



The Scindia Steam Navigation Co. Ltd.

92nd ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2010-2011

Annual General Meeting

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

THE SCINDIA STEAM NAVIGATION COMPANY LIMITED

BOARD OF DIRECTORS

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

Shri Dinesh Kumar

Shri G. Srinivas

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



**JALANATH
THE LORD OF THE SEA**

Auditors:

Messrs K. S. Aiyar & Co.

Registered Office:

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

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Notice

Notice is hereby given that the Ninety Second Annual General Meeting of The Scindia Steam Navigation Company Limited, will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400 001 on Monday, the 26th September, 2011 at 11:00 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon,
2. To appoint auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company, and to authorize the Board of Directors to fix their remuneration.

Special Business:

3. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 269,309 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time and subject to the limits specified in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956, and subject to approval of the Government of India, approval of the Company be and is hereby accorded to the appointment of Shri D.A.Biwalkar as Chairman and Managing Director of the Company, for a period of one year from March 26, 2011, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice".

"RESOLVED FURTHER THAT the Board may, subject to the consent of Shri D.A.Biwalkar, accept alteration and/or modification, if any, as may be required or directed by the Government of India".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and do all such acts, matters, deeds and things as may be necessary and desirable to implement the foregoing Resolution".

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

D.A.Biwalkar
Chairman and Managing Director

Date: June 17, 2011

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

- Notes:
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE. INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
 2. An explanatory Statement as required under Section 173 of the Companies Act, 1956, in respect of Item no. 3 is annexed.
 3. The Register of Members and Share Transfer Register will remain closed from September 19, 2011 (Monday) to September 23, 2011 (Friday), (both days inclusive).
 4. The Company's equity shares are listed at Bombay Stock Exchange Ltd. Mumbai, (Regional Stock Exchange) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The Company has paid annual listing fee to the Stock Exchange for the financial year 2011-12.
 5. Shareholders are requested to notify any change of address. In case the mailing address mentioned on this Annual Report is without the PINCODE, shareholders are requested to kindly inform their PINCODE.
 6. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered email addresses of shareholders. To support this green initiative and to receive communications from the company through electronic mode, members are requested to contact the Share Transfer Agents of the company and register their email id .

Annexure to Notice

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

Item No. 3

One year tenure of Shri D.A.Biwalkar as Chairman and Managing Director of the company as approved by the Shareholders at the 91st Annual General Meeting held on July 28, 2010 expired on March 25, 2011.

The Board of Directors of the company at its Meeting held on January 31, 2011 has re-appointed him as Chairman and Managing Director for a period of one year from March 26, 2011 on the same terms and conditions as approved by the Members at the 91st AGM held on July 28, 2010. The re-appointment is subject to requisite approval of the Company in a General Meeting and the Government of India. The material terms and conditions for the appointment and remuneration payable to him are given below:

1. Shri D.A.Biwalkar, Chairman and Managing Director, shall perform such duties and exercise such powers as may be assigned to or vested in him, from time to time, subject to the superintendence, control and direction of the Board of Directors.
2. Period: One year from March 26, 2011.
3. Remuneration:
 - (i) Salary: Rs. 22,500 per month.
 - (ii) Perquisites
 - (a) House Rent Allowance : 30 % of the salary.
 - (b) Medical Reimbursement (Domiciliary) : For self and family on production of actual bills, subject to a ceiling of one month's salary per year.
 - (c) Hospitalization : For self and family as per the rules of the company.
 - (d) Conveyance : Car or reimbursement of expenses on company's business.
 - (e) Telephone : For use on company's business. Personal long distance calls paid by him.
 - (f) Leave Travel Concession : For self and family as per the rules of the company.
 - (g) Leave : 30 days leave on full pay and allowance for 11 months service.
4. The terms and conditions of the said appointment may be altered and/or varied from time to time as may be directed by Gol and agreed to between the Board and Shri D. A. Biwalkar within the limits laid down as above.
5. If, at any time, Shri D.A.Biwalkar ceases to be a Director of the Company for any reason whatsoever, he will also cease to be the Chairman and Managing Director.
6. Shri D.A.Biwalkar is concerned or interested in the Resolution to the extent of the remuneration receivable by him. No other Director is concerned or interested in the above Resolution.
7. The aforesaid, together with the Resolution under Serial No. 3 to the accompanying Notice be and are treated as abstract under Section 302 of the Companies Act, 1956. Relevant Resolution passed by the Board of Directors of the Company at the Meeting held on January 31, 2011 for his appointment as CMD is available for inspection at the Registered Office of the Company between 11.00A.M.and 1.00 P.M. on any working day up to the date of the Annual General Meeting.

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

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

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

D.A.Biwalkar
Chairman and Managing Director

Date: June 17, 2011

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

Directors' Report and Management Discussion & Analysis

To,

The Members of The Scindia Steam Navigation Company Ltd.

Dear Shareholders,

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

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

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

- (b) The company could not undertake any shipping/shipping related activity since April 1997. Operations during the year related primarily to compliance of various statutes and regulatory bodies on an on-going basis and resolving of pending issues. As mentioned above, the operations for the year resulted in loss of Rs. 2099 lacs compared to loss of Rs. 2019 lacs in the last year. The accumulated loss is Rs. 343 crores. The outstanding balance to Government of India is Rs. 314 crores. There is an increase of Rs. 77 lacs in interest expenses - Rs. 25 lacs increase in interest on Government of India outstanding balances and Rs. 52 lacs increase in interest on Bank of India/ASREC (India) outstanding balance. Interest on Government of India balances are provided based on loan covenants i.e. interest on principal loan balance and also interest on normal interest outstanding balances.
- (c) The company at present has only three contract officers for attending to day to day work.
2. There is no public deposit unclaimed or outstanding as on March 31, 2011.
3. The code of corporate governance was reviewed by the Audit Committee comprising three Directors. A report on corporate governance is annexed to this Report.
4. The company has no employee covered under Section 217 (2A) of the Companies Act, 1956.
5. The entire share related work has been outsourced to M/s. Sharex Dynamic (India) Pvt. Ltd., a SEBI registered Transfer Agent. The arrangement is operative from October 21, 2009.
6. As you are aware, the Members at the last AGM held on July 28, 2010 passed a resolution for initiating winding up of the company. Accordingly, the winding up petition was filed on February 28, 2011 in the High Court at Bombay and it is numbered as C. P. 150 of 2011.
7. Having no manufacturing activity, there is nothing to report regarding Conservation of Energy and Technology Absorption. During the year, no foreign exchange was spent or received.
8. Directors' declaration:
As per the requirement under Section 217 (2AA) of the Companies Act, 1956, it is hereby stated:
- (a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) that the accounting policies have been selected and applied consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- (c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (d) that annual accounts have been prepared on a "going concern" basis.
9. Observations of Auditors:
In respect of observations made by the Auditors in their Report, the same are self-explanatory and apart from what has been stated in the Report and in the Notes to the Accounts, do not require any further clarification.

10. The company has a 100% subsidiary company - Scindia Workshop Limited (SWL).

- (a) The land and buildings were acquired by the State Government in 1988 for expansion of Mazagon Dock Ltd. Hence, thereafter there has been no ship-repair activity.

As per order dated October 20, 2005 passed by the Single Judge, Bombay High Court, additional compensation of Rs. 211 lacs plus interest is receivable. The subsidiary collected the total sum of Rs. 290 lacs from the High Court during July / August 2010 and it was accounted in its books.

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

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

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

- (c) The company has applied to the Ministry of Corporate Affairs, Government of India, New Delhi for approval under section 212 (8) of the Companies Act, 1956 and approval is awaited. Last year the approval was received. Based on the approval letter received, the information of financial results of the subsidiary is annexed. In line with the Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the consolidated financial results of the company, duly incorporating the financial results of the subsidiary are annexed. Any shareholder desiring a copy of the accounts of the subsidiary may write to the company.

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

12. (a) Item No. 3 of the Notice pertains to re-appointment of Shri D. A. Biwalkar as Chairman & Managing Director for a period of one year from March 26, 2011 on the same terms and conditions as approved by the Members at the last AGM held on July 28, 2010. The Board recommends the item for your approval.

- (b) As per the provisions of the said Act, nothing in the Companies Act, 1956, or the Articles of Association of the company, in so far as it relates to holding any share qualification, age limit, restriction on number of Directors or Directorships, retirement by rotation or removal from office in respect of Director appointed under the said Act, is applicable to such Director. Since your Directors are appointed pursuant to the provisions of Section 10 of the said Act, the above provisions of the Companies Act, including retirement by rotation, are not applicable to them.

- (c) further, under Section 14 of the said Act, the Shareholders of the company, on whose Board, Directors are appointed under Section 10 of the said Act, do not have the right to nominate or appoint any person to be a Director of the company and no Resolution passed at any meeting of the Shareholders can be given effect to unless approved by the Central Government.

13. Your Directors wish to thank the Members, Ministry of Finance, Ministry of Shipping, ICICI Bank Ltd., (Designated Person), company's bankers, M/s. ECGC Ltd., employees, etc., for their assistance, support and co-operation.

14. Messrs K. S. Aiyar & Co., the Auditors of the company, hold office until conclusion of the ensuing Annual General Meeting. They have given their consent to continue as Auditors. The Board recommends the resolution for adoption.

On behalf of the Board of Directors
For The Scindia Steam Navigation Co. Ltd.

D. A. Biwalkar
Chairman & Managing Director

Mumbai,
June 17, 2011

Corporate Governance Report

(A) The Company believes in transparency in all its dealings and lays emphasis on regulatory compliance. The Company has complied with the mandatory requirements of Corporate Governance in all its material aspects.

(B) Board of Directors:

All the Directors on the Company's Board are appointed by Government of India (GoI) under the provisions of the Shipping Development Fund Committee (Abolition) Act, 1986.

None of the Directors has any pecuniary relationship with the Company. Shri D. A. Biwalkar, Chairman & Managing Director (CMD) draws managerial remuneration approved by GoI and he does not have any other pecuniary relationship with the Company.

The Company does not have, at present, shipping operations. The day-to-day work is being attended to by three contract officers.

The Board, as on March 31, 2011, consisted of four Directors. Shri D. A. Biwalkar (CMD) is an Executive Director and remaining three Directors are Non-Executive Independent Directors. The CMD may also be considered as an 'Independent Director' as, apart from receiving Director's remuneration, he does not have any other pecuniary relationship with the Company.

The Composition of the Board and related information as on March 31, 2011, is as follows:-

Name	Executive Director (ED) Non-Executive (NED)	Board Meetings attended (5)	Attendance at the AGM held on 28.07.2010	Directorship in other Companies	No. of other Board Committees of which Chairman/Member
Shri D. A. Biwalkar CMD	ED	5	Yes	2 (a)	2 (b)
Shri Dinesh Kumar	NED	—	No	—	—
Shri G. Srinivas	NED	5	No	—	2 (c)
Shri J. S. Phaugat	NED	—	Yes	—	1 (d)

ED: Executive Director NED: Non-Executive Director

(a) Scindia Workshop Ltd. Chairman

(b) Member of Audit Committee and Share Sub Committee of the Company.

(c) Chairman of Audit Committee and Share sub Committee of the Company.

(d) Member of Audit Committee of the Company.

None of the Directors on the Board holds the office of Director in more than 15 companies or Membership of Committees of the Board in more than 10 Companies or Chairmanship of more than five Committees across all Companies.

Board Meetings held during the year:

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

(C) Committees of the Board:

(1) Audit Committee:

The Committee consists of three Directors: Shri G. Srinivas, Shri J. S. Phaugat and Shri D. A. Biwalkar. Shri G. Srinivas, Non-Executive Independent Director, is the Chairman. Shri J. S. Phaugat, Non-Executive Independent Director and Shri D. A. Biwalkar Executive Director are also members of the Committee.

The terms of reference of the Audit Committee include the matters specified in clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd., and also matters stated in Section 292A of the Companies Act, 1956, generally commensurate with the size and nature of the Company's business. The Audit Committee reviews the financial statements before submission to the Board.

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

(2) Share Sub Committee:

The Committee consists of two Members - Shri G. Srinivas and Shri D. A. Biwalkar. Shri G. Srinivas, a Non-Executive Independent Director, is the Chairman of the Committee. During the year, 23 Meetings of the Committee were held and were attended by both the Members.

The Company's shares are listed on Bombay Stock Exchange Ltd. under Stock Code BSE 1887. The Company's shares are traded in physical mode and are not dematerialised.

All the shares received for transfer are registered and despatched to the Shareholders within 30 days of receipt if relevant documents attached are

correct and valid in all respects. As on March 31, 2011, no Share Transfer Deed was pending. During the year under review, no complaint was received from any Shareholder. The Committee also looks into grievances of Shareholders pertaining to transfer/transmission of Shares, non-receipt of Annual Report, etc. Shri N. I. Sheth, Manager, of the Company acted as the Compliance Officer.

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

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

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

(D) Remuneration Committee:

The remuneration payable to the Chairman and Managing Director, (CMD) is approved by GoI. The other Directors are not entitled to any remuneration and no sitting fee is payable to Directors for attending the Board Meetings or Committee Meetings. Hence, a Committee for this purpose was not constituted. The remuneration paid to CMD was Rs.573,885 (Salary Rs. 351,000 + Perquisite Rs. 1,45,000 + Gratuity Payable Rs. 77,885). The Company has not issued any Stock Options.

(E) Board Procedure:

The Members of the Board are being provided with the requisite information specified in the Listing Agreement before the Board Meetings.

(F) General Body Meetings:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Place / Venue
2007-2008	04.07.2008	11.30 A.M.)	M.C.Ghia Hall,) Bhogil Hargovindas) Building, 18/20,) Kaikhushroo Dubash) Marg, Mumbai 400 001.
2008-2009	18.08.2009	11.30 A.M.)	— do —
2009-2010	28.07.2010	11.30 A.M.)	— do —

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

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

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

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

There were no special resolutions required to be passed through Postal Ballot at the last AGM. None of the resolutions proposed for the ensuing AGM needs to be passed by Postal Ballot.

regarding appointment of auditors was passed by requisite majority at the Annual General Meeting held on 03.08.2005 and 19.09.2006. There were no special resolutions required to be passed through Postal Ballot at the last AGM. None of the resolutions proposed for the ensuing AGM needs to be passed by Postal Ballot.

(G) Other Disclosures:

(i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large. } The Board has received disclosures from the Directors relating to their holding of office of directorship in other Companies. There were no transactions of material nature between the Company and its Directors and management and their relatives or promoters that may have potential conflict with the interests of the Company.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Bombay Stock Exchange Ltd., or The SEBI or any statutory authority on any matter related to capital markets during the last three years } None

(H) Certification of Financial Statements by CMD and Manager

The Board of Directors,
The Scindia Steam Navigation Co., Ltd. Mumbai.

Re: Financial Statements for the Financial Year 2010-11.

We, D. A. Biwalkar, Chairman and Managing Director, and N. I. Sheth, Manager of The Scindia Steam Navigation Company Ltd., on the basis of review of the

The Scindia Steam Navigation Co. Ltd.

financial statements and the cash flow statements for the financial year ended March 31, 2011 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements are in compliance with existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
4. We have indicated to the auditors and the Audit Committee that there have been no significant changes in accounting policies during the year.

Chairman and Managing Director Manager

- (I) As per Clause 49, as revised, the Company, even though does not have, at present, shipping operations, and is operating with three contract officers, has formulated general code of conduct. The three officers have issued a letter to the Company that they would comply with the code of conduct. The Chairman & Managing Director has issued a letter to this effect :

To,
The Scindia Steam Navigation Company Ltd.,
Mumbai.

I, D. A. Biwalkar, Chairman & Managing Director, hereby certify that the three officers of the Company have affirmed that they will comply with the code of conduct.

(D. A. Biwalkar)
Chairman & Managing Director

- (J) Means of Communication:

- (1) whether half-yearly report sent to each household of shareholders No
- (2) quarterly results are published in two newspapers and sent to Bombay Stock Exchange Ltd. Yes
- (3) any website displayed No
- (4) whether Management Discussion and Analysis Report is a part of the Annual Report Yes
- (5) presentation made to Institutional Investors or Analysis No

- (K) Appointment of Directors:

All the Directors are appointed by GOI under the provisions of SDFC (Abolition) Act, 1986, During the year, no new Director was appointed by GOI.

- (L) General Shareholder information:

- (1) 92nd Annual General Meeting
Date: September 26, 2011 (Monday)
Time: 11.00 A.M.
Venue: M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400001
- (2) Financial calendar:
Results for the quarter ending June 2011 by mid August 2011
" " September 2011 by mid November 2011
" " December 2011 by mid February 2012
for the year ending March 31, 2012 by mid May 2012 or by end June 2012
- (3) Dividend declared .. No
- (4) Book closure period: .. September 19, 2011 (Monday) to September 23, 2011 (Friday) (both days inclusive).
- (5) Listing on Stock Exchange: .. Bombay Stock Exchange Ltd.
Stock Code .. B. S. E. 1887
- (6) Market Price Data:
The high and low prices of the Company's shares during April 2010 to March 2011 - were as under:-

Listed with		: Bombay Stock Exchange Ltd.			
Month	High Rs.	Low Rs.	Monthly Volume		
2010	April	10.60	8.66	2,050	
	May	8.63	8.63	500	
	June	14.60	9.05	8,900	
	July	16.69	14.32	2,850	
	August	15.25	15.25	200	
	September	14.50	13.15	300	
	October	12.50	11.88	450	
	November	12.47	11.29	3,500	
	December	No trading			
	2011	January	11.85	11.85	50
		February	No trading		
		March	No trading		

Performance in comparison to broad based indices — BSE :

In view of low volume, few transactions and market rate quoted being less than the face value of Rs. 20, comparison of share's market price vis a vis BSE sensex is not given.

- (7) Shareholding pattern as on March 31, 2011:-

Category	No. of Shares	% to total
Individuals	75,62,676	79.84
Banks	73,330	0.78
Insurance Companies	15,48,162	16.34
Mutual Funds	95,372	1.00
Domestic Companies	1,93,391	2.04
Total	94,72,931	100.00

- (8) Distribution of shareholding as on March 31, 2011:

Shareholding	Shareholders		Shareholding	
	Numbers	% of Total	Numbers	% of Total
Up to 500	49,740	95.62	38,72,208	40.87
501 to 1000	1,353	2.60	10,43,787	11.02
1001 to 5000	813	1.56	16,42,313	17.34
5001 to 10000	75	0.15	5,07,931	5.36
10001 to 100000	31	0.06	6,31,379	6.67
100001 and above	7	0.01	17,75,313	18.74
Total	52,019	100.00	94,72,931	100.00

- (9) The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

- (10) The Company's shares are traded in physical mode. The Company's shares are not dematerialised.

- (11) The Company has not established formal whistle blower policy, however, employees have been informed that in the event they observe any unethical or improper practice, they have access to the Audit Committee without necessarily informing their seniors.

- (12) Plant location: The Company is a shipping company.

- (13) Address for correspondence:

Investors and Shareholders can correspond with:

- (a) the company at the following address:
RCC - 4, J.K Industrial Estate, Off Mahakali Caves Road, (Chakala) Andheri (East), Mumbai 400 093.
Telephone No.: 2687 8422 Fax No. 2687 8433
- (b) the Registrar and Transfer Agents of the Company at their following address:
Unit No. 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400 072,
Tel. No. (022) 2851 5606, 2851 5644 Fax No. (022) 2851 2885
E-mail : baliga@sharexindia.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,
The Scindia Steam Navigation Co. Ltd.,
Mumbai 400 069.

We have examined the compliance of conditions of Corporate Governance by **The Scindia Steam Navigation Co. Ltd.**, for the financial period ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement *except that the Chairman of the Audit Committee did not attend the last Annual General Meeting as required by Clause 49(A)(II)(iv) of the Listing Agreement.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. S. Aiyar & Co.,
Chartered Accountants
Firm Registration No.100186W

Raghuvir M. Aiyar
Partner
M. No. 38128

Mumbai
Dated: 20th June, 2011

Auditors' Report

To the Members of

THE SCINDIA STEAM NAVIGATION COMPANY LIMITED.

Report on the Accounts for the year ended on 31st March, 2011 in compliance with Section 227 (2) of the Companies Act, 1956

We have audited the attached Balance Sheet of The Scindia Steam Navigation Company Limited as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of provisions of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and the explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the Company's books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) We are informed that in terms of clarification issued by Ministry of Finance, Justice and Company Affairs, Department of Company Affairs, Government of India vide General circular No.8 dated 22nd March, 2002, the directors of the Company are not subject to any disqualification under section 274(1)(g) of the Companies Act, 1956, as their appointment is made by the Government of India;

- f) *The shipping operations of the company stand suspended. The company has continuously incurred losses and thereby net worth of the company has been totally eroded and a substantial loss is carried forward as at 31st March, 2011. The company has filed a petition with the High Court of Bombay on February 28, 2011 to wind up the company by Order of the court under the relevant provisions of the Companies Act, 1956. In view of these facts, the company will no longer be a eGoing Concern. Despite this, the accounts of the company have been prepared on a eGoing Concern Basis in the absence of adequate data and information for its compilation on an alternative basis. Consequently, no adjustments are made in accounts relating to the recoverability of recorded asset amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the company. (Refer note no. 5 of notes forming part of accounts)*

- g) *The Company has granted a loan to Scindia Workshop Limited, the Subsidiary Company. Outstanding amount of such loan with accrued interest as at 31st March, 2011 is Rs.1707Lakhs (Previous year Rs.1938 Lakhs). The recoverability of this amount is, in our opinion, dependent on outcome of the review application to be made before the Division Bench of the High Court of Bombay by the Subsidiary for further enhancement of compensation for the land and buildings acquired by the Government of Maharashtra (Refer note no. 6 of notes forming part of accounts)*

We further report that subject to f and g above, the effect of which could not be quantified, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
- (ii) in the case of the Profit and Loss Account, of the **Loss** of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants
Firm Regn. No.100186W

RAGHUVIR M.AIYAR
Partner
Membership No: 38128

Mumbai,
Date:20th June, 2011

ANNEXURE TO THE AUDITORS' REPORT (Referred to in Paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no discrepancies were noticed on such verification.
- (c) The Company has already disposed off substantial part of its fixed assets. (Also refer point f of our main report.)
- (ii) Since the Company does not hold any stock during the year, the requirement of clauses 4 (ii) (a), (b), (c) of the Order are not applicable to the company.
- (iii) The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except for a loan of Rs.1707 Lakhs to its Subsidiary namely Scindia Workshop Limited (SWL). In respect of loan granted to subsidiary company there is no stipulation as regards repayment. Interest charged up to the financial year 1995-96 is also not recovered. The recovery of the principal and interest due from the said subsidiary is dependent on the outcome of the appeal filed for enhancement of compensation as detailed in note no 6 to the accounts.
- (iv) On the basis of checks carried out in course of our audit and according to the information given to us, we are of the opinion that there are adequate internal control systems commensurate with the size of the Company and the nature of its business although there are no purchase of fixed assets, sale of goods and services.
- (v) As informed to us, there are no transactions of purchase of goods, materials and services and sale of goods, material and services with the parties stated in the register maintained as per section 301 of the Companies Act 1956.
- (vi) During the year the Company has not accepted any deposits from the public, therefore the provisions of Section 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975 are not applicable to the Company.
- (vii) In our opinion, the Company's present internal audit system, though not formal, is generally commensurate with the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1) (d) of the companies Act, 1956 is not applicable to the Company.
- (ix) (a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues which remained outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company, there are no dues of sales tax, custom duty, income tax, wealth tax, service tax, excise duty/cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses, as on 31st March 2011 is more than fifty percent of its net worth. The Company has incurred cash losses in the financial year covered by this report and has also incurred cash losses in the immediately preceding financial year.
- (xi) As per the books of the Company and as per the information and explanations given to us, the Company has defaulted in payment of dues to a bank on Cash credit account and the total amount due including interest thereon up to 31.03.2011 is Rs.2763 Lakhs (P.Y.2384 Lakhs).
- (xii) The Company has not granted loans and advance on the basis of the security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund and nidhi/mutual benefit funds/ societies and therefore the requirements of clauses 4 (xiii) are not applicable to the company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) There are no term loans obtained by the Company during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used to finance long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Companies Act, 1956.
- (xix) During the year Company has not issued any debentures.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedure and the information and explanation given to us, we report that there are no frauds on or by the Company noticed or reported during the year.

For K. S. AIYAR & CO.
Chartered Accountants
Firm Regn. No.100186W

RAGHUVIR M.AIYAR
Partner
Membership No: 38128

Mumbai,
Date:20th June, 2011

Balance Sheet as at March 31, 2011

	Schedule	31.03.2011 Rupees	31.03.2010 Rupees
SOURCES OF FUNDS:			
Share Capital	I	189,458,620	189,458,620
Shareholders' Funds		189,458,620	189,458,620
Loan Funds:	II		
(a) Secured		0	0
(b) Unsecured		3,414,266,945	3,228,209,788
		3,414,266,945	3,228,209,788
TOTAL		3,603,725,565	3,417,668,408
APPLICATION OF FUNDS:			
Fixed Assets	III		
Gross Block		257,840	257,840
Less: Depreciation		253,697	253,020
		4,143	4,820
Investments	IV	0	0
Amount receivable on sale of a property		566,315	566,315
Loan to Subsidiary Company		170,701,479	193,793,744
Current Assets, Loans and Advances	V		
Cash and Bank Balances		14,878,385	11,252,939
Loans and Advances		772,127	4,915,804
		15,650,512	16,168,743
Less:			
Current Liabilities and Provisions	VI		
Current Liabilities		8,835,044	8,106,780
Provision for Taxation		80,000	580,000
		8,915,044	8,686,780
Net Current Assets		6,735,468	7,481,963
Profit and Loss Account		3,425,718,160	3,215,821,566
TOTAL		3,603,725,565	3,417,668,408
Notes forming part of Accounts	XI		

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner.
Membership No. 38128

D. A. BIWALKAR

Chairman &
Managing Director

G. SRINIVAS

Director

Mumbai, June 20, 2011

Mumbai, June 17, 2011

Profit and Loss Account for the year ended March 31, 2011

	Schedule	2010-11 Rupees	2009-10 Rupees
INCOME:			
Freight and Charter Hire		0	0
Income from Investment and Deposits, etc.	VII	1,345,451	822,583
Other Income	VIII	76,710	17,558
Total Income		<u>1,422,161</u>	<u>840,141</u>
EXPENDITURE:			
Ships operating expenses		0	0
Administrative expenses	IX	2,768,842	1,936,931
Interest on borrowings	X	208,033,636	200,260,865
Depreciation		677	791
Director's remuneration		573,885	504,550
Total Expenditure		<u>211,377,040</u>	<u>202,703,137</u>
Profit/Loss before Income tax		-209,954,879	-201,862,996
Provision for taxation		0	0
Excess tax provision written back		58,285	0
Profit/Loss		<u>-209,896,594</u>	<u>-201,862,996</u>
Balance brought forward from last year's account		3,215,821,566	3,013,958,570
Balance carried to Balance Sheet		<u>3,425,718,160</u>	<u>3,215,821,566</u>
Earning per share of Rs. 20 each			
before exceptional item		-22.16	-21.31
after exceptional item		-22.16	-21.31
Notes forming part of Accounts	XI		

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner.
Membership No. 38128

D. A. BIWALKAR

Chairman &
Managing Director

G. SRINIVAS

Director

Mumbai, June 20, 2011

Mumbai, June 17, 2011

Schedules forming part of the Balance Sheet

Schedule I : SHARE CAPITAL:-

	31-03-2011 Rupees	31-03-2010 Rupees
AUTHORISED:		
1,25,00,000 Ordinary Shares of Rs. 20 each	25,00,00,000	25,00,00,000
ISSUED, SUBSCRIBED and PAID UP :		
94,72,931 Ordinary Shares of Rs. 20 each	189,458,620	189,458,620

NOTES :

- (a) Of the above 3,15,712 shares of the original face value of Rs. 15 each are allotted as fully paid-up pursuant to a contract without payment being received in cash.
- (b) The original face value of 46,99,903 shares was Rs. 15 each which was subsequently raised to Rs. 20 by a bonus issue of Rs. 5 per share by capitalisation of Rs. 1,37,63,625 from Capital Reserve and of Rs. 97,35,890 from Share Premium Account.
- (c) Of the above 47,72,978 shares are allotted as fully paid-up by way of Bonus Shares by capitalisation of Rs. 1,98,37,585 from Share Premium Account, Rs. 6,13,46,842 from General Reserve and Rs. 1,42,75,133 from Capital Reserve.

Schedule II : LOAN FUNDS :

Unsecured Loan:

	31-03-2011 Rupees	31-03-2010 Rupees
(a) From Government of India :		
(1) Loans from erstwhile Shipping Development Fund Committee (Consequent upon abolition of Shipping Development Fund Committee now vested in Government of India)	338,807,286	338,807,286
(2) Loans from Government of India	97,161,740	97,161,740
(3) Interest accrued and due on :		
Shipping Development Fund Committee Loans for purchase of ships	1,658,455,849	1,548,538,678
Government of India Loans under		
Guarantee obligations	609,853,060	600,950,553
Rehabilitation loan	433,707,371	404,310,307
	<u>3,137,985,306</u>	<u>2,989,768,564</u>
(b) Cash Credit from a Bank	22,560,882	22,575,665
Interest thereon	253,720,757	215,865,559
	<u>276,281,639</u>	<u>238,441,224</u>
Total	<u>3,414,266,945</u>	<u>3,228,209,788</u>

Schedule III - FIXED ASSETS :

(In Rupees)

	Gross Block as at 31.3.2010	Additions during the year	Deductions during the year	Gross Block as at 31.03.2011	Total Depreciation upto 31.03.2010	Depreciation for the year	Depreciation withdrawn on deductions	Total Depreciation upto 31.03.2011	Net Block as at 31.03.2011	Net Block as at 31.3.2010
Furniture, Fixtures and Office Equipments	257,840	0	0	257,840	253,020	677	0	253,697	4,143	4,820
Total	<u>257,840</u>	<u>0</u>	<u>0</u>	<u>257,840</u>	<u>253,020</u>	<u>677</u>	<u>0</u>	<u>253,697</u>	<u>4,143</u>	<u>4,820</u>
Previous year total	257,840	0	0	257,840	252,229	791	0	253,020	4,820	

Schedule IV : LONG TERM INVESTMENTS: (at cost)

	Cost Rupees	31-03-2011 Rupees	31-03-2010 Rupees
TRADE INVESTMENTS :			
In Shares of Subsidiary Company			
(Fully paid) Ordinary Shares			
Scindia Workshop Limited			
24,000 Shares of Rs. 100 each	2,400,000		2,400,000
	<u>2,400,000</u>		<u>2,400,000</u>
Less: Diminution in value of investments	2,400,000		2,400,000
	<u>2,400,000</u>	<u>0</u>	<u>0</u>

Schedules forming part of the Balance Sheet

	Rs.	31-03-2011 Rupees	31-03-2010 Rupees
Schedule V : CURRENT ASSETS, LOANS & ADVANCES:-			
A. CURRENT ASSETS:			
Cash and Bank balances			
Cash on hand		9,129	2,869
Bank balances with Scheduled Banks			
On Current Accounts	953,834		39,809
On Deposit Accounts	13,915,422		11,210,261
		<u>14,869,256</u>	<u>11,250,070</u>
		<u>14,878,385</u>	<u>11,252,939</u>
(Bank Deposits of Rs. 230,000 earmarked for specific purpose are lodged with Port/Custom Authorities, previous year Rs. 230,000)			
B. LOANS AND ADVANCES:			
Unsecured and considered good, unless otherwise stated			
Advances recoverable in cash or in kind or for value to be received	187,291		158,964
Advance payment of Tax	0		3,166,200
Tax deducted at source	584,136		1,589,940
Other Deposits	700		700
		<u>772,127</u>	<u>4,915,804</u>
		<u>15,650,512</u>	<u>16,168,743</u>
Schedule: VI : CURRENT LIABILITIES AND PROVISIONS			
A. CURRENT LIABILITIES			
Interest accrued, but not due	7,977,206		7,977,206
Outstanding expenses	857,838		129,574
		<u>8,835,044</u>	<u>8,106,780</u>
B. Provision for Taxation		<u>80,000</u>	<u>580,000</u>
Total		<u>8,915,044</u>	<u>8,686,780</u>

Schedules forming part of Profit and Loss Account

	2010-11 Rupees	2009-10 Rupees
Schedule VII : INCOME FROM INVESTMENTS (Gross):-		
INTEREST ON :		
Deposits with Banks	738,231	822,583
Others	607,220	0
	<u>1,345,451</u>	<u>822,583</u>
(Tax deducted from interest Rs. 65,961/-, previous year Rs. 75,043/-)		
Schedule VIII: OTHER INCOME:		
Miscellaneous Receipts	76,710	17,558
Excess provision, written back	0	0
	<u>76,710</u>	<u>17,558</u>
Schedule:IX: ADMINISTRATIVE EXPENSES		
Salaries & Staff related expenses	1,097,171	806,717
Advertisement charges	25,564	44,688
Electricity charges	8,780	10,320
Conveyance	4,984	4,824
General Insurance	919	919
Watch & Ward, etc	119,947	93,110
Office expenses	250,919	191,904
Printing, postage, stationery	311,350	363,457
Professional fees/Legal charge	599,859	49,348
Rent	66,180	66,180
Share department	228,242	241,296
Travelling expense	25,092	35,049
Remuneration to Auditors	29,835	29,119
	<u>2,768,842</u>	<u>1,936,931</u>
Schedule X: INTEREST ON BORROWINGS		
Interest on fixed term loans		
From erstwhile Shipping Development		
Fund Committee	109,917,172	107,748,808
From Government of India on:		
Rehabilitation Loan	29,397,064	29,397,064
Other Loan	30,864,202	30,444,408
On other accounts:		
Interest on Cash Credit from bank	37,855,198	32,670,585
	<u>208,033,636</u>	<u>200,260,865</u>

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered AccountantsRAGHUVIR M. AIYAR
Partner.
Membership No. 38128

D. A. BIWALKAR

Chairman &
Managing Director

G. SRINIVAS

Director

Mumbai, June 20, 2011

Mumbai, June 17, 2011

SCHEDULE XI

Notes forming part of the Accounts

A. SIGNIFICANT ACCOUNTING POLICIES:

- (i) All income and expenditure are accounted on accrual basis.
- (ii) Fixed Assets:
Fixed Assets are stated at cost less depreciation.
- (iii) Depreciation on Assets:
a. Depreciation is charged on the 'Reducing Value Method' at rates stipulated in Schedule XIV to the Companies Act, 1956.
b. For addition/deletion of assets, depreciation is charged on pro-rata basis.
- (iv) Investments are stated at cost. Cognizance is taken of permanent diminution in value of long term investment and provision is made for such diminution.
- (v) Employee Benefits: Provision for gratuity and leave encashment has been made on actual basis.

B: NOTES ON ACCOUNTS:

1. Contingent Liabilities:
 - a. As a member of Indian Register of Shipping, a Company Limited by Guarantee. Rs. 1,000 (Previous Year Rs. 1,000).
 - b. Claims against the Company, not acknowledged as debts -
 - (i) In respect of sale deficit claim made by Mumbai Port Trust of Rs. 7,80,747.44 (previous year Rs. 7,80,747.44),
 - (ii) In respect of 15 suits filed by Mumbai Port Trust in High Court at Bombay amounting to Rs. 101,40,648.44 (previous year NIL) and
 - (iii) In respect of short landing/damage to cargo claimed by Food Corporation of India amounting to Rs. 6,08,010.05 (previous year Rs. 6,08,010.05).
2. The Shipping Development Fund Committee (SDFC) has been abolished in terms of the Shipping Development Committee (Abolition) Act, 1986. During the pendency of the loan of Rs. 33,88,07,286/- (previous year Rs. 33,88,07,286) from erstwhile SDFC/Government of India (GOI), they have the option and power to convert the whole or any part of the loan as may be outstanding at any time, into Equity Shares at par or at the rates as may be determined at their sole discretion.
3. (a) A sum of Rs.33,88,07,286 (previous year Rs. 33,88,07,286) is due to GOI as on 31.03.2011 in respect of loan installments which fell due to erstwhile SDFC/GOI from May 1982 to date. Interest outstanding as at 31.03.2011 is Rs. 165,84,55,849 (previous year Rs. 154,85,38,678).
- (b) The outstanding balance as at 31.03.2011 under guarantee obligations is Rs. 971,61,740 (previous year Rs. 971,61,740). Interest of Rs. 219,61,696 was paid to Government of India during the year. Balance interest amounting to Rs. 60,98,53,060 (previous year Rs. 60,09,50,553) for the period up to March 2011 on the above borrowings though charged in the accounts has not been paid
- (c) In respect of working capital loan principal amount outstanding is Nil (previous year Nil). No interest has been paid during the year (previous year Nil).Balance interest amounting to Rs. 43,37,07,371 (previous year Rs. 40,43,10,307) for the period up to March 2011 though charged in the accounts, has not been paid.
4. (i) The immovable properties mortgaged to Government of India having been sold, the loans of Rs. 313,79,85,306 (previous year Rs. 298,97,68,564) outstanding to the Government of India have been shown as unsecured loans.
- (ii) The outstanding balance against cash credit facility from a Bank amounting to Rs. 27,62,81,639 (Rs. 23,84,41,224 as at March 31, 2010) has been shown as unsecured as the facility does not have any security against the said balance.
Against the above cash credit facility, Bank of India was having a second equitable charge on the Company's property - Scindia Colony at Andheri. The Government of India, the first charge-holder as mortgagee sold the said property after obtaining necessary consent of Bank of India and the charge created earlier was vacated. Form No. 17 dated 19.02.2007 duly signed by the Bank and the Company was filed with the Registrar of Companies. However, the Company has received a certificate of registration modifying the charge based on an Assignment agreement dated 31.12.2008 executed between the Bank and ASREC (India) Ltd. In fact, the Company has not entered into any such mortgage/assignment agreement with ASREC (India) Ltd. Therefore, the Company is contesting the said modification with ASREC (India) Ltd., Bank of India and the Registrar of Companies.
5. Shipping operations of the company stand suspended, the net worth of the company is totally eroded and substantial loss of Rs. 342,57,18,160 is carried forward in the books. The shareholders at the last AGM held on July 28, 2010 passed a resolution for winding up of the company, and winding up petition was filed in the High Court at Bombay on February 28, 2011. Despite this, the Accounts are continued to be prepared on a 'going concern basis' in the absence of adequate necessary data for compilation on an alternative basis. Consequently, no adjustments are made in the accounts relating to the recoverability of recorded asset amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the Company, for compilation of accounts on an alternative basis.
6. The Company has an investment in the form of Equity Share Capital of Rs. 24,00,000 in its subsidiary company, Scindia Workshop Ltd. Provision has been made in the Accounts for the probable permanent diminution in the said Investment of Rs. 24,00,000. The Company has also sanctioned a loan of Rs. 2200 lacs (amount outstanding as at March 31, 2011 Rs. 17,07,01,479, as at March 31, 2010 Rs. 19,37,93,744).
The recoverability of the investment and the loan, in our opinion, is dependent on the outcome of the Reference made under Section 18 of the Land Acquisition Act, 1894, against the Award given by the Special Land Acquisition Officer (MHADA) for the land and buildings acquired by the Government of Maharashtra. In the reference filed, the Hon'ble High Court has passed an order for additional compensation of Rs. 211,91,542.80 plus interest. The subsidiary, as per legal advice, has filed an appeal before the Division Bench of the Bombay High Court for enhancement of compensation. The appeal was admitted.
The Division Bench directed the subsidiary to approach the High Powered Committee of Government of India by Order dated January 11, 2011 as all parties involved in the appeal are Government or Government undertakings in view of Supreme Court judgment in the case of ONGC and Another v/s Collector of Central Excise. However on February 17, 2011, in Civil Appeal no. 1883 of

2011 of ECIL v/s Union of India & Others; the Larger Bench of the Supreme Court observed that the High Powered Committee has not achieved the results for which it was constituted and in fact led to delays in litigation and loss of revenue, and under the circumstances, the Larger Bench decided to recall its earlier Order and disbanded the High Powered Committee.

In view of the above developments, the subsidiary will have to file review application before the Division Bench to once again hear the case on merits.
In regard to the additional compensation plus interest thereon lying in the Court, a sum of Rs. 290,27,965 inclusive of interest was collected by the subsidiary during July/August 2010. Based on the tax advice received, tax provision of Rs. 58,14,000 was made by the subsidiary in its books, and paid Rs. 57,25,000 as advance tax before March 15, 2011. Further sum of Rs. 40,000 was paid as self assessment tax during May 2011.

- 7. (a) No provision for taxation has been made in view of no assessable income (previous year Rs. nil).

8. Managerial remuneration paid to Chairman & Managing Director:

	2010-11	2009-10
	Rs.	Rs.
Salary	3,51,000	3,51,000
Perquisite	1,45,000	1,53,550
Gratuity provision	77,885	0
	<u>5,73,885</u>	<u>5,04,550</u>

9. Remuneration to Auditors:

	2010-11	2009-10
	Rs.	Rs.
Audit fees	27,575	27,575
Reimbursement of out of pocket expenses	2,260	1,544
	<u>29,835</u>	<u>29,119</u>

10. Information pursuant to Para 4D of Part II of Schedule VI to the Companies Act, 1956:

	2010-11	2009-10
Foreign exchange used	nil	nil
Foreign exchange received	nil	nil
Net exchange gain/loss	<u>nil</u>	<u>nil</u>

- 11. The office of Company Secretary has been vacant since October 1993. In the circumstances, authentication by Company Secretary does not appear in the Accounts.

- 12. As per the information available with the company, it does not have any outstanding dues to Undertakings registered under Micro, Small and Medium Enterprises Development Act, 2006.

- 13. As the company's shipping activities have been suspended, the company does not have any reportable Segment. Therefore, Accounting Standard 17 - Segment Reporting issued by the Institute of Chartered Accountants of India is not applicable.

14. Earnings per share of Rs. 20 each:

	2010-11	2009-10
Before exceptional item:		
Net profit/loss	Rs. (-) 20,98,96,594	(-) 20,18,62,996
Earning per share	Rs. (-) 22.16	(-) 21.31
After exceptional item:		
Net profit/loss	Rs. (-) 20,98,96,594	(-) 20,18,62,996
Earning per share	Rs. (-) 22.16	(-) 21.31
Number of shares	94,72,931	94,72,931

- 15. The interest expense for the year of Rs. 20,80,33,636 (previous year Rs. 20,02,60,865) includes Rs. 17,01,78,438 (previous year Rs. 16,75,90,280) on GOI outstanding balance, and Rs. 3,785,5,198 (previous year Rs. 3,26,70,585) on outstanding balance in C. C. account with Bank of India. The interest expense on GOI outstanding balance is continued to be charged as per loan covenants i.e. as interest on outstanding principal amount and as additional interest on outstanding interest amounts.

- 16. The Company has unabsorbed business loss of Rs. 117 crores and unabsorbed depreciation of Rs. 85 crores as per Income Tax assessment. However, in view of suspension of shipping activity and uncertainty of future operations, no deferred tax asset has been recognized in the books of account as prescribed under Accounting Standard 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

- 17. The company received claim for payment of gratuity from seamen. Since the Fund with the Gratuity Trust created earlier got exhausted, the gratuity amount of Rs. 63,362 was paid by the company and is included in the office expenses.

18. Related Party Disclosures:

- (a) List of Related Parties and Relationships

Party	Relationship
(i) Scindia Workshop Ltd.	100 % subsidiary
(ii) Shri D.A.Biwalkar	Chairman & Managing Director
- (b) Related Party Transactions
 - (i) During the year net receipt Rs. 230,92,265 (previous year paid Rs. 17,16,770),
 - (ii) Debit balance outstanding as on 31.03.2011 Outstanding Receivable Rs. 17,07,01,479 (as at 31.03.2010 Rs. 19,37,93,744),
 - (iii) Remuneration payable to Chairman & Managing Director Rs. 573,885 (salary Rs. 3,51,000, perquisite Rs.145,000 plus gratuity provision Rs. 77,885), (previous year Rs. 5,04,550).

- 19. Figures for the previous year have been regrouped or re-arranged wherever necessary and practicable.

D. A. BIWALKAR Chairman &
Managing Director
G. SRINIVAS Director

Mumbai, June 17, 2011

The Scindia Steam Navigation Co. Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Rs.	2010-11 Rs.	Rs.	2009-10 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit/loss before tax & extra ordinary items		-209,896,594		-201,862,996
Adjustments for				
Depreciation	677		791	
Interest income	-1,345,451		-822,583	
Interest charged	<u>208,033,636</u>		<u>200,260,865</u>	
		<u>206688862</u>		<u>199439073</u>
Operating profit/loss before working capital changes		-3,207,732		-2423923
Adjustments for				
Trade & other receivables	-28,327		41,646	
Trade payable	<u>228,264</u>		<u>31,958</u>	
		<u>199,937</u>		<u>73,604</u>
Cash generated from operations		-3,007,795		-2,350,319
Interest paid		-21,961,696		0
Direct taxes paid/refund received (net)		<u>4,172,004</u>		<u>-75,043</u>
Net cash from operations		-20,797,487		-2425362
Cash flow from investing items				
Interest income	<u>1,345,451</u>		<u>822,583</u>	
Net cash used in investing activities		<u>1,345,451</u>		<u>822,583</u>
		-19,452,036		-1,602,779
Cash flow from financing activities				
Decrease in bank borrowing	-14,783		-14,364	
Increase/decrease in loan to subsidiary	<u>23,092,265</u>		<u>-1,716,770</u>	
Net cash used in financing activities		<u>23,077,482</u>		<u>-1,731,134</u>
Net increase/decrease in cash & cash equivalents		3,625,446		-3,333,913
Cash & cash equivalents				
Opening balance		11,252,939		14,586,852
Closing balance		14,878,385		11,252,939

Figures for the previous year have been regrouped or rearranged wherever necessary.

For The Scindia Steam Navigation Co. Ltd.

Mumbai, June 17, 2011

D.A.Biwalkar
Chairman & Managing Director

Auditors' Report on Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE SCINDIA STEAM NAVIGATION COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SCINDIA STEAM NAVIGATION COMPANY LIMITED AND ITS SUBSIDIARY.

We have examined the attached Consolidated Balance Sheet of The Scindia Steam Navigation Company Limited and its subsidiary as at 31st March 2011 the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

1. These financial statements are the responsibility of The Scindia Steam Navigation Company Limited's management. Our responsibility is to express an opinion based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) –21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of The Scindia Steam Navigation Company Limited and its subsidiary are included in the consolidated financial statements.
3. *The shipping operations of the company stand suspended. The company has continuously incurred losses and thereby net worth of the company has been totally eroded and a substantial loss is carried forward as at 31st March, 2011. The company has filed a petition with the High Court of Bombay on February 28, 2011 to wind up the company by Order of the court under the relevant provisions of the Companies Act, 1956. Subsidiary Company has also filed a petition with the High Court of Bombay on April 13, 2011 to wind up the company by Order of the court under the relevant provisions of the Companies Act, 1956. In view of these facts, the company and its Subsidiary will no longer be a 'Going Concern'. Despite this, the consolidated accounts of the company have been prepared on a 'Going Concern Basis' in the absence of adequate data and information for its compilation on an alternative basis. Consequently, no adjustments are made in accounts relating to the recoverability of recorded asset amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the company.*

(Refer note no.4 of notes forming part of consolidated accounts)

4. *The Subsidiary Company i.e. Scindia Workshop Limited (SWL) had made reference under section 18 of the Land Acquisition Act, 1894 against the award given by special Land acquisition officer (MHADA) for the land & buildings acquired by the Government of Maharashtra. The Bombay High Court had passed an order in the above matter in earlier year. As per the order, compensation of Rs.211 lakhs has been awarded to SWL. However, SWL, based on the legal advice, has filed an appeal against the said order for further enhancement of the Compensation and did not withdraw the money in earlier year.*

However, during the year, SWL had moved a motion in the Bombay High Court for drawing of the said money and the same has been allowed by the Court. Accordingly, SWL has accounted for the receipt of Rs.290 Lacs (including interest) as income in current year on cash basis.

(Refer note no.10 of the notes forming part of the consolidated accounts)

5. *Subject to (3 and 4) above, the effect of which could not be determined, we report that in our opinion and according to the explanations given to us, the said consolidated accounts read together with the significant accounting policies and notes thereon in the Schedule XII to the accounts give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (i) *in the case of Consolidated Balance Sheet, of the consolidated state of affairs of The Scindia Steam Navigation Company Limited and its subsidiary as at 31st March, 2011; and*
 - (ii) *in the case of Consolidated Profit and Loss Account, of the Consolidated Loss of The Scindia Steam Navigation Company Limited and its subsidiary for the year ended on that date; and*
 - (iii) *in the case of Consolidated Cash Flow Statement, of the consolidated cash flow of The Scindia Steam Navigation Company Limited and its subsidiary for the year then ended.*

**For K. S. AIYAR & CO.,
Chartered Accountants
Firm Registration No.100186W**

**RAGHUVIR M.AIYAR
Partner
Membership No: 38128**

**Mumbai
Date : 20th June,2011**

Consolidated Balance Sheet as at March 31, 2011

	Schedule	March 31, 2011 Rupees	March 31, 2010 Rupees
I SOURCES OF FUNDS:			
Share Capital	I	189,458,620	189,458,620
Reserves and Surplus	II	2,400,000	2,400,000
Shareholders' Funds		191,858,620	191,858,620
Loans:			
Unsecured	III	3,414,266,945	3,228,209,788
		3,414,266,945	3,228,209,788
Total		3,606,125,565	3,420,068,408
II APPLICATION OF FUNDS:			
Fixed Assets	IV		
Gross Block		257,840	257,840
Less: Depreciation		253,697	253,020
		4,143	4,820
Investments	V		
Amount receivable on sale of a property		566,315	566,315
Current Assets, Loans and Advances	VI		
Cash and Bank Balances		14,888,906	11,267,713
Loans and Advances		6,511,370	5,215,804
		21,400,276	16,483,517
Less:			
Current Liabilities and Provisions	VII		
Current Liabilities		8,848,280	8,120,016
Provision for Taxation		5,894,000	1,105,000
		14,742,280	9,225,016
Net Current Assets		6,657,996	7,258,501
Profit and Loss Account		3,598,897,111	3,412,238,772
Total		3,606,125,565	3,420,068,408
Notes forming part of the Consolidated Accounts	XII		

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner.
Membership No. 38128

D. A. BIWALKAR

Chairman &
Managing Director

G. SRINIVAS

Director

Mumbai, June 20, 2011

Mumbai, June 17, 2011

Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedule	2010 - 2011 Rupees	2009 - 2010 Rupees
INCOME:			
Freight and Charter Hire		0	0
Income from Investment and Deposits, etc.	VIII	1,487,872	822,583
Other Income	IX	76,710	3,460,781
Compensation received		29,027,965	0
Total Income		<u>30,592,547</u>	<u>4,283,364</u>
EXPENDITURE:			
Ships operating expenses		0	0
Administrative expenses	X	3,063,868	2,005,237
Interest on borrowings	XI	208,033,636	200,260,865
Depreciation		677	791
Director's remuneration		573,885	504,550
Total Expenditure		<u>211,672,066</u>	<u>202,771,443</u>
Profit/Loss before Income tax		-181,079,519	-198,488,079
Provision for taxation		5,814,000	0
MAT		0	525,000
Excess tax provision written back		235,180	0
Profit/Loss after Tax		<u>-186,658,339</u>	<u>-199,013,079</u>
Balance brought forward from last year's account		3,412,238,772	3,213,225,693
Balance carried to Balance Sheet		<u>-3,598,897,111</u>	<u>-3,412,238,772</u>
Earning per share of Rs. 20 each			
Before exceptional item		-22.76	-21.01
After exceptional item		-19.70	-21.01
Notes forming part of the Consolidated Accounts	XII		

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner.
Membership No. 38128

D. A. BIWALKAR

Chairman &
Managing Director

G. SRINIVAS

Director

Mumbai, June 20, 2011

Mumbai, June 17, 2011

Schedules forming part of the Consolidated Accounts

	31-03-2011 Rupees	31-03-2010 Rupees
Schedule I : SHARE CAPITAL:-		
AUTHORISED:		
1,25,00,000 Ordinary Shares of Rs. 20 each	25,00,00,000	25,00,00,000
ISSUED, SUBSCRIBED and PAID UP :		
94,72,931 Ordinary Shares of Rs. 20 each	18,94,58,620	18,94,58,620

NOTES :

- (a) Of the above 3,15,712 shares of the original face value of Rs. 15 each are allotted as fully paid-up pursuant to a contract without payment being received in cash.
- (b) The original face value of 46,99,903 shares was Rs. 15 each which was subsequently raised to Rs. 20 by a bonus issue of Rs. 5 per share by capitalisation of Rs. 1,37,63,625 from Capital Reserve and of Rs. 97,35,890 from Share Premium Account.
- (c) Of the above 47,72,978 shares are allotted as fully paid-up by way of Bonus Shares by capitalisation of Rs. 1,98,37,585 from Share Premium Account, Rs. 6,13,46,842 from General Reserve and Rs. 1,42,75,133 from Capital Reserve.

Schedule II: RESERVES and SURPLUS:

Diminution in value of Investment	2,400,000	2,400,000
	<u>2,400,000</u>	<u>2,400,000</u>

Schedule III:

UNSECURED LOANS:

(a) Loans from erstwhile Shipping Development Fund Committee (Consequent upon abolition of Shipping Development Fund Committee now vested in Government of India)	338,807,286	338,807,286
(b) Loans from Government of India under Guarantee obligations, etc.	97,161,740	97,161,740
(c) Interest accrued and due on:		
Shipping Development Fund Committee Loans for purchase of ships	1,658,455,849	1,548,538,678
Government of India Loans under Guarantee Obligations	609,853,060	600,950,553
Rehabilitation Loan	433,707,371	404,310,307
	<u>3,137,985,306</u>	<u>2,989,768,564</u>
Cash Credit from a Bank	22,560,882	22,575,665
Interest thereon	253,720,757	215,865,559
	<u>276,281,639</u>	<u>238,441,224</u>
Total	<u>3,414,266,945</u>	<u>3,228,209,788</u>

Schedule IV: FIXED ASSETS:

(In Rupees)

	Gross Block at cost			Gross Block as at 31.03.2011	Total depreciation up to 31.03.2010	Depreciation		Total depreciation up to 31.03.2011	Net Block	
	Gross Block as at 31.03.2010	Additions during the year	Deductions during the year			Depreciation for the year	Depreciation withdrawn on deduction		Net Block as at 31.03.2011	Net Block as at 31.03.2010
Furniture, Fixtures and Office Equipments	257,840	0	0	257,840	253,020	677	0	253,697	4,143	4,820
Total	<u>257,840</u>	<u>0</u>	<u>0</u>	<u>257,840</u>	<u>253,020</u>	<u>677</u>	<u>0</u>	<u>253,697</u>	<u>4,143</u>	<u>4,820</u>
Previous year total	257,840	0	0	257,840	252,229	791	0	253,020	4,820	

Schedule V: Long Term Investments:(at cost):

	Cost Rupees	31.03.2011 Rupees	31.03.2010 Rupees
Trade Investments:			
In Shares of Subsidiary Company (Fully paid) Ordinary Shares Scindia Workshop Ltd.			
24,000 Shares of Rs. 100 each	2,400,000		2,400,000
	<u>2,400,000</u>		<u>2,400,000</u>
Less: Diminution in value of investments	2,400,000		2,400,000
		<u>0</u>	<u>0</u>

Schedule VI: Current Assets, Loans &

Advances

A: Current Assets:			
Cash and Bank Balances:			
Cash on hand		9,129	2,869
Bank balances with Scheduled Banks			
On Current Accounts	964,355		54,583
On Deposit Accounts	13,915,422		11,210,261
		<u>14,879,777</u>	<u>11,264,844</u>
		<u>14,888,906</u>	<u>11,267,713</u>

(Bank Deposits of Rs. 230,000 earmarked for specific purpose are lodged with Port/Custom Authorities, previous year Rs. 230,000)

B: Loans and Advances:			
Unsecured and considered good, unless otherwise stated			
Advances recoverable in cash or in kind or for value to be received	187,291		158,964
Advance payment of Tax	5,725,000		3,466,200
Tax deducted at source	598,379		1,589,940
Deposits with Port Trust/Customs, etc	700		700
		<u>6,511,370</u>	<u>5,215,804</u>
		<u>21,400,276</u>	<u>16,483,517</u>

Schedules forming part of the Consolidated Accounts

	31.03.2011	31.03.2010
	Cost Rupees	Rupees
Schedule VII: Current Liabilities and Provisions		
A: Current Liabilities:		
Interest accrued but not due on loans	7,977,206	7,977,206
Outstanding expenses	871,074	142,810
	<u>8,848,280</u>	<u>8,120,016</u>
Provision for Taxation	5,894,000	1,105,000
	<u>14,742,280</u>	<u>9,225,016</u>

Schedule VIII: Income from Investments (Gross):

	2010-11 Rupees	2009-10 Rupees
Interest on:		
Deposits with Banks	880,652	822,583
Others	607,220	0
	<u>1,487,872</u>	<u>822,583</u>

(Tax deducted from interest Rs. 80,204/-, previous year Rs. 75,043)

Schedule IX: Other Income:

Miscellaneous Receipts	76,710	17,558
Excess provision, written back	0	3,228,551
Credit balances, written back	0	214,672
	<u>76,710</u>	<u>3,460,781</u>
Compensation received	29,027,965	0
	<u>29,027,965</u>	<u>0</u>

Schedule X: Administrative Expenses:

Salaries & staff related expenses	1,097,171	806,717
Advertisement charges	25,564	44,688
Electricity charges	8,780	10,320
Conveyance	6,040	4,824
General Insurance	919	919
Watch & Ward, etc.	119,947	93,110
Office Expenses	277,479	207,856
Printing, Postage, Stationery	311,350	363,457
Professional charges/Legal fee	854,033	88,466
Rent	66,180	66,180
Share department	228,242	241,296
Travelling expenses	25,092	35,049
Remuneration to Auditors	43,071	42,355
	<u>3,063,868</u>	<u>2,005,237</u>

Schedule XI: Interest on Borrowings:

Interest on fixed term loans:		
From erstwhile Shipping Development Fund Committee	109,917,172	107,748,808
From Government of India on:		
Rehabilitation Loan	29,397,064	29,397,064
Other Loan	30,864,202	30,444,408
On other accounts:		
Interest on Cash Credit from bank	37,855,198	32,670,585
	<u>208,033,636</u>	<u>200,260,865</u>

As per our Report annexed.

For K. S. AIYAR & CO.
Chartered Accountants

D. A. BIWALKAR
Chairman &
Managing Director

RAGHUVIR M. AIYAR
Partner.
Membership No. 38128

G. SRINIVAS
Director

Mumbai, June 20, 2011

Mumbai, June 17, 2011

Schedule XII:

Notes forming part of the Consolidated Accounts

The subsidiary company considered in the consolidated financial statements is Scindia Workshop Ltd., a wholly owned Indian subsidiary company.

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS:

SIGNIFICANT ACCOUNTING POLICIES:

A: Principles of Consolidation:

The consolidated financial statements relate to the Scindia Steam Navigation Company Limited (the company) and its wholly owned subsidiary company Scindia Workshop Limited. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions.

(ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

Fixed Assets are stated at cost less depreciation.

B: Other significant accounting policies:

These are set out under "Significant Accounting Policies" of the financial statements of the company and Scindia Workshop Ltd.

NOTES ON THE ACCOUNTS:

1. Contingent Liabilities:

(a) As a member of Indian Register of Shipping, a company limited by guarantee, Rs. 1,000 (previous year Rs. 1,000).

(b) Claims against the Company, not acknowledged as debts -

(i) in respect of sale deficit claim made by Mumbai Port Trust of Rs. 7,80,747.44, (previous year Rs. 780,747.44),

(ii) in respect of 15 suits filed by Mumbai Port Trust in High Court at Bombay amounting to Rs. 101,40,648.44, (previous year Nil),

(iii) in respect of short landing/damage to cargo claimed by Food Corporation of India amounting to Rs. 6,08,010.05, (previous year Rs. 608,010.05) .

2. The Shipping Development Fund Committee (SDFC) has been abolished in terms of the Shipping Development Fund Committee (Abolition) Act, 1986. During the pendency of the loan of Rs. 33,88,07,286 (previous year Rs. 33,88,07,286) from erstwhile SDFC/Government of India (GoI), they have the option and power to convert the whole or any part of the loan as may be outstanding at any time, into Equity Shares at par or at the rates as may be determined at their sole discretion.

3. (i) the immovable properties mortgaged to Government of India having been sold, the loans of Rs. 313,79,85,306 (previous year Rs. 298,97,68,564) outstanding to the Government of India have been shown as unsecured loans.

(ii) The outstanding balance against cash credit facility from a Bank amounting to Rs. 27,62,81,639 (Rs. 23,84,41,224 as at March 31, 2010) has been shown as unsecured as the facility does not have any security against the said balance.

Against the above cash credit facility, Bank of India was having a second equitable charge on the Company's property - Scindia Colony at Andheri. The Government of India, the first charge-holder as mortgagee sold the said property after obtaining necessary consent of Bank of India and the charge created earlier was vacated. Form No. 17 dated 19.02.2007 duly signed by the Bank and the Company was filed with the Registrar of Companies. However, the Company has received a certificate of registration modifying the charge based on an Assignment agreement dated 31.12.2008 executed between the Bank and ASREC (India) Ltd. In fact, the Company has not entered into any such mortgage/assignment agreement with ASREC (India) Ltd. Therefore, the Company is contesting the said modification with ASREC (India) Ltd., Bank of India and the Registrar of Companies.

4. Shipping operations of the company stand suspended, the net worth of the company is totally eroded and substantial loss including loss of the subsidiary of Rs. 359,88,97,111/- (loss of the company and the subsidiary as at March 31, 2010 Rs. 341,22,38,772/-) is carried forward in the books. The shareholders at the last AGM held on July 28, 2010 passed a resolution for winding up of the company, and winding up petition was filed in the High Court at Bombay on February 28, 2011. Despite this, the Accounts of the company and that of the subsidiary company are continued to be prepared on a 'going concern basis' in the absence of adequate necessary data for compilation on an alternative basis. Consequently, no adjustments are made in the accounts relating to the recoverability of recorded asset amounts and in respect of recorded liabilities and contingent liabilities that might devolve on the company and its subsidiary company for compilation of accounts on an alternative basis.

5. In respect of the company's subsidiary, on compensation of Rs. 290,27,965 received, for acquisition of land and buildings, based on tax advice, tax provision of Rs. 58,14,000 has been made in its books. The subsidiary paid Rs. 57,25,000 as advance tax and a further sum of Rs. 40,000 was paid in May 2011. (Previous year - in view of write back of excess provision resulting into profit, minimum alternate tax liability (MAT) of Rs. 525,000 was provided in subsidiary books).

The Scindia Steam Navigation Co. Ltd.

6. Managerial remuneration paid to Chairman & Managing Director of the Company:

	2010-11 Rs.	2009-10 Rs.
Salary	3,51,000	3,51,000
Perquisite	1,45,000	1,53,550
Gratuity provision	77,885	0
	5,73,885	5,04,550

7. Remuneration to Auditors:

Audit fees	40,811	40,811
Reimbursement of out of pocket expenses	2,260	1,544
	43,071	42,355

8. The office of Company Secretary has been vacant since October 1993. In the circumstances, authentication by Company Secretary does not appear in the Accounts.

9. Related Party Disclosures:

(a) List of Related Parties and Relationships:

Party Relationship

Shri D. A. Biwalkar Chairman & Managing Director of the Company

(b) Related Party Transactions:

Remuneration paid to Chairman & Managing Director - Rs. 573,885 ((salary Rs. 351,000, perquisite Rs. 145,000, plus Rs. 77,885 gratuity provision) (previous year Rs. 504,550).

10. The State Government acquired the land and buildings of the subsidiary in 1988-89 under Land Acquisition Act, 1894. Thereafter, the physical possession of the acquired assets was taken by the Authorities. Against the awards passed by the Authorities, the subsidiary had filed reference for enhancement of compensation. The Bombay High Court passed an order for additional compensation of Rs. 211,91,542.80. The subsidiary, as per legal advice, has filed an appeal before the Division Bench of the Bombay High Court for enhancement of compensation. The appeal was admitted and heard.

The Division Bench directed the subsidiary to approach the High Powered Committee of Government of India by Order dated January 11, 2011 as all parties involved in the appeal are Government or Government undertakings in view of Supreme Court judgment in the case of ONGC and Another v/s Collector of Central Excise. However, on February 17, 2011, in Civil Appeal no. 1883 of 2011 of ECIL v/s Union of India & Others; the Larger Bench of the Supreme Court observed that the

High Powered Committee has not achieved the results for which it was constituted and in fact led to delays in litigation and loss of revenue, and in the circumstances, the Larger Bench decided to recall its earlier Order and disbanded the High Powered Committee.

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

In regard to Rs. 211,91,542.80 plus interest lying in the Bombay High Court, the subsidiary collected a sum of Rs. 290,27,965 during July/August 2010 and accounted it in its books.

11. Information pursuant to Para 4D of Part II of Schedule VI to the Companies Act, 1956:

	2010-11 Rs.	2009-10 Rs.
Foreign exchange used	nil	nil
Foreign exchange received	nil	nil
Net exchange gain/loss	nil	nil

12. Compensation of Rs. 2,90,27,965 received by the subsidiary for land and buildings acquired by the state government has been considered as exceptional item.

13. Earnings per share of Rs. 20 each:

	2010-11 Rs.	2009-10 Rs.
Before exceptional item:		
Net profit/loss	(-) 21,56,846,304	(-) 19,90,13,079
Earning per share	(-) 22.76	(-) 21.01
After exceptional item:		
Net profit/loss	Rs. (-) 18,66,58,339	(-) 19,90,13,079
Earning per share	Rs. (-) 19.70	(-) 21.01
Number of shares	94,72,931	94,72,931

14. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

D.A.BIWALKAR *Chairman & Managing Director*
G. SRINIVAS *Director*

Mumbai, June 17, 2011

CONSOLIDATED CASH FLOW STATEMENT OF THE SCINDIA STEAM NAVIGATION COMPANY LTD., AND ITS SUBSIDIARY COMPANY SCINDIA WORKSHOP LTD., FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 Rs.	Rs.	2009-10 Rs.	Rs.
Cash flow from operating activities				
Net profit/loss before tax & extra ordinary items		-186,658,339		-199,013,079
Adjustments for				
Depreciation	677		791	
Interest income	-1,487,872		-822,583	
Interest charged	208,033,636		200,260,865	
		206546441		199,439,073
Operating profit/loss before working capital changes		19,888,102		425,994
Adjustments for				
Trade & other receivables	-28,327		41,646	
Trade payable	5,517,264		-4,251,231	
		5,488,937		-4,209,585
Cash generated from operations		25,377,039		-3,783,591
Interest paid		-21,961,696		0
Direct taxes paid/refund received (net)		-1,267,239		-375,043
Net cash from operations		2,148,104		-4,158,634
Cash flow from investing items				
Sale proceeds of fixed assets	0		0	
Interest income	1,487,872		822,583	
Net cash used in investing activities		1,487,872		822,583
		3,635,976		-3,336,051
Cash flow from financing activities				
Decrease in bank borrowing	-14,783		-14,364	
Net cash used in financing activities		-14,783		-14,364
Net increase/decrease in cash & cash equivalents		3,621,193		-3,350,415
Cash & cash equivalents				
Opening balance		11,267,713		14,618,128
Closing balance		14,888,906		11,267,713

Figures for the previous year have been regrouped or rearranged wherever necessary.

For The Scindia Steam Navigation Co. Ltd.

D.A.Biwalkar
Chairman & Managing Director

Mumbai, June 17, 2011

The Scindia Steam Navigation Co. Ltd.

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

ATTENDANCE SLIP

(Please sign this~attendance slip and hand it over at the entrance of the Hall.)

I hereby record my presence at the 92nd ANNUAL GENERAL MEETING, held on Monday, September 26, 2011 at 11.00 A.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.

FULL NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)

SIGNATURE OF THE SHAREHOLDER OR PROXY.

L.F. No.

TO BE USED ONLY WHEN SHAREHOLDER FIRST NAMED IS NOT ATTENDING

PLEASE GIVE FULL NAME OF THE 1st JOINT HOLDER.

Mr./Mrs./Miss _____

CUT HERE

The Scindia Steam Navigation Co. Ltd.

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

PROXY FORM

I/We _____

of _____ in the district of _____

being a Member(s) of the above-named Company hereby appoint _____

of _____ in the district of _____

or failing him/her _____

of _____ in the district of _____

or failing him/her _____

of _____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 92nd Annual General Meeting of the said Company to be held on Monday, September 26, 2011 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature _____

Affix 30 P.
Revenue
Stamp

FOR OFFICE USE ONLY

PROXY NO.

LEDGER FOLIO

NO. OF SHARES

N.S. This proxy must be deposited at the Share Department of the Company, RCC – 4, J. K. Industrial Estates, Off Mahakali Caves Road, Andheri (East), Mumbai 400 093 not later than 48 hours before the time of the meeting.

BOOK POST

If undelivered, please return to:

THE SCINDIA STEAM NAVIGATION CO. LTD.
RCC – 4, J. K. Industrial Estates,
Off Mahakali Caves Road,
Andheri (East), Mumbai 400 093.