st March, 2010.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof for the time being and from time to time to which all or any of the powers hereby conferred on Board by this resolution may have been delegated by the Board), be and is hereby authorised to do and perform all such acts, deeds, matters and things including, to settle all questions, difficulties or doubts that may arise and execute all such deeds, documents, writings and the like as the Board in its absolute discretion may deem fit, necessary, expedient, desirable, appropriate or proper.”

9. 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 Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII to the Act including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and further subject to the approval of Central Government and further subject to such conditions, modifications and changes as the Central Government may direct, require and approve and which the Directors be and are hereby authorised to accept at their sole and absolute discretion, the Company ratifies and confirms payment of excess remuneration of Rs.38,24,887/- to Mr. Yudhishtir D. Khatau, Vice Chairman & Managing Director for the financial year ended 31st March, 2010.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Act read with Schedule XIII to the Act including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and further subject to the approval of Central Government and further subject to such conditions, modifications and changes as the Central Government may direct, require and approve and which the Directors be and are hereby authorised to accept at their sole and absolute discretion, consent of the Company be and is hereby accorded for waiving the recovery of an amount of Rs.38,24,887/- paid as excess remuneration exceeding the statutory limits laid down under the Act, to Mr. Yudhishtir D. Khatau, Vice Chairman & Managing Director, resulting from the inadequacy of profits for the financial year ended 31st March, 2010.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof for the time being and from time to time to which all or any of the powers hereby conferred on Board by this resolution may have been delegated by the Board), be and is hereby authorised to do and perform all such acts, deeds, matters and things including, to settle all questions, difficulties or doubts that may arise and execute all such deeds, documents, writings and the like as the Board in its absolute discretion may deem fit, necessary, expedient, desirable, appropriate or proper.”



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

“RESOLVED THAT in partial modification of the resolution at Item No.6 passed by the Members at the 37th Annual General Meeting of the Company held on 1st August, 2008 approving the re-appointment and the terms of remuneration of Mr. Arun Mehta, as Vice Chairman & Managing Director with effect from 3rd October, 2008 (re-designated as Chairman & Managing Director with effect from 2nd December, 2008) and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII to the Act including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and subject to the approval of the Central Government, if required, and further subject to such conditions, modifications and changes as the Central Government may direct, require and approve and which the Directors be and are hereby authorised to accept at their sole and absolute discretion, consent of the Company be and is hereby accorded to the variation in terms of minimum remuneration payable to Mr. Arun Mehta, Chairman & Managing Director in the event of absence or inadequacy of profits for the period from 1st April, 2010 to 31st March, 2012 as set out in the supplemental agreement to be entered into between the Company and Mr. Arun Mehta, a draft whereof duly initialled by the Vice Chairman and Managing Director for the purpose of identification has been placed before the meeting, which supplemental agreement is hereby specifically approved with powers to the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated by the Board) to alter, amend, vary and modify the terms and conditions of the said remuneration payable as it may deem fit in such manner as may be agreed upon by the Board and Mr. Arun Mehta in terms of the provisions of the Act or any statutory amendment(s), modification(s) and/or re-enactment(s) thereto.

RESOLVED FURTHER THAT except for the modification in the remuneration payable to Mr. Arun Mehta to the extent mentioned in the supplemental agreement mentioned above in case of absence or inadequacy of profits, all other terms and conditions of re-appointment of Mr. Arun Mehta and remuneration payable to him as approved by the Members at the Annual General Meeting held on 1st August, 2008 shall remain unchanged.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things including, to settle all questions, difficulties or doubts that may arise and execute all such deeds, documents, writings and the like as the Board in its absolute discretion may deem fit, necessary, expedient, desirable, appropriate or proper.”

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

“RESOLVED THAT in partial modification of the resolution at Item No.7 passed by the Members at the 36th Annual General Meeting of the Company held on 14th August, 2007 approving the re-appointment and the terms of remuneration of Mr. Yudhishtir D. Khatau, Managing Director with effect from 25th August, 2007 (re-designated as Vice Chairman & Managing Director with effect from 2nd December, 2008) and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII to the Act including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being or from time to time in force and subject to the approval of the Central Government, if required, and further subject to such conditions, modifications and changes as the Central Government may direct, require and approve and which the Directors be and are hereby authorised to accept at their sole and absolute discretion, consent of the Company be and is hereby accorded to the variation in terms of minimum remuneration payable to Mr. Yudhishtir D. Khatau, Vice Chairman & Managing Director in the event of absence or inadequacy of profits for the period from 1st April, 2010 to 31st March, 2012 as set out in the supplemental agreement to be entered into between the Company and Mr. Yudhishtir D. Khatau, a draft whereof duly initialled by the Chairman & Managing Director for the purpose of identification has been placed before the meeting, which supplemental agreement is hereby specifically approved with powers to the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated by the Board) to alter, amend, vary and modify the terms and conditions of the said remuneration payable as it may deem fit in such manner as may be agreed upon by the Board and Mr. Yudhishtir D. Khatau in terms of the provisions of the Act or any statutory amendment(s), modification(s) and/or re-enactment(s) thereto.





RESOLVED FURTHER THAT except for the modification in the remuneration payable to Mr.Yudhishtir D. Khatau to the extent mentioned in the supplemental agreement mentioned above in case of absence or inadequacy of profits, all other terms and conditions of re-appointment of Mr. Yudhishtir D. Khatau and remuneration payable to him as approved by the Members at the Annual General Meeting held on 14th August, 2007 shall remain unchanged.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things including, to settle all questions, difficulties or doubts that may arise and execute all such deeds, documents, writings and the like as the Board in its absolute discretion may deem fit, necessary, expedient, desirable, appropriate or proper."

**By Order of the Board of Directors**

**Manali Parekh**

*Vice President – Corporate Affairs,  
Secretarial & Legal and Company Secretary*

*Mumbai, May 21, 2010*

**NOTES :**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.

The instrument appointing a proxy and the power of attorney, if any, under which it is signed in order to be effective should be deposited at the Registered Office of the Company not less than forty-eight hours before the time of holding the aforesaid meeting as provided by Article 120 of the Articles of Association of the Company.

- (b) The explanatory statement as required by Section 173(2) of the Companies Act, 1956 in respect of businesses under Items 6 to 11 set out above is annexed hereto.
- (c) The Register of Members and Share Transfer Books will remain closed from Friday, the 23rd July, 2010 to Wednesday, the 4th August, 2010 (both days inclusive), for the purpose of payment of dividend.
- (d) Members are requested to notify the Registrars and Transfer Agents of the Company, Datamatics Financial Services Limited, Plot No.A-16 & A-17, Part B Crosslane, MIDC, Andheri (East), Mumbai – 400 093 or the Company at its Registered Office of any change in address quoting their Folio Number/s. In respect of shares held in electronic form, instructions regarding change in address be furnished to members' Depository Participant only.
- (e) Recently, Securities and Exchange Board of India (SEBI) has issued a circular clarifying that it shall be mandatory for the transferee(s) to furnish copy of Permanent Account Number (PAN) card to the Company/ Registrars and Transfer Agents of the Company for registration of transfer of shares in the physical mode. Members may please take a note of the same.
- (f) (i) If dividend on the equity shares as recommended by the Directors is declared at the meeting, the payment will be made to those members whose names appear in the Company's Register of Members as on 4th August, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- (ii) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories as on 23rd July, 2010 to the Company will be printed on the dividend warrants and the Company cannot entertain any direct request from such members for change/deletion in such bank details. Such members may therefore give instructions regarding bank accounts to their Depository Participants only.
- (g) In case of members availing of National Electronic Funds Transfer (NEFT)/Electronic Clearing Service (ECS) Facility:
- (i) In respect of members who have given mandate for payment of dividend electronically, the dividend will be paid through NEFT/ECS and their bank account details will be printed on their dividend advice.

The mandate, if any, given by members in respect of shares held in physical form will not be applicable to the dividend payable on shares held in demat mode and vice versa. Members holding shares in demat mode should give instructions regarding bank account in which they wish to receive dividend to their Depository Participants.

Members may please note that the Company shall not be liable for any loss or damage which may arise due to submission of any incorrect particulars by the members.



- (ii) In case of members not availing of NEFT/ECS facility:  
With a view to provide protection against fraudulent encashment of dividend warrants, members holding shares in physical form were requested in the past to provide their bank account numbers, names of the banks and addresses of the branches to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet furnished such information are again requested to furnish these details quoting their folio numbers to reach the Company or its Registrars and Transfer Agents, Datamatics Financial Services Limited latest by 23rd July, 2010 to enable the Company to incorporate this information in the dividend warrants. Members may please note that the Company shall not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.
- (h) (i) Unclaimed dividend upto the financial year 1993-1994 has been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividend upto the said period may write to the Company and thereafter claim the amounts due from Registrar of Companies Maharashtra, Mumbai.
- (ii) Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend/interest remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund (IEPF). Thereafter, members shall not be able to register their claim in respect of their unencashed dividend/interest. Accordingly, unclaimed dividend/interest from the financial year 1994-1995 to 2001-2002 has been transferred to IEPF.
- (iii) Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2003 and onwards are requested to make their claims to the Company, without any delay.
- (i) Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) as prescribed under the Companies (Central Government's) General Rules and Forms, 1956 with the Company or the Registrars and Transfer Agents, Datamatics Financial Services Limited. This form can be downloaded from the website [www.dfssl.com](http://www.dfssl.com). In case of shares held in demat form, the nomination has to be lodged with member's Depository Participant only.
- (j) A brief profile of Directors retiring by rotation and eligible for re-appointment as required by Clause 49 IV G of the Listing Agreement with the Stock Exchanges is given below:

**(i) Mr.Praveen Singh**

Mr.Praveen Singh was appointed as a director on the Board of the Company with effect from 15th September, 1994. He is the Chairman of Company's Audit Committee and a member of Shareholders/Investors Grievance Committee and Remuneration Committee. He is Bachelor of Arts and Master of Arts (History) and is 76 years of age. He is the former Director General of Shipping, Government of India and possesses vast and rich experience in the field of shipping. He was also Joint Secretary in the Union Cabinet Secretariat from 1979 to 1984 co-ordinating and monitoring the performance of the infrastructure sector. He is a former director of the erstwhile SCICI Limited.

He is a director of Pandi Correspondents Private Limited. He is not a Member of any Committee in any other Company. He holds 45,000 equity shares in the Company.

**(ii) Mr.Charles Cayzer**

Mr. Charles Cayzer was appointed as a director on the Board of the Company with effect from 14th August, 2007. He is aged 53 years and possesses vast and rich experience in the areas of merchant banking, commercial banking, corporate and project finance for nearly 33 years. During 1980 to 1985 he worked with Baring Brothers, Cayzer Irvine Limited (Management company to British & Commonwealth Shipping plc) and Cayzer Limited.

In 1985, he was appointed on the Board of Caledonia Investments plc, London, one of the largest investment trusts listed on the London Stock Exchange. Since 1987, he is the Executive Director of Caledonia Investments plc. In addition he also holds directorships in several other foreign companies. He is not a director or member of committee of the Board of Directors of any Indian company.

He does not hold any equity shares in the Company in his own name and no shares are held by other persons on a beneficial basis for him, as per the details furnished by him.

**By Order of the Board of Directors**

**Manali Parekh**

*Vice President – Corporate Affairs,  
Secretarial & Legal and Company Secretary*

Mumbai, May 24, 2010



**VARUN SHIPPING COMPANY LIMITED**



## **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

### **Item No.6**

Mr.Khurshed M. Thanawalla was appointed as a Director by the Board of Directors of the Company with effect from 27th January, 2009 in the casual vacancy caused by the resignation of Mrs.Rina D. Khatau and holds office of director upto this Annual General Meeting in terms of Section 262 of the Companies Act, 1956, but is eligible for appointment.

The Company has received notices under Section 257 of the Companies Act, 1956 from some members together with necessary deposits signifying their intention to propose appointment of Mr. Khurshed M. Thanawalla as a director of the Company at this meeting.

This may also be treated as individual notice to the members of his candidature pursuant to Section 257(1A) of the Companies Act, 1956.

A brief profile of Mr. Khurshed M. Thanawalla pursuant to Clause 49 IV G of the Listing Agreement is given below:

Mr. Thanawalla aged 67 years is a Bachelor of Commerce (B.Com), a Fellow of the Institute of Chartered Secretaries and Administrators, London, an Associate of The Textile Institute, UK and an Associate of The British Institute of Management.

Mr. Thanawalla possesses vast and rich experience in the establishment and management of textile mills in Kenya and Indonesia. He was also a Director of textile consultancy, management and agency companies in East Africa, Switzerland, Singapore and India. He was the Managing Director of Barmag India Private Limited and Saurer India Private Limited. He is currently the Managing Director of Oerlikon Textile India Private Limited. He is also an active member of Textile Associations. Accordingly, his expertise lies in setting up new business units, business development, industrial marketing and overall management of companies.

He is a member on the boards of Mandhana Industries Limited, Schlafhorst Engineering (India) Limited, Stovec Industries Limited, Oerlikon Textile India Private Limited, Oerlikon Textile Components India Private Limited, Zinser Textile Systems Private Limited, Alma Machines Private Limited, Volkmann Machines Private Limited, Neumag Machines Private Limited, Barmag Machines Private Limited, Schlafhorst Machines Private Limited, Bimag Machines Private Limited, Indofill Elastomer Private Limited, Peass Industrial Engineers Limited, Ahura Holdings Private Limited, Master Voss International Projects Private Limited, Giribala Properties Private Limited and Graziano Transmissions India Private Limited. He is the Chairman of Audit Committee of Mandhana Industries Limited and Stovec Industries Limited and a member of the Audit Committee of Schlafhorst Engineering (India) Limited. He is the Chairman of Investors' Grievance Committee of Schlafhorst Engineering (India) Limited and a member of the Shareholder Grievance Committee of Stovec Industries Limited. He is the Chairman of Shareholders/Investors Share Allotment and Transfer Committee of Mandhana Industries Limited. He is the Chairman of Remuneration Committee of Stovec Industries Limited and Member of the Remuneration Committee of Mandhana Industries Limited and Schlafhorst Engineering (India) Limited. He is also a member of the Remuneration Committee of the Company. He holds 34,230 equity shares in the Company.

The Directors therefore recommend passing of the Ordinary resolution as set out at Item No.6 of the accompanying Notice.

None of the Directors of the Company, except Mr. Thanawalla may be considered or deemed to be considered as concerned or interested in the said resolution.

### **Item No.7**

Pursuant to the Special resolution passed by the shareholders at the Thirty-fifth Annual General Meeting of the Company held on 12th September, 2006 and in terms of Central Government approval, Mr.Haider Nawaz, a relative of Mr. Yudhishtir D. Khatau, Vice Chairman & Managing Director was appointed as Vice President-Business Development upto 24th February, 2011 at the Company's branch office at Singapore. The Directors believe that for growth and expansion of the Company, it would be desirable to continue to avail of his services as Vice President – Business Development (or on such other designation as may be decided by the Chairman & Managing Director or the Board of Directors from time to time) for a further period of four years with effect from 25th February, 2011 as set out at item No.7 of the accompanying Notice.

Provisions of Section 314(1B) of the Companies Act, 1956 (the "Act") provide inter-alia that no relative of a director shall hold any office or place of profit in the Company which carries a total monthly remuneration of not less than the prescribed amount except with the prior consent of the Company by a special resolution and approval of the Central Government.

In terms of the provisions of Section 314(1B) of the Act, Mr. Haider Nawaz, a relative of Mr. Yudhishtir D. Khatau, Vice Chairman & Managing Director of the Company, may be considered



as holding an office or place of profit in the Company upon his re-appointment and on payment of remuneration. Therefore, his re-appointment and remuneration shall be subject to approval of the members by way of special resolution and also approval of Central Government.

Mr. Haider Nawaz has obtained a Bachelor of Science degree in Electrical Engineering from the University of Engineering and Technology, Lahore. Since 1994, he was employed with Rotary Screens of Asia Pte Ltd ("RSA"), Singapore, a company manufacturing and marketing textile printing screens and anilox rollers for the flexo printing/gravure coating industry. He joined RSA as a technical and business development manager and was responsible for plant automation and manpower reduction. He successfully introduced and established RSA products into the South East Asian, Middle Eastern, South American and Caribbean markets. Before joining the Company, he was the managing director of RSA since 2001 and was responsible for manufacturing, marketing and business development at RSA. He has extensive experience in industrial marketing, business development and overall corporate administration due to his exposure to Singapore and South East Asian region.

His scope of work as Vice President – Business Development includes identifying and establishing new markets and business opportunities for the Company internationally. During the tenor of his appointment, one of the significant contributions made by him was to develop Indonesian market for the Company whereby Company's LPG carriers were gainfully employed. In addition, Mr. Nawaz oversees Company's relationships with business associates including oil majors, charterers, shipyards, vendors etc. and/or will perform such other work as may be assigned to him from time to time relating to the Company's operations. Mr. Nawaz was selected for re-appointment as Vice President – Business Development by the Company by adopting the same procedure as applicable to the non-relatives and the procedure provided in terms of the provisions of Director's Relatives (Office or Place of Profit) Rules, 2003. The Selection Committee, comprising of Mr. Arun Mehta, Mr. Praveen Singh and Dr. A K Bhattacharya, majority of which are independent directors and Mr. Anil Devli, an independent expert also considered and approved the re-appointment of Mr. Haider Nawaz and recommended the following terms and conditions for his re-appointment and remuneration:

**(1) Term of Appointment:**

Four (4) years with effect from 25th February, 2011

**(2) Remuneration:**

Salary: Singapore \$ 22,300 per month for the first two years

Singapore \$ 26,000 per month for the next two years.

**(3) Bonus:**

Not exceeding Singapore \$ 84,000 per annum for the first two years and Singapore \$ 96,600 per annum for the next two years at the discretion of the Chairman & Managing Director failing which at the discretion of the Board of Directors.

**(4) Special Allowance:**

Singapore \$ 11,000 per month for the first two years

Singapore \$ 13,000 per month for the next two years.

**(5) House Rent Allowance:**

Singapore \$ 11,000 per month for the first two years

Singapore \$ 13,000 per month for the next two years.

**(6) Car:**

Company to provide and maintain car of a value not exceeding Singapore \$ 200,000 with petrol and parking payments at actuals.

**(7) Leave:**

On full pay and allowances in accordance with the rules of the Company.

**(8) Leave Travel Allowance:**

For self and family once in a year in accordance with the rules of the Company.

**(9) Club Fees:**

Annual fees of one club in Singapore not exceeding Singapore \$ 3,000 per annum and payment of actual expenses.

**(10) Medical Insurance:**

Payment of all medical insurance for self, spouse and children including insurance for hospitalization, outpatient and dental not exceeding Singapore \$ 40,000 per annum.

**(11) Provident Fund:**

Contribution to Provident Fund in accordance with the rules of the Company.





**(12) Telephone, Mobile phone, Fax and Internet:**

Payment of telephone, mobile phone, fax and internet expenses at actuals.

**(13) Encashment of Leave:**

Encashment of accumulated leave at the end of term of office according to the rules of the Company.

**(14) Gratuity:**

15 days salary for each completed year of service according to the rules of the Company.

**(15) Payment of Expenses:**

Payment of entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company and travelling, hotel and other expenses incurred by him for the business of the Company.

**(16) General:**

Mr. Nawaz will be subject to the Company's rules and regulations as applicable to the Company's employees based at Singapore.

The aforesaid remuneration shall be subject to deduction of applicable taxes.

The remuneration proposed to be paid to Mr. Nawaz commensurates with his experience.

The Directors therefore recommend passing of the Special resolution as set out at Item No.7 of the accompanying Notice.

None of the Directors of the Company except Mr. Yudhishtir D. Khatau who is a relative of Mr. Haider Nawaz, may be considered or deemed to be considered as concerned or interested in the said resolution.

**Item No.8**

At the thirty-seventh Annual General Meeting of the Company held on 1st August, 2008, the members had approved the re-appointment of and payment of remuneration to Mr. Arun Mehta, the then Vice Chairman & Managing Director of the Company for a period of five years with effect from 3rd October, 2008. He was re-designated as Chairman and Managing Director with effect from 2nd December, 2008. In terms of the agreement dated 1st August, 2008 entered into by the Company with Mr. Arun Mehta, the Company has been paying the remuneration so approved to Mr. Arun Mehta since the date of his re-appointment. However, mainly due to global recession, there was a downturn in the shipping industry and the revenues of the Company were adversely affected. This resulted into inadequate profits for the financial year ended 31st March, 2010 in relation to payments already made to Mr. Arun Mehta resulting in an excess payment of remuneration of Rs.1,06,36,647/-. It is pertinent to note that the Company has consistently made profits for the past 25 years under the able leadership of Mr. Arun Mehta. Consequently, approval of the Central Government has been sought in terms of Section 309 and other applicable provisions of the Companies Act, 1956 for seeking its approval for waiver of payment of such excess remuneration to Mr. Arun Mehta.

Copy of the Agreement dated 1st August, 2008 entered into with Mr. Arun Mehta and the resolution passed at the Annual General Meeting held on 1st August, 2008 together with explanatory statement thereto relating to his re-appointment and remuneration will be available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the ensuing Annual General Meeting.

The Directors therefore recommend passing of the Special Resolution as set out at item No.8 of the accompanying Notice.

None of the Directors of the Company except Mr. Arun Mehta may be considered or deemed to be considered as concerned or interested in the said resolution.

**Item No.9**

At the thirty-sixth Annual General Meeting of the Company held on 14th August, 2007, the members had approved the re-appointment of and payment of remuneration to Mr. Yudhishtir D. Khatau, the then Managing Director of the Company for a period of five years with effect from 25th August, 2007. He was re-designated as Vice Chairman & Managing Director with effect from 2nd December, 2008. In terms of the agreement dated 16th August, 2007 entered into by the Company with Mr. Yudhishtir D. Khatau, the Company has been paying the remuneration so approved to Mr. Yudhishtir D. Khatau since the date of his re-appointment. However, mainly due to global recession, there was a downturn in the shipping industry and the revenues of the Company were adversely affected. This resulted into inadequate profits for the financial year ended 31st March, 2010 in relation to payments already made to Mr. Yudhishtir D. Khatau resulting in an excess payment