



2013-14

Annual Report



Navratna Company
ISO 9001 - 2008 Company

The Shipping Corporation Of India Ltd.

SCI OFFSHORE VESSELS CONTRIBUTION TOWARDS ISRO'S PRESTIGIOUS MARS ORBITER MISSION



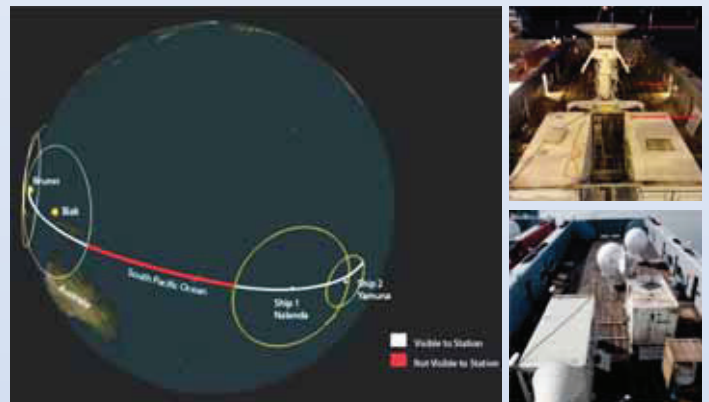
On Nov 05th at 1438 IST, India's maiden Interplanetary mission , ISRO's MARS ORBITER PSLV C25, rocketed towards the planet from Sriharikota in Andhra Pradesh, creating history for India.

Two of our Offshore vessels- SCI Nalanda and SCI Yamuna which are Chartered by ISRO since 01st Aug 2013 onwards for a period of Approx 5 months , played significant role in the collection of data and the successful launch of the orbiter. The two Offshore vessels had sailed from Visakhapatnam on 15th of Sept 2013 after installation of Satellite tracking and communication equipment by ISRO, DRDO and Indian Navy. These two ships also carried Scientists from ISRO , DRDO and Indian Navy personnel on board for this special Mission.



Both these vessels were positioned suitably in the South Pacific Ocean (approximately 17000KM from India) to track the crucial separation of the 3rd stage and the ignition of 4th stage of the rocket which occurred approximately 20mins after Launching at 1438IST on 05th Nov 2013. The tracking of satellite remained crucial for ISRO at this point of time as the launch vehicle went out of range from all the

ground stations which were tracking the rocket (Bangalore, Port Blair, Brunei, Biak in Indonesia, Brazil, NASA's Deep Space Network). This was the time when the signal from one of our Ship borne terminal popped up and the tension evaporated in a cascade of Congratulatory pats and cheers at the scientific control room in Sriharikota. The Launching was declared 'Successful' by the Chairman of ISRO.



The efforts made by the Ship staff of SCI YAMUNA/ SCI NALANDA and our SCI Offshore team who worked relentlessly supporting the maiden 'Mars Orbiter Mission' launch of our country compliments poured in from Director ISRO and ISTRAC SDSC-SHAR, terming the scientific data collections from our vessel as 'Marvellous, unbelievable and undreamt support'. This also is SCI's first ever contribution towards India's adventure into the outer Space.

The Shipping Corporation Of India Ltd.

Transporting Goods. Transforming Lives



The Shipping Corporation of India was established on October 2nd, 1961. For the last fifty two years, Shipping Corporation of India has been providing yeoman service to the country's economy by meeting its ocean transport requirements. Starting out as a marginal Liner Shipping Company with just 19 vessels, the SCI has today emerged as the undisputed leader in India's shipping industry. The SCI continues to be the only Indian mainline carrier providing liner services from India to the major global destinations.

SCI's owned fleet includes Bulk carriers, Crude oil tankers, Product tankers, Container vessels, Passenger-cum-Cargo vessels, Phosphoric Acid / Chemical carriers, LPG / Ammonia carriers and Offshore Supply Vessels. Sailing through for more than five decades, the SCI today has a significant presence on the global maritime map.

As the country's premier shipping line, the SCI owns and operates around 38% of the Indian tonnage, and has operating interests in practically all areas of the shipping business; servicing both national and international trades.

With a highly diversified fleet and a network covering several major sea routes, SCI reaffirms its commitment to remain highly responsive and efficient in terms of its services, thus keeping abreast of latest developments in shipping industry and maintaining itself as largest and most diversified shipping company in India.

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Corporate Information

BOARD OF DIRECTORS

Shri A. K. Gupta

Chairman & Managing Director with additional Charge of Director (Technical & Offshore Services) & Director (Finance)

Dr. (Ms.) T. Kumar

Government Director

Shri M. C. Jauhari

Government Director

Rear Admiral (Retd.) T. S. Ganeshan

Director

Shri Ashish Makhija

Director

Capt. S. Narula

Director

Shri Arun Ramanathan

Director

Shri R. Santhanam

Director

Capt. B. B. Sinha

Director

Shri N. C. Sridharan

Director

Capt. Sunil Thapar

Director

Shri P. Umashankar

Director

Prof. Gopal V

Director

Shri Arun Kumar Verma

Director

Shri Dipankar Haldar

Executive Director (Legal Affairs) & Company Secretary

Name of Directors (other than Shri A.K. Gupta, Dr.(Ms.) T. Kumar and Shri M. C. Jauhari) appear in alphabetical order of Surnames

AUDITORS*

Messrs. P. S. D. & Associates, Jaipur
Messrs. Sarda & Pareek, Mumbai

REGISTERED OFFICE

Shipping House, 245, Madame Cama Road,
Mumbai 400 021.

REGISTRAR & TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Ltd.,
Samhita Warehousing Complex, Gala No-52 to 56,
Bldg No.13 A - B, Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai -400072.

INVESTOR RELATION CENTRE

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400 021.

* Upto FY 2013-14



Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, I welcome you all to the 64th Annual General Meeting of your Company. Thank you for joining us today. It is indeed a privilege and honour for me to address your goodselves in my capacity as Chairman.

The Directors' report describes in detail the working of your company for the financial year ended March 31st, 2014. In context, I would like to briefly share with you the highlights of your Company's performance in the aforesaid year.

GLOBAL SHIPPING SCENARIO

It has been undoubtedly a challenging year for your Company. After passing through one of its best phase from 2004 to mid 2008, the industry has been facing a downfall. The global shipping industry has still not emerged from the unprecedented long recession and various market projections about recovery have been proven wrong. Due to the slow global economic growth coupled with continued excessive vessel ordering, the over-supply of tonnage has prevailed. However, now it seems that the worst is over and the good days are not very far. The world economies have finally started showing signs of a slow recovery.

The global tanker fleet has crossed 500 mn dwt mile stone. At the same time the global Crude Oil imports have declined marginally compared to previous year's level of 2 billion tonnes. Further, due to shale gas and oil discoveries, USA is turning out to be a net energy exporter. This has resulted in major change in transportation pattern and also reduction in tonne-mile demand. Overall the tanker freight rates remained subdued except for minor spike in the last quarter.

The dry bulk market after having declined for the past two years finally turned around in the second half of this year. The benchmark BDI for dry bulk trade which averaged 902 during 2012-13 rose to 1357 levels in 2013-14. The global dry bulk fleet has grown by 6.5% on year on year basis and reached 700 million dwt. Hence in this sector too there has been no change in fundamentals and over supply of tonnage remains.

Though the container trade globally grew at 4% in 2013 compared to the previous year, the gain was far below the historical average of 7.3%. The freight levels across all major trade lanes were on the lower side with a brief respite in the 1st quarter of 2014.

The business in the Off Shore segment remained good and your Company made a record profit (after interest before tax) of ₹ 127 crores in the fiscal year.

FINANCIALS

Due to the continued depressed markets we have posted a net loss of ₹ 274.66 crores in the financial year 2013-14 as compared to ₹ 114.31 crores in 2012-13. It is pertinent to mention that extraordinary items to the tune of ₹ 299.74 crores were written back in 2012-13 and to that extent we have performed better in 2013-14. We have substantially reduced our losses from operations (before interest and tax) to ₹ 147.47 crores in 2013-14 as compared to ₹ 341.18 crores in 2012-13. We have curtailed our major expense head of bunkers to ₹ 1419 crores over ₹ 1581 crores of previous years. Our net sales, other operating income and overall total income were better in 2013-14 despite the fact that few vessels were sold. This underlines that we have generated more revenues from our operations.

OPERATIONS

SCI across all major segments has followed the market trend prevailing globally. Suezmax Tankers were mainly on Contract of Affreightment (CoA) voyages, primarily with Indian oil industry except performing occasional spot voyages. VLCC's were mainly on voyage charter. Earnings of Aframax tankers were better and the vessels were performing mainly India centric/Far East/ Red sea voyages. Two new dry bulkers were delivered during the year. Due to completion of CoA with SAIL your bulkers were deprived of captive cargo and exposed to prevailing low BDI. SCI alongwith its consortium partners has continued the winning streak by securing 4th LNG tanker Time Charter Agreement with M/s. Petronet LNG Ltd (PLL). To strengthen its presence in Indian LNG market, SCI has also entered into MOU with GAIL for transportation of LNG from USA to India in 2016-17, wherein it has step-in-right upto 26% and also providing technical consultancy. SCI is also undertaking LNG terminal management of RGPPL in Dabhol and has already handled nine operations during the year.

In the Liner segment, in addition to five owned vessels, SCI continues to in-charter container vessels. Further, your company also has loading rights on 21 vessels of its partners in various consortia arrangements with MSC of Switzerland, PIL of Singapore, K-Line of Japan, Wan Hai of Taiwan and Gold star line of Hong Kong. Your Company continues to carry break-bulk cargo on space charter basis on account of Government departments/ PSUs etc. Your company in addition to its one owned Passenger-cum cargo vessel continues to manage vessels belonging to Andaman & Nicobar Administration and plying between the Mainland and island, inter-island and coastal research vessels on behalf of various government agencies.

We have taken deliveries of two new bulk carriers during the year and disposed nine vessels. At present, SCI has three vessels on order of 636,000 dwt. In the current year, your company has finalised three years long term charter for three of its offshore vessels with ONGC through international competitive bidding. Your Company has also made a small beginning in salvage operations by providing its two offshore vessels for salvage and towage of "MOL Comfort." Similarly for "LNG RV Explorer" which was drifting in Arabian Sea, SCI had provided towage support. Your Company has also successfully assisted in ISRO's "Mars Orbiter Mission" by deploying its two vessels around Fiji islands for collection of data and tracking of satellite.

As a policy, your Company remained committed to environmental protection as per International Convention for the Prevention of Pollution from Ships. All engines being fitted on board are meeting latest requirement of NOx compliance. Necessary steps have been taken to minimize air pollution from ships. New designs of ship's critical systems have been adopted which further minimize risk of oil pollution. The Company took various steps to conserve energy. Ballast Water Treatment plants and Silt Water Management have been introduced for the recently ordered ships. A ship recycling plan indicating details of all potentially hazardous material on board used during construction is provided to all new ships which will greatly contribute towards on board occupational health and safety and also environmentally friendly re-cycling of ships.

Your company has incorporated the concept of efficient ship design in the new vessels which have been ordered for construction. The energy efficiency of ships is measured by determining the Energy Efficiency Design Index which is essentially a measure of the energy used per unit weight mile of cargo moved. Efficient ship design will result in the new vessels being more cost efficient in that they will burn less fuel resulting in lower greenhouse gas emissions and validating SCI's commitment to sustainable growth.

SHIP ACQUISITION PROGRAMME

The year under report is the second year of the Country's Twelfth Five Year Plan. During the year under report, your company had not proposed any new acquisitions due to the prevailing market recession in the shipping markets. On the contrary, judicious exercising of rescinding opportunities of 9 nos. ship building contracts, have contributed significantly to the bottom line as well as cash generation in the year.

OTHER CORPORATE DEVELOPMENTS

Your company has been strictly complying with the norms of Corporate Governance, RTI Act and CSR guidelines and various other Shipping Industry statutory requirements as applicable.

WAY FORWARD

Your company is committed to continue serving the Indian sea borne trade. Over the last more than 50 years, your Company has played a pivotal role and maintained its "Numero Uno" position in Indian Shipping. Your company is constantly exploiting emerging opportunities. LNG and Offshore businesses have huge potential to be the future thrust areas. Your Company continues to work closely with PLL and GAIL in respect of the expected huge future LNG imports. In line with our strategy to focus on offshore segment, the same has been recognised as a separate business vertical in our financial reporting from April 2014.

It is pertinent to note that your Company now has a young fleet with average age of 9 years and is geared up to take advantage as soon as the market upturns.

ACKNOWLEDGEMENTS

As I conclude, on your behalf, I would like to express my gratitude to the Government of India for its support to your Company. I wish to thank Hon'ble Union Minister of Shipping, Shri Nitin Gadkari for leading the growth of India's maritime sector and for providing his kind support to your company. I would also like to thank the Hon'ble Minister of State for Shipping, Shri Krishan Pal for his encouragement to your Company. I wish to also express my indebtedness towards Shri. Vishwapati Trivedi, Secretary (Shipping) for the guidance provided to your Company. My sincere thanks are also due to other officials of the Administrative Ministry, other Ministries and Departments of the Government of India. I express my sincere appreciation towards Directorate General of Shipping for its support and kind understanding of various problems being faced by the Indian shipping industry and specifically by your Company. I am also indebted to the Ex Director (Liner & Passenger Services), Mr. J.N. Das & Ex- Director (Finance), Mr. B. K. Mandal who have demitted office in April, 2014 & May 2014 respectively. Their support and guidance have assisted us in carrying out the affairs of the company amicably and smoothly in such strenuous times. I also wish to express my deep sense of gratitude towards all the shareholders, stakeholders, my colleagues on the Board, for their continued support. Finally, I would like to thank all employees (including floating staff) for their dedication and contribution.

On behalf of Board of Directors and all employees, I once again thank you for your enduring support and encouragement.

Arun Kumar Gupta





01 Shri Arun Kumar Gupta, Chairman & Managing Director with additional Charge of Director (Technical & Offshore services) & Director (Finance)

Shri Arun Kumar Gupta took over as the Chairman & Managing Director of the Shipping Corporation of India Ltd. (SCI) on 28th January, 2014. Prior becoming C&MD, he was functioning as Director (Technical & Offshore Services) since October, 2010. Presently he has also been entrusted with the additional responsibilities of Director (Technical & Offshore Services) and Director (Finance).

Shri Gupta has almost 38 years of shipping career in leading and managing challenging projects and assignments in various Divisions of Shipping Corporation of India. Mr. Gupta is a Marine Engineer from Marine Engineering College (DMET) and possesses First Class Engineer (MOTOR) Certificate of Competency from Ministry of Transport, Government of India.

Shri Gupta had earlier served Irano-Hind Shipping Co., Tehran as Director (Administration). He has been a Trustee of Kandla Port & V.O. Chidambaranar Port Trust, Tuticorin. He is a member of the Institute of Engineers (India), member of Narottam Morarjee Institute of Shipping and Fellow Member of Institute of Marine Engineers, (India). He was also the Vice President of Institute of Marine Engineers (India). He has been on the Governing Council of both, Institute of Marine Engineers as well as Narottam Morarjee Institute of Shipping. In context he has chaired sessions and also presented papers in several professional forums.



02 Dr. (Ms.) Tuk Tuk Kumar, Government Director

Dr. (Ms) T. Kumar, Additional Secretary and Financial Advisor, Ministry of Shipping and ex-officio part-time Director of the Company was appointed on the Board of Directors in November, 2012. Dr. (Ms) T. Kumar, an I.A.S. Officer of the West Bengal Cadre, holds a Ph.D in Ancient Indian History from the Delhi University. Before joining the I.A.S., she served Delhi University as a Lecturer for a brief stint. She has worked in the State Government of West Bengal in various senior positions in the Districts and the State Capital, including that of Labour Commissioner and Advisor, Industry. Dr. Kumar has also been on deputation with Government of India in Constitutional Organisations and Ministries such as the Union Public Service Commission, Ministry of Human Resource Development, Ministry for Development of the North East Region and Ministry of Culture. She was the Principal Secretary to the Speaker, Lok Sabha (Parliament of India) in the 14th Lok Sabha, between 2004-2009. Before her present posting

with Government of India in November, 2012, Dr. Kumar was Additional Chief Secretary with the Government of West Bengal.



03 Shri M. C. Jauhari, Government Director

Shri M.C. Jauhari, Joint Secretary (Shipping), Ministry of Shipping and ex-officio part-time Director of the Company, was appointed on the Board of Directors in January 2012. Shri Jauhari, an IAS Officer, is a post graduate in Physics from Allahabad University. He has worked in the State Government of Assam in various capacities and also as Joint DG/Director in DGFT in Commerce & Industry Ministry, Govt. of India, New Delhi. He has also worked as Advisor in Indian Mission to European Union. He has vast knowledge in different areas like land revenue administration, Labour & Employment, Town and Country Planning, Science & Technology, Foreign Trade, Agriculture & Cooperation, Personnel & General Administration, Planning & Programme Implementation, etc. He is also a Government Director on the Boards of Cochin Shipyard Ltd. and Chennai Port Trust.



04 Rear Admiral (Retd.) T. S. Ganeshan, Director

Rear Admiral (Retd.) T. S. Ganeshan is a part-time non-official Director reinducted on the Board in November 2013. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He is an electrical engineer. He has served in the Indian Navy for over three decades. He has held various posts including that of Director (Ship Production), Director (Naval Design) at Naval Headquarters and Project Director (Electronics, Weapons & IT) for the nuclear submarine project (ATV). He has vast experience in naval shipbuilding and management of Public Sector Undertaking. He is the recipient of Nao Sena & Vishisht Seva medals and is an alumnus of the National Defence College. He has been the Chairman & Managing Director of GRSE (Garden Reach Shipbuilders and Engineers Ltd.), Kolkata, a Defence PSU, from May 2005 to April 2008.



05 Shri Ashish Makhija, Director

Shri Ashish Makhija is a part-time non-official Director inducted on the Board in May 2014. He is the member of Nomination and Remuneration Committee and the Strategy Committee. Shri Makhija has over 25 years of experience in corporate law, bankruptcy, anti-money laundering, litigation, risk management, corporate governance with strong hands on track record of practice of law and teaching. He is a Fellow member of Institute of Chartered Accountants of India (FCA) and also a Fellow Member of the Institute of Cost Accountants of India (FCMA). He is a Master of Laws with Distinction Honor from Thomas Jefferson School of Law, California, USA. He has also done LLM from Kurukshetra University, Haryana, India.

He is presently the Standing Counsel for the Official Liquidator (Ministry of Corporate Affairs) attached to Delhi High Court besides dealing with multi-disciplinary legal cases with specialization in Corporate

Laws. He is also heading a multi-disciplinary law firm in New Delhi. Shri Makhija is also the Adjunct Professor at Thomas Jefferson School of Law, California.

For several years, Shri Makhija has been faculty & Resource Person for several Institutes. He has authored two books on Company Law namely Guide to Memorandum, Articles and Incorporation of Company and Guide to Company Law Settlement Scheme 2000. He has also authored a Handbook on Mergers and Amalgamations. He has presented papers in many national and international conferences.



06 Capt. Sarveen Narula, Director

Capt. S. Narula was inducted on Board in July 2014. He has taken the charge of Liner and Passenger Services of The Shipping Corporation of India Limited (SCI) from 01 May 2014. Capt. Sarveen Narula has more than 35 years of Maritime Experience both afloat and ashore. He has had more than 7 years command experience on several type of ships including Tankers, Bulk Carriers, Cargo ships and Container ships. He has extensive shore experience in various aspects of Liner and Passenger services which includes port and dock operations, Line Operations and Management, consortium formations, Hazardous cargo and break bulk shipments, Safety and Quality Management, Coastal Shipping, Cargo claims and claim Minimization. He has also chaired or participated in several workshops/conferences on coastal shipping, port development, freighting and commercial aspects of liner trade. Prior appointment as Director, Capt. S. Narula was working as Senior Vice President in charge of Container Services, Marketing and Break Bulk services.



07 Shri Arun Ramanathan, Director

Shri Arun Ramanathan is a part-time non-official Director reinducted on the Board in November 2013. He is the Chairman of the Stakeholders Relationship Committee and a member of Audit Committee. He joined the IAS in July 1973. Apart from holding post graduate degrees in Nuclear Physics, Business Administration and Development Economics, he is also an Associate Member of the Institute of Cost and Works Accountants of India. In the IAS, he has held several assignments in Industry, Finance, Food, Consumer Protection, Transport and General Administration. In the Government of India, he was Secretary (Chemicals & Petrochemicals), Secretary (Financial Services) and finally the Union Finance Secretary. Shri Ramanathan was the Finance Secretary at the time of the global financial crisis and was nominated by the Prime Minister to chair the Group of Secretaries to recommend measures needed to counter the meltdown in the financial and industrial sectors.



08 Shri R. Santhanam, Director

Shri R. Santhanam is a part-time non-official Director inducted on the Board in May 2014. He is a member of CSR and Strategy Committee. Shri R. Santhanam belongs to the 1972 batch of the Indian Administrative Service. He holds post-graduate degrees in Chemistry, Public Administration and Economics from the University of Madras and in Business Administration from the University of Hull, U.K. He has served as Secretary to the Government of Tamil Nadu in the Departments of Transport, Food & Cooperation, Planning & Development, Commercial Taxes and Finance. He was the ex-officio Chairman/ Director in a number of State-owned undertakings including the Poompuhar Shipping Corporation. As Principal Commissioner of Revenue Administration/ State Relief Commissioner, he coordinated relief operations during drought, floods and the unprecedented tsunami. He served as Member, Central Administrative Tribunal at Hyderabad for 5 years from Nov 2007 till Nov 2012. He is one of the Trustees of the Consumer Association of India based in Chennai and the WORTH Trust

based in Katpadi (Vellore) working for the welfare of differently abled persons.

Shri Santhanam is also the Honorary Director of the Chair on Consumer Law and Jurisprudence at the Tamilnadu Dr Ambedkar Law University, Chennai."



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09 Capt. B. B. Sinha, Director

Capt. B. B. Sinha is the Director of Personnel and Administration since 1st January 2013. Capt. Sinha has served around 36 years at responsible executive level in Shipping Industry consisting of 16 years of sea service and 20 years of shore service at SCI in shipping management, bulk carriers, tankers, chemicals, LPG & LNG operations. Capt. Sinha is a Master Mariner (Foreign Going) and holds a diploma in Shipping Management. He has also served as Member of THC Committee of IPBCC (India, Pakistan, Bangladesh, Ceylon Conference) as member of BIS – Technical Committee on Cordage (Ministry of Textiles) and as member of 11th Plan Sub-Committee on Multi- modal Transport and has represented SCI & Indian National Shipowners on TAMP (Tariff Authority for major ports). Capt. Sinha has also served as SCI's Representative in USA.



10 Shri N.C. Sridharan, Director

Shri. N.C. Sridharan is a part-time non-official Director inducted on the Board in May 2014. He is a member of the Audit Committee. He is Science Graduate and a Member of Institute of Chartered Accountants of India since 1976. He is also a member of Institute of Company Secretaries of India since 1983. He worked in reputed Private sector industrial houses such as Engineering, Chemical, Asbestos, Cotton Spinning, Software, Pharmaceuticals, for 25 years handling all areas of Corporate Finance, Treasury, Project Finance, Accounts, Direct and Indirect taxation, Auditing, Costing Budgeting, Administration materials & Stores and Secretarial and Legal. He joined as a lateral entry in Chennai Petroleum Corporation Limited, a petroleum refining company, a group company of Indian Oil Corporation Limited in 2001 as General Manager Finance and selected to the position of Director Finance in 2004.

He held said position for 8 years during the period 2004 to 2011 till the date of his superannuation. He was also a Director on the Board of Indian Additives Limited, a Joint Venture of Chennai Petroleum Corporation Limited and Chevron Oronite Company LLC, USA during the period 2003 - 2011. Presently he is also a part-time non-official Independent Director on the Board of Bharat Pumps and Compressors Limited, Naini, Allahabad, a PSU, since March 2013. He is also the Chairman -Audit Committee of Bharat Pumps and Compressors Limited.



11 Capt. Sunil Thapar, Director

Capt. Sunil Thapar is the Director of Bulk Carriers and Tanker Division since January, 2011. He holds a Master's degree in Shipping Management from the World Maritime University. He also holds Master (FG) Certificate of Competency. He has sailed on many ships including Bulk Carriers, Passenger vessels and Break-bulk ships in various capacities. He has served in various capacities in the Offshore, Liner & Passenger and Bulk Carrier & Tanker Divisions. In April 2005, he was posted to Shanghai as the Company's Chief Representative in China to look after the container services and other interests in the region including China and other Far East regions. Since December 2007, he has been in charge of the Bulk Carrier & Tanker Division of the Company.



12 Shri P. Umashankar, Director

Shri P. Uma Shankar is a part-time non-official Director inducted on the Board in May 2014. He is the member of Strategy Committee and Nomination and Remuneration Committee. Shri Umashankar holds a Master's degree in Mathematics from IIT, Madras and a Master's degree in Social Policy and Planning in Developing Countries from London School of Economics. He joined the I.A.S in 1976, and has more than 3 decades of leadership experience in Government spanning revenue, law and order, rural infrastructure, finance, housing & urban development, industries, municipal affairs and relief. He has during his long and distinguished career served as Power Secretary to the Govt of India, spearheading an ambitious programme for generation capacity addition and for reviving financial health of discoms; C&MD, Rural Electrification Corporation Limited, implementing RGGVY, the flag-ship rural electrification scheme of the country; MD, UP State Sugar Corporation, MD, National Cooperative Development

Corporation, and Joint Secretary (Sugar), Govt. of India. He also served as Additional Chief Executive Officer of Greater NOIDA and was involved in development, management and maintenance of urban infrastructure for Greater NOIDA. He also served as Chairman, India Potash Limited and as a Director on the board of India Energy Exchange Limited. Shri P. Umashankar joined the ONGC Board on 29th November, 2013 as an independent director.



13 Prof. Gopal V, Director

Prof. Gopal V is a part-time non-official Director inducted on the Board in May 2014. He is a member of CSR and Strategy Committee. Prof. Gopal is a faculty member in finance and accounting area. Currently he also holds the position of Dean (Academics). He has done his Fellow Programme in Management with specialization in Finance and Control and Minor as MIS from Indian Institute of Management Calcutta. He is a qualified Cost Accountant as well as a qualified company secretary. Though his basic education was in production engineering from College of Engineering, Guindy, he has diversified into various areas such as finance, accounting, strategic management and corporate laws.

He is an avid public sector enthusiast. He was part of the initial team which formulated the policy of Memorandum of Understanding between Central PSEs and Government of India. This policy has led to formulation of performance management system for administrative ministries of Government of India as

RFD policy. He is also a member of Ad-hoc Task Force created for advising the High Power Committee on draft RFDs.

He has conducted training programmes for various clients which include Power Grid Corporation, NTPC, Orissa Forest Corporation, and NALCO. He has been a visiting faculty at National Academy of Direct Taxes, Nagpur. He has conducted training programmes in all areas of finance and accounts, cost management, strategic management etc.



14 Shri Arun Kumar Verma, Director

Shri Arun Kumar Verma is a part-time non-official Director reinducted on the Board in November 2013. He is the Chairman of the Audit Committee and member of Stakeholders Relationship Committee. He is a practicing Chartered Accountant from Bhubaneswar. He is also a Law Graduate and has vast experience in areas concerning Accounts, Audit, Finance and Law.

Executive Directors and Senior Vice Presidents



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Sl. No.	NAME	TITLE	DESIGNATION	LOCATION	DIVN.	SUB DIV
Executive Directors as on 01.08.2014						
1	ANAND P. D.	Mr.	ED	MUM	B&T	Tanker Comm
2	BARMAN P. K.	Mr.	ED	MUM	B&T	SVC/PEC/RB&DD
3	DIPANKAR HALDAR	Mr.	ED	MUM	BRD SECTT	Co-Secy & LA
Senior Vice Presidents as on 01.08.2014						
4	BARAI A.K.	Mr.	Sr. VP	MUM	T&OS	OS/ONGC
5	BORKAR M.R.	Capt.	Sr. VP	MUM	B&T	TT
6	DEVADAS K.	Capt.	Sr. VP	MUM	T&OS	OS
7	DHINGRA S. S.	Dr.	Sr. VP	MUM	L&PS	FE-C
8	GHATAK MANABENDRA	Mr.	Sr. VP	KOL	KOL	KOLKATA
9	GUPTA KAUSHALENDRA	Capt.	Sr. VP	MUM	B&T	BCT
10	JEJURIKAR U. D.	Ms.	Sr. VP	MUM	T&OS	BPC
11	JOARDAR D.	Mr.	Sr. VP	MUM	B&T	TC-PR
12	KHER S. V.	Mr.	Sr. VP	MUM	B&T	BC/LNG
13	MAJI S. K.	Mr.	Sr. VP	MUM	L&PS	Fr & PO
14	MANDAL S.	Mr.	Sr. VP	MUM	P&S	I/C P&S
15	MATHEWS PHILIP	Capt.	Sr. VP	MUM	P&A	FP
16	MESHARAM B.V.	Mr.	Sr. VP	MUM	P&A	SP
17	MIRANDA K. J.	Capt.	Sr. VP	MUM	P&A	PRINCIPAL, MTI
18	MITRA P. K.	Mr.	Sr. VP	MUM	B&T	CHARTERING
19	PATEL A. V.	Mr.	Sr. VP	MUM	F&A	I/C (F&A)/ CFO
20	SADAWARTI S. G.	Mr.	Sr. VP	MUM	IT	ERP
21	SARAIYA N. R.	Mr.	Sr. VP	MUM	IT	I/C IT & ERP & I/C IAD
22	SASIKUMAR S.	Capt.	Sr. VP	MUM	T&OS	TS-F & MSV
23	SRIVASTAVA C.M.	Capt.	Sr. VP	MUM	ISM & ISPS	ISM & ISPS
24	TANDON R.K.	Capt.	Sr. VP	MUM	L&PS	SVP (CS&M) & Corporate Strategy/ Plans & Bilateral
25	UBALE A. L.	Mr.	Sr. VP	MUM	B&T	TC-CR

Notice of Meeting

NOTICE is hereby given that the 64th Annual General Meeting of The Shipping Corporation of India Ltd. will be held at the Registered Office of the Company at "Shipping House", 245, Madame Cama Road, Nariman Point, Mumbai – 400 021 at 1530 hrs. on Wednesday, the 24th day of September 2014 to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014, Profit & Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Capt. Sunil Thapar (DIN: 03039638) who retires at this meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Capt. B. B. Sinha (DIN: 06477074) who retires at this meeting and being eligible, offers himself for re-appointment.
4. To fix remuneration of auditors.

SPECIAL BUSINESS BY ORDINARY RESOLUTION

5. To appoint a Director in place of Capt. S. Narula (DIN: 06903085) who under Article 125 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013 holds office only up to the date of this Annual General Meeting and being eligible for appointment, the Company has received a notice in writing from a shareholder signifying his intention to propose appointment of Capt. S. Narula as Director of the Company.

"RESOLVED THAT Capt. S. Narula (DIN: 06903085), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

6. To appoint Rear Admiral (Retd.) T. S. Ganeshan (DIN: 00409241) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Rear Admiral (Retd.) T. S. Ganeshan (DIN: 00409241), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

7. To appoint Shri Ashish Makhija (DIN: 00223811) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Ashish Makhija (DIN: 00223811), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

8. To appoint Shri Arun Ramanathan (DIN: 00308848) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Arun Ramanathan (DIN: 00308848), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

9. To appoint Shri R. Santhanam (DIN: 06879551) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri R. Santhanam



(DIN: 06879551), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

10. To appoint Shri N. C. Sridharan (DIN: 00245905) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri N. C. Sridharan (DIN: 00245905), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

11. To appoint Shri P. Umashankar (DIN: 00130363) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri P. Umashankar (DIN: 00130363), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

12. To appoint Prof. Gopal V (DIN: 06872418) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Prof. Gopal V (DIN: 06872418), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

13. To appoint Shri Arun Kumar Verma (DIN: 03220124) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Arun Kumar Verma (DIN: 03220124), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company."

Regd. Office:

Shipping House, 245, Madame Cama Road,
Mumbai - 400 021

Dated : 12th August, 2014

**By Order of the Board of Directors
for The Shipping Corporation of India Ltd.**

Dipankar Haldar

Executive Director (Legal Affairs) & Company Secretary

Notes:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 17.09.2014 to 24.09.2014 (both days inclusive).
- c) Members are requested to notify any change in their address to the Share Transfer Agents of the Company at the following address:

M/s. Sharepro Services (India) Pvt. Ltd.,
Samhita Warehousing Complex,
Gala No. 52 to 56, Bldg. No. 13 A-B,
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai - 400 072.

- d) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the amount of dividend which remains unpaid / unclaimed for a period of 7 years is required to be transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government and after such transfer the member(s) would not be able to claim any dividend so transferred to the Fund. Therefore, member(s) who have not yet encashed his/her/their dividend warrant(s) is / are requested in his / her / their own interest to write to the Company Secretary immediately for claiming outstanding dividend declared by the Company for the year 2007-2008 and onward. The investor may also visit www.shipindia.com. The dividend paid for the year 2006-2007 (Interim) and remaining unclaimed / unpaid has already been transferred to the IEPF.
- e) **Members who have not registered their e-mail ID with Depository Participants / Registrar & Share Transfer Agents, are requested to do so, in order to receive notices, reports and other documents in soft form.**
- f) In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (A) The voting period begins on 18.09.2014 at 9.00 a.m. IST and ends on 20.09.2014 at 6.00 p.m. IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 08.08.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (iv) Next enter the Image Verification as displayed and Click on Login.
 - (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.



DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

* *Mandatory field*

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for The Shipping Corporation of India Ltd.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. Helpline numbers of CDSL are 18002005533

In case of members receiving the physical copy:

- (B) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following explanatory statement sets out all the material facts relating to special business mentioned at Item No. 5 to Item No. 13 of the accompanying Notice dated 12th August, 2014 convening the 64th Annual General Meeting of the Company.

Item No. 5 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Capt. S. Narula as an Additional Director of the Company with effect from July 7, 2014.

In terms of the provisions of Section 161(1) of the Act, Capt. Narula would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Capt. S. Narula for the office of Director of the Company.

A brief profile of Capt. Narula is given at Page Nos. 06 and 16 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 6 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Rear Admiral (Retd.) T. S. Ganeshan as an Additional Director of the Company with effect from November 12, 2013 and his appointment has been regularized on 12.08.2014 as per Companies Act, 2013.

In terms of the provisions of Section 161(1) of the Act, Shri Ganeshan would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Rear Admiral (Retd.) T. S. Ganeshan as Independent Director of the Company.

A brief profile of Rear Admiral (Retd.) T. S. Ganeshan is given at Page Nos. 05 and 16 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 7 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Shri Ashish Makhija as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Shri Ashish Makhija would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Ashish Makhija as Independent Director of the Company.

A brief profile of Shri Ashish Makhija is given at Page Nos. 06 and 16 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 8 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Shri Arun Ramanathan as an Additional Director of the Company with effect from November 12, 2013 and his appointment has been regularized on 12.08.2014 as per Companies Act, 2013.

In terms of the provisions of Section 161(1) of the Act, Shri Ramanathan would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Arun Ramanathan as Independent Director of the Company.

A brief profile of Shri Arun Ramanathan is given at Page Nos. 06 and 16 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 9 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Shri R. Santhanam as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Shri Santhanam would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri R. Santhanam as Independent Director of the Company.



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A brief profile of Shri R. Santhanam is given at Page Nos. 06 and 16 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 10 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Shri N. C. Sridharan as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Shri Sridharan would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri N. C. Sridharan as Independent Director of the Company.

A brief profile of Shri N. C. Sridharan is given at Page Nos. 07 and 16 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 11 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Shri P. Umashankar as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Shri Umashankar would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri P. Umashankar as Independent Director of the Company.

A brief profile of Shri P. Umashankar is given at Page Nos. 07 and 17 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 12 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Dr. V. Gopal as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Dr. Gopal would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr. V. Gopal as Independent Director of the Company.

A brief profile of Dr. V. Gopal is given at Page Nos. 08 and 17 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 13 of the Notice

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company, Shri Arun Kumar Verma as an Additional Director of the Company with effect from November 12, 2013 and his appointment has been regularized on 12.08.2014 as per Companies Act, 2013.

In terms of the provisions of Section 161(1) of the Act, Shri Verma would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Arun Kumar Verma as Independent Director of the Company.

A brief profile of Shri Arun Kumar Verma is given at Page Nos. 08 and 17 of the Annual Report.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

All the Independent Directors have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director, and they are independent of the management.

Regd. Office:

Shipping House,
245, Madame Cama Road,
Mumbai - 400 021.

Dated : 12th August, 2014

Dipankar Haldar

Executive Director (Legal Affairs) & Company Secretary

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of Directors	Capt. Sarveen Narula	Rear Admiral (Retd.) T. S. Ganeshan
Date of Birth	14.07.1957	07.06.1949
Date of Appointment	07.07.2014	12.11.2013
Qualifications	<ul style="list-style-type: none"> • Master Mariner 	<ul style="list-style-type: none"> • B. E. (Electrical)
Expertise in Specific functional areas	More than 35 years of Maritime Experience both afloat and ashore. More than 7 years command experience on several types of ships including Tankers, Bulk Carriers, Cargo ships and Container ships.	Vast experience in naval shipbuilding and management of Public Sector Undertaking.

Name of Directors	Shri Ashish Makhija	Shri Arun Ramanathan
Date of Birth	15.04.1966	25.04.1949
Date of Appointment	26.05.2014	12.11.2013
Qualifications	<ul style="list-style-type: none"> • LL.M. from Kurukshetra University, Haryana • Fellow member of the Institute of Chartered Accountants of India (FCA) • Fellow Member of the Institute of Cost Accountants of India (FCMA) • Master of Laws with Distinction Honor from Thomas Jefferson School of Law, California, USA 	<ul style="list-style-type: none"> • M.Sc. Nuclear Physics (Andhra University) • MBA (Financial Management) – Madras University • M.Phil. in Development Economics (Cambridge University) • AICWA
Expertise in Specific functional areas	Over 25 years of experience in corporate law, bankruptcy, anti-money laundering, litigation, risk management, corporate governance.	Vast experience in general and financial administration in Government and Public Sector.

Name of Directors	Shri R. Santhanam	Capt. B. B. Sinha
Date of Birth	03.12.1947	01.01.1958
Date of Appointment	26.05.2014	01.01.2013
Qualifications	<ul style="list-style-type: none"> • Post graduate degrees in Chemistry, Public Administration and Economics from the University of Madras and in Business Administration from the University of Hull, U.K. 	<ul style="list-style-type: none"> • Diploma in Shipping Management • Master (FG) • Life Member of "Company of Master Mariners"
Expertise in Specific functional areas	Served as Secretary to Government of Tamil Nadu in the Departments of Transport, Food & Cooperation, Planning & Development, Commercial Taxes and Finance.	Vast experience and knowledge in Shipping management, Bulk carrier, tankers, chemicals, LPG & LNG operations.

Name of Directors	Shri N. C. Sridharan	Capt. Sunil Thapar
Date of Birth	13.05.1951	08.09.1955
Date of Appointment	26.05.2014	11.01.2011
Qualifications	<ul style="list-style-type: none"> • Science Graduate • Member of Institute of Chartered Accountants of India • Member of Institute of Company Secretaries of India 	<ul style="list-style-type: none"> • Master (FG) Certificate of Competency • Masters in Shipping Management from World Maritime University • Life Member of "Company of Master Mariners"
Expertise in Specific functional areas	25 years of experience handling all areas of Corporate Finance, Treasury, Project Finance, Accounts, Direct and indirect taxation, Auditing, Costing, Budgeting, Administration, materials & stores and Secretarial Legal.	Vast shipping experience and commercial & technical knowledge of Bulk carriers, Tankers, Containers & Liners and Offshore vessels.



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Name of Directors	Shri P. Umashankar	Prof. Gopal V
Date of Birth	07.06.1953	01.06.1960
Date of Appointment	26.05.2014	26.05.2014
Qualifications	<ul style="list-style-type: none"> Master's degree in Mathematics from IIT, Madras Master's degree in Social Policy and Planning in Developing Countries from London School of Economics 	<ul style="list-style-type: none"> Production engineering from College of Engineering, Guindy Fellow Programme in Management with specialization in Finance and Control and Minor as MIS from Indian Institute of Management, Calcutta Qualified Cost Accountant Qualified Company Secretary
Expertise in Specific functional areas	More than 3 decades of leadership experience in Government spanning revenue, law and order, rural infrastructure, finance, housing & urban development, industries, municipal affairs and relief.	Vast experience in all areas of finance and accounts, cost management, strategic management, etc.

Name of Directors	Shri Arun Kumar Verma
Date of Birth	28.06.1951
Date of Appointment	12.11.2013
Qualifications	<ul style="list-style-type: none"> B. Com. (Hons.) LL.B. DISA (ICA) Fellow Member of Institute of Chartered Accountants of India
Expertise in Specific functional areas	Vast experience in areas concerning Accounts, Audit, Finance and Law.

CHAIRMANSHIP / DIRECTORSHIP HELD IN OTHER PUBLIC COMPANIES AND MEMBERSHIP HELD IN COMMITTEES OF SUCH BOARDS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	Chairmanship / Directorship held in other public companies	Chairmanship / Membership held in Committees of such Boards
Capt. Sarveen Narula	NIL	NIL
Rear Admiral (Retd.) T. S. Ganeshan	NIL	NIL
Shri Ashish Makhija	NIL	NIL
Shri Arun Ramanathan	Indian Clearing Corporation Ltd. National Textiles Corporation Ltd. ONGC ONGC Videsh Ltd. Religare Enterprises Ltd. L&T Infra Debt Fund Ltd.	Member – Audit Committee Member – Audit Committee Chairman – Audit Committee Member – Investor Grievance Committee Chairman – Audit Committee
Shri R. Santhanam	NIL	NIL
Capt. B. B. Sinha	NIL	NIL
Shri N. C. Sridharan	Bharat Pumps & Compressors Ltd.	Chairman – Audit Committee
Capt. Sunil Thapar	NIL	NIL
Shri P. Umashankar	ONGC	NIL
Prof. Gopal V	NIL	NIL
Shri Arun Kumar Verma	NIL	NIL

Salient Statistics 2013-14

Authorised Capital	₹ 1000.00 Crores
Subscribed and Paid-up Capital	₹ 465.80 Crores
Depreciation Provision	₹ 856.44 Crores
Gross Earnings	₹ 4539.00 Crores
Gross Investment on Fleet **	₹ 17994.87 Crores
No. of Passengers carried (including managed vessels)	121300
No. of Employees (including crew) (As on 1st July 2014)	2651
Vessels Owned (As on 1st June 2014)	
Number	73
Tonnage	3.28 Million GT 5.85 Million DWT
Vessels on Order (As on 1st June, 2014)	
Number	4
Tonnage	0.33 Million GT 0.64 Million DWT

** Includes Fleet under construction ₹ 59.16 Crores plus Advances for Capital Expenditure of ₹ 648.03 crores (Note 14).



OPERATIONAL STATISTICS

(Figures in Crores of `)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*	2011-12	2012-13	2013-14
Operating Earnings	3396.1	3531.0	3703.4	3726.9	4166.6	3463.1	3543.4	3820.8	4152.5	4155.2
Interest Income	80.2	172.1	219.7	227.7	272.7	218.2	191.4	183.4	107.3	103.3
Other Income	249.7	59.0	287.2	129.8	125.2	215.0	285.0	495.9	236.4	280.5
Total Earnings	3726.0	3762.1	4210.3	4084.4	4564.5	3896.3	4019.8	4500.1	4496.2	4539.0
Operating Expenses	2033.7	2119.3	2567.7	2594.4	2815.7	2771.0	2254.5	3328.4	3273.7	3112.3
Other Expenses	183.7	145.3	149.4	221.3	266.5	216.7	576.7	515.7	668.4	583.9
Interest Expenses	64.3	79.1	80.1	61.6	64.7	52.5	66.9	387.3	161.8	207.8
Depreciation	297.1	303.5	303.1	303.2	323.9	380.1	465.1	608.7	760.5	856.4
Exceptional items	0.0	0.0	0.0	0.0	39.1	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-299.7	0.0
Tax Liability	22.8	72.8	95.5	90.0	113.9	99.1	89.3	88.2	45.8	53.3
Deffered Tax Provision written back	-295.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenses	2306.1	2720.0	3195.8	3270.5	3623.8	3519.4	3452.5	4928.3	4610.5	4813.7
Profit after Tax	1420.0	1042.2	1014.5	813.9	940.7	376.9	567.3	-428.2	-114.3	-274.7

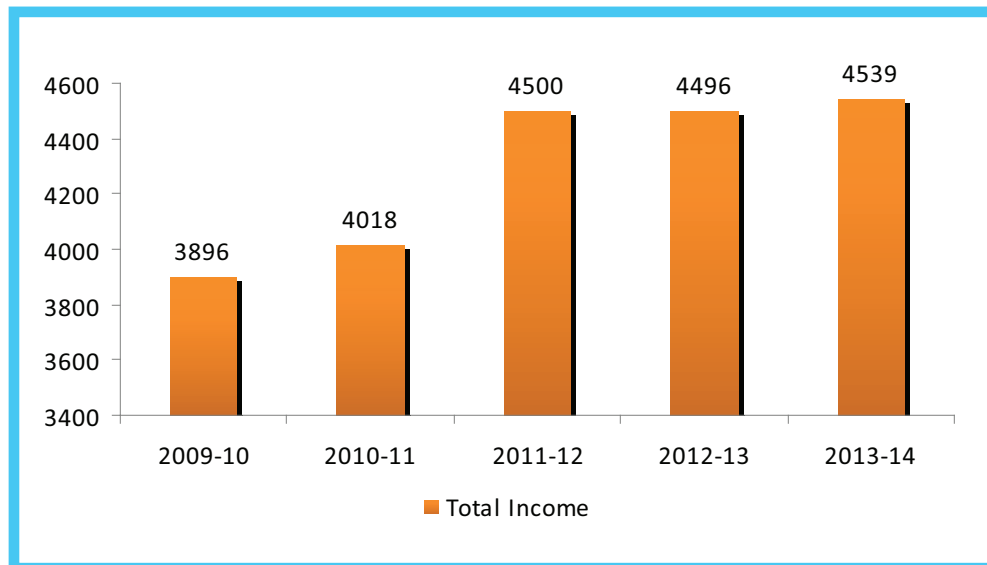
FINANCIAL HIGHLIGHTS:

(Figures in Crores of `)

	31-03-05	31-03-06	31-03-07	31-03-08	31-03-09	31-03-10	31-03-11*	31-03-12	31-03-13	31-03-14
WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	6506.1	6818.9	6705.4	6737.1	8161.9	8893.2	11841.3	13334.4	16556.8	17,482.2
Less: Depreciation (Cum)	3270.3	3559.4	3744.2	4047.2	4333.9	4386.4	4472.1	4421.6	5017.0	5547.8
Net Block	3235.8	3259.5	2961.2	2689.9	3828.0	4506.8	7369.2	8912.8	11539.8	11934.4
Assets under Construction	122.5	237.3	762.5	2007.2	2099.9	1854.7	1790.4	1833.3	1572.5	710.9
Asset Retired from Operation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.4
Working Capital	1618.6	2224.1	2596.7	2347.7	2640.9	2505.7	2431.0	2036.6	1550.1	1837.5
Investments	1.5	8.9	24.0	41.5	111.5	166.7	292.7	274.6	117.7	113.4
	4978.4	5729.8	6344.4	7086.3	8680.2	9033.9	11883.3	13057.3	14780.6	14596.7
WHAT THE COMPANY OWED										
Long Term Funds :										
SDFC/Govt. Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank Loans	1402.7	1374.4	1244.7	1454.2	2471.7	2696.9	4715.2	6323.0	7707.4	8,000.5
Unsecured Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	457.0	256.4
	1402.7	1374.4	1244.7	1454.2	2471.7	2696.9	4715.2	6323.0	8164.4	8256.9
Deferred Tax Liability	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET WORTH OF THE COMPANY										
Share Capital	282.3	282.3	282.3	282.3	423.5	423.5	465.8	465.8	465.8	465.8
Reserves & Surplus	3309.8	4077.8	4817.4	5349.8	5785.0	5913.5	6702.3	6268.5	6150.4	5874.0
Deferred Revenue Expenditure	(16.4)	(4.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	3575.7	4355.4	5099.7	5632.1	6208.5	6337.0	7168.1	6734.3	6616.2	6339.8
Dividend paid	197.6	239.9	239.9	239.9	275.2	211.7	256.2	0.0	0.0	0.0
Dividend %	70.0	85.0	85.0	85.0	65.0	50.0	55.0	0.0	0.0	0.0

* Figures have been regrouped as per Revised Schedule VI

Total Income (Amount in ` Crores)



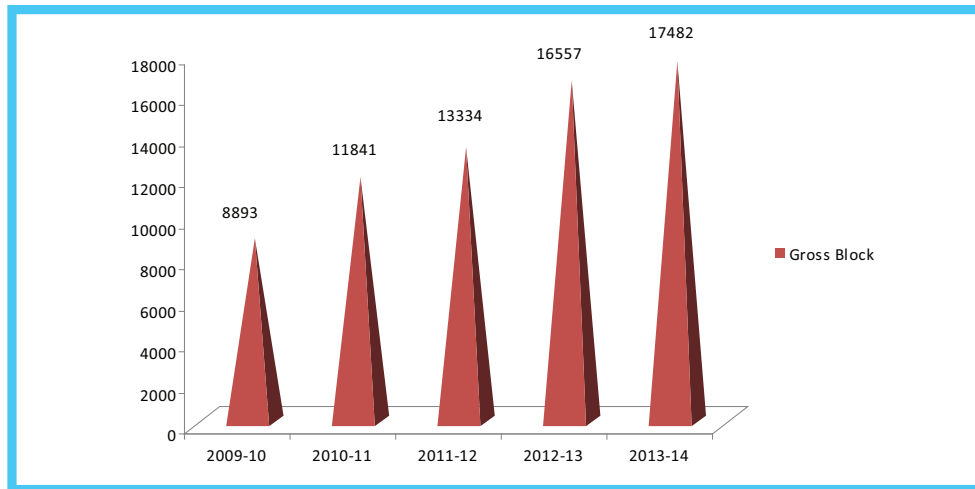
Profit Before Tax (Amount in ` Crores)



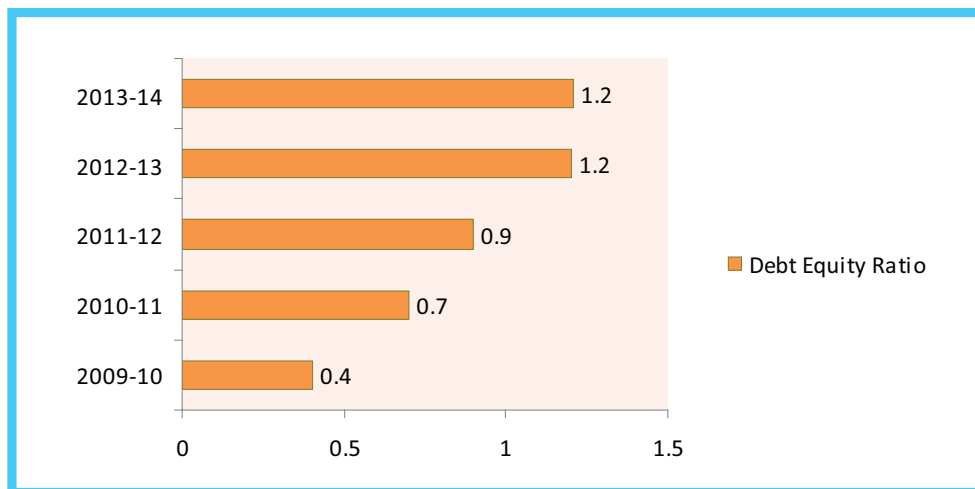


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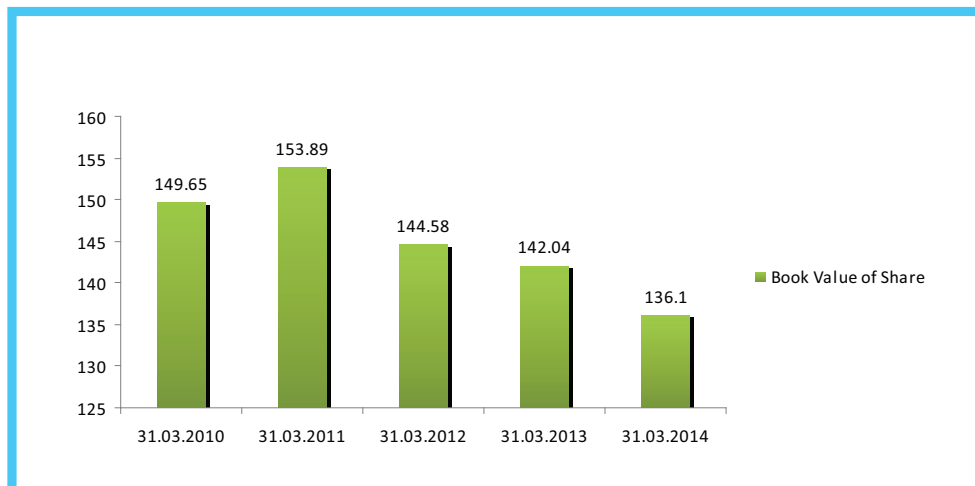
Gross Block (Amount in ` Crores)



Debt/Equity Ratio



Book Value of Share (Value in `)



To the Members,

Your Directors have pleasure in presenting the 64th Annual Report on the working of your Company for the financial year ended 31st March 2014.

Accounting Year

The year under report covers a period of 12 months ended on 31st March 2014.

FINANCIAL PERFORMANCE

The comparative position of the working results for the year under report vis-a-vis earlier year is as under:

(` in Crores)

	2013-14		2012-13
Gross Earnings	4539		4796
Gross Profit (before interest, depreciation, items relating to earlier years, exceptional items & tax)	896		492
Less : Interest	208	162	
Depreciation	856	760	922
Profit before items relating to earlier years, exceptional items & tax	(168)		(430)
Prior year's adjustments	(53)		62
Profit before Extraordinary items & tax	(221)		(368)
Extraordinary items	-		300
Provision for Taxation	(53)		(46)
Net Profit/Loss (-)	(274)		(114)

Appropriations:

The working results for your company for the year 2013-14 after considering prior period adjustments show a loss of ` 274.66 crores.

After adjusting a sum of ` 46.20 crores (being balance profit and loss account brought forward from previous year), there is a debit balance in Profit & Loss A/c of ` 228.46 crores.

Brief Analysis of Financial Performance:

At an overall level SCI has incurred a loss of ` 274.66 crores in the current year as against loss of ` 114.31 crores in the preceding year. The financial performance of your Company continued to be impacted by the low levels of freight rates during the year. The Company rescinded nine shipbuilding contracts during the year due to default by the shipyard and this has resulted in foreign exchange gain and interest income upside to the Company by about ` 66 crores. However operationally, SCI has improved its performance as can be seen from the fact that our loss before items relating to earlier years, exceptional items & tax has reduced from ` 430 crores to ` 168 crores. It may also be observed that the preceding year had a write back of ` 300 crores of borrowing cost.

Fleet Position during the Year:

During the year under report, nine vessels aggregating to 217,943 DWT were phased out from the SCI fleet whereas two newbuilding bulk carriers, vessels aggregating to 163,430 DWT were delivered to SCI. Thus, the overall fleet position, which was 80 ships at the beginning of the year, declined to 73 ships at the end of the year as shown in the following table. However, there has been only a marginal reduction in the total tonnage.



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The Shipping Corporation Of India Ltd.

FLEET PROFILE DURING THE YEAR

Particulars	As on 1.4.2013		Additions		Deletions		As on 31.3.2014	
	No.	DWT	No.	DWT	No.	DWT	No.	DWT
1. (a) Crude Oil Tanker	23	3,627,893	-	-	1	94,540	22	3,533,353
(b) Product Tankers	15	952,728	-	-	1	44,669	14	908,059
(c) Chemical Tankers	1	33,058	-	-	-	-	1	33,058
(d) Gas Carriers	2	35,202	-	-	-	-	2	35,202
2. Bulk Carriers	17	1,020,214	2	163,430	2	69,755	17	1,113,889
3. Liner Ships	5	202,413	-	-	-	-	5	202,413
4. Offshore Supply VsIs.	16	32,650	-	-	5	8,979	11	23,670
5. Passenger-Cum-Cargo Vessels	1	5,140	-	-	-	-	1	5,140
TOTAL	80	5,909,298	2	163,430	9	217,943	73	5,854,784

NEWBUILDING VESSELS DELIVERED DURING THE YEAR

Vessel Name	Type	Yard Built	DWT
m.v. Vishva Chetna	Dry Bulk carrier	Jiangsu Eastern Heavy Industries	81,733
m.v. Vishva Uday	Dry Bulk carrier	Jiangsu Eastern Heavy Industries	81,696

VESSELS DISPOSED OF DURING THE YEAR

Vessel Name	Type	Yard Built	DWT
m.v. Lok Pratap	Dry Bulk	1993	26,718
m.v. Maharashtra	Dry Bulk	1996	43,037
m.t. Motilal Nehru	Crude Oil Tanker	1990	94,540
m.t. Rabindranath Tagore	Product Carrier	1993	44,669
m.v. Feroze Gandhi	AHTSV	1984	1,758
m.v. SCI-02	AHTSV	1984	1,776
m.v. SCI-05	AHTSV	1984	1,818
m.v. SCI-06	AHTSV	1985	1,817
m.v. Capt F M Juvale	AHTSV	1985	1,809

VESSELS ON ORDER AT THE END OF THE YEAR

The number of vessels on order of your company reduced from sixteen vessels at the start of the year to seven vessels at the end of the year. Thereafter your company has rescinded contracts of four more vessels (2 nos. 6,500 TEU Container vessels and 2 nos. AHTSVs) thus bringing the vessels on order to three vessels as on 31.07.2014.

Type	No.	Shipyard	Total DWT
VLCC	2	Jiangsu Rongsheng Heavy Industries Co. Ltd.	634,000
6,500 TEU Cellular Container vessel	2	STX (Dalian) Shipbuilding Co. Ltd.	171,200
AHTSV (80T BP)	3	ABG Shipyard Ltd.	6,000
	7*		811,200

* - Vessels on order as on 31.07.2014, stood at three vessels of 636,000 dwt.

MANAGEMENT DISCUSSION AND ANALYSIS

The overall scenario under which the Shipping industry operated and which impacted the various segments is discussed below.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

World Scenario – Economy & Seaborne Trade

The worldwide GDP grew by an average of 2.9% in 2013, with GDP expanding at 3% annual pace in the second half of 2013 as compared to 2% growth at the start of 2013. However this was far too low compared with the 5% growth witnessed in 2010 and during that of the boom years of the mid 2000s. China remained the driving force of the world wide economy, accounting for about half of the gains in global GDP during the second half of 2013. Outside China, the emerging economies of Asia showed faster growth in the second half led by South Korea and India. In 2014, world economy is expected to improve with expected GDP growth of 3.7% in 2014. The improvement in foreign trade is likely to depend on world's two largest economies, the US and China.

Seaborne Trade, Fleet & Market

The dry bulk market after having declined for two years finally turned the corner in 2013 with rates and prices both moving up over the course of the year. The gains were especially strong in the second half of the year, boosted by a robust iron ore trade and grain trade volumes. This was combined with a marked deceleration in fleet growth during 2013, which increased fleet utilization rate to nearly 90%, its highest level since 2010. Most of the gains in demand during 2013 came from the iron ore, grain, steam, coal, and bauxite/alumina trades. China was the key driver of the increase in demand. Chinese steel production was especially robust in 2013, rising by 8%. For the year as a whole, Chinese iron ore imports rose by 10%. Another major source of dry bulk trade growth was the grain trade which rose by 14% during the third quarter of 2013. Most of this increase was due to major jump in US grain shipments to China, 50% growth from previous year's low. Global steam coal trade grew by only 6%, down from 11% growth in 2012. This was due to slow Chinese coal demand. In addition to the major bulk trade increases, the second half of 2013 saw a significant jump in Chinese bauxite imports, as inventories were built up prior to the implementation of ban on Indonesian exports, which took effect in January 2013.

Globally, the oil trade (i.e 'Crude Oil' and 'Products' segments) growth declined marginally by 0.1% as compared to last year. In the 'oil' trade segment, the global 'Crude oil' imports was almost 2 billion tons, declining by 2% compared to their 2012 level whereas global 'Products' imports were 0.92 billion tons, increasing by 4.4 %. The tanker fleet expanded by 2.8% in 2013 as compared to 3.9% during the previous year. Overall for most crude tankers, 2013 was not a good year. VLCC and Suezmax spot rates declined relative to 2012. Though Aframax spot rates moved up modestly, Aframax period charter rates fell relative to their 2012 level. Although some crude tanker secondhand values, most notably VLCCs, did move up in the third quarter, most prices remained below their early 2012 levels and very close to their 10 year lows. As regards to Product Tanker market, rates and prices for an MR tanker moved higher over the course of 2013. Compared to the end of 2012, one-year TC rates for these vessels were up 15% by the end of 2013, while secondhand values rose by 25%. Robust trade growth in refined products and restrained fleet growth enabled the market to move higher throughout the year.

Global containerized growth in 2013 was significantly low at 151 million TEUs. Trade gained 4% on 2012 TEU volumes, an improvement on the 2.5% growth recorded in the year before, but a substantially lower pace than the historical average of 7.3% p.a. After a slow growth initially in 2013, containerized trade growth gained substantial momentum over the course of the year. The improvement was attributed to a recovery in intra-Asia trade demand and to a turnaround in European imports.

Indian Scenario

As per Central Statistical Organization (CSO), Indian economy grew by 4.7% in 2013-14, shade below the original estimate of 4.9% but slightly above the 4.5% growth in 2012-13. The economy posting two consecutive years of below 5% growth is the lowest performance of Asia's third-largest economy in over two decades. The farm sector grew an annual 4.7% compared with a 4.5% expansion in the year earlier period. The power sector also posted a growth rising an annual 5.9% in 2013-14 compared with a 2.3% growth in 2012-13. The manufacturing sector continued to remain under stress, declining 0.7% year-on-year in 2013-14 compared with 1.1% growth in 2012-13. The mining sector fell 1.4% year-on-year in 2013-14 compared with a decline of an annual 2.2% in the year earlier period.

According to sources from Ministry of Commerce, India's overall shipments increased 3.98% at US \$312.5 billion in 2013-14 as compared to US \$300.6 billion in 2012-13 but missed the export target of US \$325 billion for 2013-14. Sluggish demand in major markets coupled with loss of preferential access in Europe and quality issues with drugs lead to lower exports in 2013-14. As per Indian Port Association (IPA), the volume of cargo handled by India's 12 state-owned ports grew by a modest 1.78% in the year ended 31 March, reversing two consecutive years of decline, mainly on the back of higher coal shipments. The 12 ports handled a combined 555.50 million tons (mt) of various commodities such as crude oil, petroleum products, iron ore, coal, container cargo and fertilizers in fiscal year 2013-14. Thermal coal loadings grew 22.09% to 71.6 mt from 58.6 mt a year earlier as power stations imported more coal. Major ports loaded just 24.7 mt of iron ore, compared with 28.5 mt a year earlier. This was due to ban on exports from Karnataka, which accounted for a quarter of the nation's iron ore annual exports. Fertilizer loadings declined 17.57% to 6.1 mt from 7.4 mt a year earlier.



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B. OPPORTUNITIES & THREATS

Global Economy

The global GDP is expected to grow at 3.7% in 2014. This, however, is dependent on the two largest economies, US and China. The US economy has been more positive in the recent months and is expected to remain strong in 2014. The US industrial production, employment, personal income and manufacturing have all shown improvement in the second half of 2013. Additionally, the index of the leading economic indicators of the US economy has been on the rise. Overall the US is expected to grow by 3% in 2014, up from just 1.9% for 2013 as a whole. The outlook for Chinese economy in 2014 is generally positive, with some slowdown relative to the recent pace. The Chinese GDP growth is expected to remain at 7.5% in 2014, down just a bit from 7.6% growth in 2013. The developing Asia region is also expected to perform better in 2014 as compared to 2013 as aided by recovery from rest of the world. The Asia region is expected to grow by 5% in 2014, up from 3.8% growth in 2013. The European economy is expected to show modest growth of 1.1% in 2014. Several European countries, most notably Britain, registered better growth in second half of 2013. The Japanese economy has shown improvement since the various measures implemented by Japan's new prime minister. The Japanese economy is expected to grow 1.8% in 2014.

Global Trade

In the 'Oil' segment, crude trade is projected to witness a growth of 1.8% in 2014 whereas the 'product' segment trade is reckoned to grow by 4.1%. Crude tanker utilization rate is expected to be around 86.6%, up from 85.3% in 2013. The main source of trade demand growth in 2014 is likely to be China, as Chinese crude imports are expected to grow by 9% this year, driven by 3.5% increase in oil consumption, and an expansion in both refinery capacity and strategic reserves. In the developing Asia, crude imports are projected to rise by 2% in 2014, while European imports are expected to grow by 1.5%. However, the North American crude imports are expected to decline by 8% for the year 2014 as compared to 2013 thereby slowing the global crude trade. On the supply side, crude tanker fleet is likely to expand by 0.3% in 2014.

As regards to product tanker, demand is expected to increase by 4% in 2014 due to strong import growth into Europe and Asia, while the product tanker fleet size would grow by just 3%. However, from 2015 to 2017, product tanker demand growth is likely to slow down to 2% per year, as Chinese refinery capacity additions would limit Chinese product imports. Further fleet growth is projected to accelerate to 4.5% annually, as deliveries will continue into the market from the ordering surge of 2013 and is likely to continue in 2014.

There has already been thawing of cold relations between US and Iran which may lead to further relaxations of sanctions leading to increase in the nation's oil exports. As a result of this extra oil in the global market, it is likely that oil prices would fall below \$85/bbl by the end of 2015. This would lead to modestly higher global oil consumption, and would also result in reduced North American oil production growth. Under this scenario, it is expected that crude oil trade would rise. Additionally, it is expected that the US refinery capacity and product exports would rise. This might lead to additional supplies going to Latin America and Asia, thereby boosting product tanker demand.

The global dry bulk trade is expected to grow by nearly 6% in 2014. Dry bulk trade demand in 2014 is likely to get a boost from a recovery in European demand, following up on the gain seen in late 2013. China would remain the main driver of dry bulk trade in 2014 despite the fact that the growth of Chinese steel production and domestic Chinese iron ore production are expected to decline during this period. Most of the iron ore imports are expected to come from Brazil, as new mines open in the country, leading to large increase in tone-mile demand. However, the Chinese steam coal import is likely to rise by 16 % in 2014. It is expected that the developing Asia region will see a pick-up in growth over the course of 2014, despite recent problems in some countries in early 2014.

The Dry bulk fleet growth is expected to grow by 5% in 2014 due to delay in deliveries. Thus trade growth is expected to outpace fleet growth in 2014.

In the container segment, it is expected that improving trade volumes and restrained fleet expansion would combine to allow for liner and charter turnaround in 2014. The global containerized trade is expected to grow at 5.8% in 2014 and 7.8% in 2015. The growth in the next two years is likely to be driven by rebound in the global economic cycle. New building delivery deferrals, scrapping and slow-steaming would all play a critical role in shaping the markets.

Indian Economy & Trade

If the recent pick-up in industrial activity is sustained in an environment conducive to the revival of investment and unlocking of stalled projects, with ongoing fiscal consolidation releasing resources for private enterprise, external demand picking up and international crude prices stabilising, the central estimate of real GDP growth of 5.5 per cent within a likely range of 5 to 6 per cent that was set out in the April projection for 2014-15 can be sustained.

C. OUTLOOK

As the global economy improves, it is expected that oil trade demand (both crude and product) will pick up in 2014, while fleet growth remains modest. This would allow the tanker market to remain buoyant over the coming year with rates and prices for both crude and product tankers moving up, on average compared to 2013. Most indicators are likely to stabilize in 2015 and from 2016-18, crude tanker indicators would hold steady over this period, while product tanker rates and prices are expected to fall back significantly due to excessive fleet growth.

In the dry bulk segment freight rates are expected to undergo severe volatility over the course of next five years i.e from 2014 to 2018. More specifically, freight rates for Cape, Panamax, and small bulkers are projected to increase in 2014 and in 2015 before coming down in 2016-18 due to surge in the fleet growth.

The main characteristic in liner markets was the sharp volatility in freight rates, particularly in the premier Asia- Europe (WB trade) – lane. Liner freight rates in 2013 averaged 6.5% below their 2012 levels. As regards to Liner freight restoration in 2014, market discipline would be critical for reinstating rates to higher levels, particularly in the main-haul trade of Asia-Europe.

D. RISKS & CONCERNS

The rising interest rates in several emerging economies could lead to slower economic growth in these countries, with oil demand growth likely to slow in response. Consequently, the low Chinese oil demand in 2014 can lead to slow Chinese oil imports. The crude tankers rates are also expected to remain flat during 2015-18.

Similarly in the dry bulk segment, the rising interest rates in emerging economies could lead to slowing import demand. In such a scenario, the dry bulk market would lose its recent upward momentum, with rates and prices falling back in 2014 before recovering in 2015. Additionally, relatively flat steel production in the developing Asia region due to weaker Indian economy remains a matter of concern.

In the container segment, vessel over supply in certain segment should remain the primary concern for liner companies and charter vessel owners in 2014. Despite improving prospects for containerized liftings in most trades in 2014, carriers can still continue to dump capacity into secondary trade routes, where vessels utilization is well below levels as compared to premier lanes.

(1) BULK CARRIER & TANKER

Global GDP

According to IMF Global GDP growth has been 3% in 2013 and expected to be around 3.7% in 2014. The improvement seen in the global economy during the second half of 2013 carried over into early 2014 as well, with many indicators pointing to a further pickup in global economic growth. But the world economy is still not firing on all cylinders, as the recent gains in activity have come primarily from the OECD economies, with preliminary figures for the first quarter of 2014 showing acceleration in growth in Europe and Japan, while the US economy appeared to gain momentum in April, after a sluggish Q1.

The Chinese economy grew at 7.7% in 2013 but is expected to slow down in 2014. After seeing growth reduced to less than 5% per year in both 2012 and 2013, the Indian economy is projected to grow by 5.5% in 2014 and by 6% in 2015.

Standard and Poor's, a Global Rating agency, expects US GDP growth to rise to 2.8% in 2014, up from 1.7% in 2013, while the Euro zone economy is forecast to expand by 0.9% after two years of recession. IMF's World Economic Outlook states that global output will expand by 3.6% in 2014 and increase further to 3.9% in 2015, as against 3% in 2013. The economy of developed nations is expected to improve by 2.2% in 2014 and 2015. The report forecasts global trade to grow from 3% in 2013 to 4.3% and 5.3% in 2014 and 2015, respectively, on the back of increasing demand from developed countries for exports from emerging economies.

The global GDP growth directly affects the international trade (export and imports) and in turn affects the shipping industry as about 80% of the international trade by volume is carried out by shipping.

Over supply of Tonnage

Over supply of tonnage across all segments of shipping remains the primary concern of ship owners. Though owners have resorted to scrapping old and unviable ships, adopted slow steaming to absorb tonnage availability, which has been complemented by lay-ups of some vessels, and near term reduction in new orders, the general Economic conditions have not contributed to improving the demand side. Thus even if the markets in the near term may turn volatile due to geo political situations and extreme weather conditions, it is expected that it will take some more time for the industry to see the demand and supply equilibrium of tonnage.

Asset Prices

Though asset prices has staged a recovery, low profitability due to high direct operating expenses and resultant low margin is causing problems in financing and cash flow management.

The segment-wise scenario is discussed below:

Segment-wise Fleet & Market Study

a) Crude Oil & Product Tankers

The global imports of Crude Oil registered a marginal increase of 1 % to 37.4 million barrel per day over the previous year. It is forecast that the imports will remain almost static for the next 5 years. US domestic output has increased by 9% over the year and this lead to the sharp drop in Crude imports and the same trend is expected to continue in the future. Many groups in US are pushing regulators to remove the ban on crude exports. If this works out, increase in US exports of crude could be seen mainly towards Europe. US imports of West African oil have continued to decline and this oil appears to be moving to Asia, helping to boost ton-mile demand and leading to longer hauls. However, the rise in Chinese crude imports was partly offset

by lower US imports. Global Product trade was seen at 922 million tons in 2013 and is expected to be 957 million tons and 980 million tons respectively during 2014 and 2015. There were deliveries of 17.2 mn dwt and 4.5 mn dwt for crude oil tanker and product tankers in 2013. For Crude oil tankers, the deliveries expected are 14.3 mn dwt and 13.5 mn dwt in 2014 and 2015 respectively. For Product tankers, the respective figures are 6.0 mn dwt and 6.6 mn dwt each. Taking into account the scrapping and new orders, the year on year growth will increase for crude and product segments altogether from current levels by 0.87 % and 1.31% in 2014 and 2015 respectively. Tanker new building prices continued to build on the gains seen late 2013, rising by about 5% in early 2014. Over the past year, the prices have risen by an average of about 10%. In ton-mile terms, it is estimated that crude trade increased 5.7% relative to the previous quarter, and was up 4.8% compared to the year-earlier level, which indicates an upward trend.

The trade is likely to continue with emphasizing import gains in Chinese, India and Asia Pacific offsetting decline of North American and Japanese imports. The spot rate of TD3 route of AG/East for VLCC was US\$ 12,417/day in 2013. The future market in this segment seems to be in the range of US\$ 25,000/day. One Year TC rate for VLCC was about US\$ 20,500/day in 2013, however the fixtures were few, with market reports predicting a 15% increase for the next 2 years. The Suezmax rate on West Africa/US route was in the range of \$ 14,000/day in 2013 which is expected to improve at about 10% per year over the next 2 years. One year TC rate for Suezmax was \$16,125/day for year 2013 which is expected to improve at about 15 % per year over the next 2 years. For Aframax, the spot rate on Caribs/US route was US\$ 12,720/day which is expected to remain around the same level in 2014. Taking a look on Product tankers, LR1 Spot rates on AG/East was US\$ 12,075/day in 2013 and expected to remain at similar level in 2014. One year TC rate for LR1 was \$ 11,000/day and expected to average \$12,500/day in 2013 and 2014. In MR tankers on Caribs/US route the spot rate was US\$ 9,192/day in 2013. One Year TC rate for MR was 14,200/day in 2013 and expected to be around \$ 15,200/day for the next year.

Your company has four VLCCs and they were mainly employed on Voyage Charter during FY 2013-14 and had been performing spot voyages, except MT Desh Vaibhav which was on time charter with Navig8 for about 3 months of the financial year. Your Suezmax tankers were mainly deployed with the Indian oil industry and performed COA voyages, except occasionally performing spot voyages for Indian and foreign charterers. MT Desh Shakti and MT Desh Shanti were on time charter with M/s. India Steamship for 80 days and 60 days respectively during the period. The COA earnings are based on AFRA which has been low. The time charter rates compare well with market benchmarks.

Your LR-II tankers, MT Motilal Nehru and MT Jawaharlal Nehru are single hull and non-coiled tankers suitable only for coastal crude oil movement. MT Motilal Nehru has been scrapped during the period under consideration. There is no market average available for single hull tankers. The earnings compare well for this financial year compared to last year.

Your product tankers in the Swarajya Series & Tagore Series were all well employed with Indian charterers and their earnings compare well with the market average. MT Rabindranath Tagore was scrapped during the period under consideration.

Your three MR product tankers in the Swarna series were gainfully employed with Indian charterers and their earnings compare well with the market. MT Swarna Kalash and MT Swarna Mala were deployed with foreign charters for short periods during the financial year.

Your two LR-II tankers gave stable returns with MT Swarna Jayanti deployed in the V8 pool and MT Swarna Kamal employed on time charter with Koch.

Earnings of your coiled / double hull Aframax tankers have exceeded the average of benchmark yields under TD8 (Arabian Gulf to Singapore) and TD14 (Indo-Australia) routes mainly on the back of triangulation voyages due to intermittent fuel oil arbitrage trades which minimized ballast voyages. The Aframaxes mainly performed India centric / Far East / Red Sea voyages.

Out of your six LR-I tankers, four tankers performed coastal movements for transportation of crude oil. One LR-I tanker is deployed under clean trade and another LR-I was deployed intermittently in the spot market and coastal movement. The average earnings have been 25% higher on y-o-y basis, and also were higher compared to the market average.

LPG Carriers

Your LPG carriers were pre-dominantly deployed under time charter to IOCL at prevailing market rate and are expected to continue to be with them for this year.

Acid Carrier

No market estimates are available for tankers with tanks of rubber line coating. Your Acid carrier, MT Palanimalai was deployed on spot voyages. The earnings have not been up to expectations due to sporadic demand for the vessel during the year.

LNG Transportation

Your Company, along with three Japanese shipping companies, has successfully secured the 4th LNG Tanker Time Charter Agreement with Petronet LNG Limited (PLL), through a global competitive tender. Under the agreement signed on 2nd December 2013, 1.44 Million tons of LNG will be transported per annum from Gorgon Project in Australia to the Kochi and Dahej LNG terminal of PLL. Your company will own 26% share in the project and will manage the 173,000 cbm LNG tanker right from the day of her delivery. With the participation in the 4th LNG Shipping project, your company has strengthened its position in LNG shipping in the country and is well poised to play a key role in upcoming LNG Shipping Projects for GAIL, ONGC and IOC.

Your Company has built-up a pool of trained and experienced officers to operate LNG tankers onboard and ashore. This expertise along with the experience of independent technical operation of LNG tankers has provided the leverage to your company to expand its LNG Ship Management expertise and provide such service to international LNG Ship owners.

RGPPL TERMINAL MANAGEMENT

As informed in the last annual report, your company had been awarded a three year Ports and Marine Services Contract on cost plus basis by Ratnagiri Gas and Power Private Ltd. (RGPPL) on 01.02.2012 for operating their LNG Jetty at Dabhol. The contract value is approximately ₹ 150 crores. RGPPL is promoted by NTPC Ltd and GAIL (India) Ltd., each of them holding 32.86 percent equity. RGPPL owns an Integrated Power generation of about 1970 MW and re-gasification LNG facility of 5 million MT per annum at Dabhol.

The commissioning of the plant was completed on 10.01.2013 with LNGC "Pioneer". A total of nine cargoes were received during the financial year 2013-14. The berthing and unberthing operations for all the vessels called at Dabhol were carried out safely and satisfactorily by your company.

b) Dry Bulk

The benchmark BDI has risen to 1357 in 2013-14 from 900 in 2012-13 registering a 50% increase. The global imports of dry bulk stood at 4554 million tons and grew by 6.5% over previous year. Compared to 2013, dry bulk trade was quite strong in 2014, with volumes up by 8.3% and ton-mile demand up by an estimated 9.5%. The dry bulk global import is expected to grow on an average of 5% for next 3 years. The Steam Coal imports at 1479 mn tons and Iron Ore imports at 1210 mn tons have taken lead followed by Met coal and Grain imports at 291mn tons and 372 mn tons respectively. The other minor bulks have contributed towards the rest. Chinese iron ore imports were up by a striking 19% year-on-year in 14Q1, they were up by less than 2% compared to the previous quarter. Imports actually hit a record-high in January, most of the increases in Chinese iron ore imports came from Australian supplies, while imports from Brazil fell back relative to their late 2013 level. Overall, it is expected that Chinese import demand, in ton-mile terms, to rise by an average of 7.9% annually over the next five years. In addition the rest of Asia, excluding China and Japan, are expected to witness robust growth over the next five years. Imports into this region are projected to expand by an average of 7.5% per year, driven primarily by strong gains in Indian steam coal and met coal imports. India, along with Japan continued to be the 2nd largest importer of steam coal in 2013 after China and registered a marginal 1.6% increase in imports from 106.7 million tons in 2012 to 108.5 million tons in 2013. It is expected that all of the major coal-exporting countries such as Indonesia, Australia, Colombia, South Africa, Russia and US will increase their supplies in next 5 years and Australian supplies will further strengthen. The deliveries of dry bulk ships during 2013 were 62.6 mn dwt and fleet size jumped from 667.1 mn dwt mark to 710.4mn dwt crossing 700 mn dwt mark. It is also expected that at y-o-y growth rate of 5.4%, the fleet will be over 750 mn dwt mark in this year itself taking into account scrapping and new order booking during this period. Thereafter, it is expected that y-o-y growth rate 4.1% and then over 6% in the respective years.

Over the year, the dry bulk fleet witnessed a moderate level of growth due to low deliveries and high demolitions, with popular post-Panamax segment (80-110,000 dwt) registering only 5% growth to 50.3 million dwt, while the smaller Panamax class (60- 80,000 dwt) registered a significant increase of about 9%.The Handymax and Capesize fleets grew by about 6% and 3% respectively. There was only a marginal change in Handysize fleet over the year.

Your Company owns two older Handymax bulk carriers (average age 15 yrs) of around 45,000 dwt, eight modern Supramax dry carriers of around 57,000 dwt and seven modern Panamax / Kamsarmax dry carriers of around 80-82,000 dwt as on 31st March, 2014. During the financial year your company scrapped one Handy size dry carrier. This has resulted in a significant improvement in the average age of dry bulk carriers in the fleet.

The dry bulk market witnessed similar earning levels as in the last financial year. Your company continued to face tough times to fix profitable voyages for the bulk carriers owing to the market conditions. The newer vessels could be employed all round the year, but could not contribute to the bottom line owing to low freight earnings. Adding to worsening macro conditions, the completion of our COA with SAIL in the year deprived us of the comfort of captive cargoes. SAIL is more interested in spot market deals rather than long term COA arrangements. This meant that the newer vessels had to be employed in the spot market competing with the International fleet at spot market rates. In order to preserve cash and to shield against the higher bunker costs, your company preferred fixing the bulk carriers on trip time charter and short term time charters.

Opportunities

Shifting crude oil trade patterns and resulting growth in long haul volumes from Caribbean, Latin America and West Africa to Asia especially China and India, sluggish fleet growth due to weak new building ordering during 12-13, recommencement of shipments from North Sudan coupled with the refinery growth in India and China, the expected widening of the Panama Canal have the potential of adding vital ton-miles to the trade. New trade routes on the Products segment are expected to take off with US exporting excess Products via Panama Canal to the Pacific including Australia.

It is expected that the stabilised growth levels and growing consumption levels in the US, the recent banking sector reforms of the ECB promising hope of offering stability to the Euro zone, and the recent shift in Chinese planners laying emphasis on consumption driven growth rather than investment offering export trade opportunities for European and USA industries can be expected to lead to increased trade and to give a fillip to world economy as a whole.



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India is expected to see a capacity addition in power sector of 80,000 MW in the 12th Five-Year Plan (2012-17). It requires around 4.5 million tons (M.T.) of coal to generate 1 MW of thermal power. This means there will be huge investments in power sector and the coal requirement to run these power plants will also be huge, including in-transit inventory owing to long distance between ports and major power plants.

By the end of 12th five year plan the country's coal requirement will reach 1,000 million tons of which approximately 200 million tons of coal will be required to be imported. Indian companies are making huge investments to secure raw materials like coal for their power plants with acquisitions in East Asia, Africa and even the USA. With these imports in pipeline, the shipping sector will stand to benefit from increased import cargoes.

The scope of LNG transportation is very high considering that LNG accounts for 8% of the total energy mix and is expected to grow up by 20% by 2030. LNG has the unique flexibility to serve both retail (CNG) and industrial demand. India was the 5th largest importer of LNG in 2013 accounting for 5.5% of the total trade. Domestic natural gas supply is expected to grow at 5.6% over FY 13-15 while gas demand is expected to grow at 18% thereby causing a demand-supply mismatch.

India has 43.80 trillion cubic feet of proven natural gas reserves with 70% in off-shore locations. India has already embarked upon building strategic storage reserves for LNG in select on shore locations. The LNG terminal at Kochi became the 4th operational terminal in India, while new terminals are planned at Mangalore, Kochi, Mundra, Pipapav, Ennore and Haldia and capacity additions at Hazira and Dahej.

Threats

The prospects of slowing Chinese economic growth, refinery closures in Japan and Australia owing to Environmental concerns, delay in Chinese refinery projects including cancellations of refinery projects due to debt issues are expected to hurt ton-mile demand on the tanker segment.

Government policies, taxation regimes and currency fluctuations of different countries continue to remain biggest challenges for coal importers in India as they go shopping for foreign coal mines. Recent experience of Indonesia has not been good, where the Govt. has put curbs / restrictions on coal exports and unprocessed minerals including nickel and bauxite. This sudden policy change has caught the Indian owners off guard and has resulted in huge financial implications. Changing Government Regulations and Duty structures in India can affect imports and exports of dry cargoes to a great extent, especially the export of Iron ore, and grain and fertilizer imports.

Indian iron ore exports to China, a trade in which SCI has been an active participant has been practically dead since the mining ban on iron ore in Orissa / Goa / Karnataka. Further the increase of duty on Iron ore export from 20% to 30% has reduced the Indian iron ore's competitiveness globally, reducing the demand for export shipments.

Strengths

- Years of vast experience in Shipping across all major segments give SCI the unique ability to exploit demand growth in any given segment with a quick-mover advantage.
- Younger age of fleet with new acquisitions which has brought down average age from 18 years in 2007 to about 9 years presently.
- Longstanding COA relationships with major Indian Oil Refineries offering cargo security.

Risks & Concerns

The ability of US to sustain the current Growth levels, ability of European Union to come together on Financial sector reforms, Chinese success in stemming debt induced growth and resurrect consumption induced growth, volatile consumer demand amongst developed and emerging markets, currency stability of emerging markets are factors which will dictate future trade flows and volumes and in turn the demand for shipping.

The macro economic factors such as prevailing high interest rates, subsidies on petroleum products, free falling rupee value vis-à-vis the dollar and high inflation continue to plague the demand. This may reduce the growth prospects of Oil refining companies on the back of high subsidies, and falling rupee. Consumers may reduce consumption on the back of high inflation and interest rates. Shipping being a derived demand will be negatively affected by these factors.

Domestic factors such as ban on iron ore mining in Goa / Karnataka, lengthy legal process involved in clearing the procedures to re-start the mines, high export duty on iron ore, in India will continue to negatively affect the growth of dry bulk demand on India centric trades. Slowing down of infrastructure growth, real estate growth and automobile industries negatively hamper demand for bulk steel and cement trade thereby reducing tonnage demand.

Grain and fertilizer trades are seasonal and short term in nature with uncertain parcel sizes which require timely positioning of tonnage to exploit the trade.

Structural factors within the shipping industry such as high tonnage supply, high fuel and insurance costs, along with threat of piracy negatively distort the voyage economics.

Evolution of new markets in the Offshore Shipping Sector has led to entry of new players in the industry including foreign operators, some of which are equipped with modern technologies. In order to survive the onslaught of these operators your

Company would require adequate resources in the form of modern vessels and expertise. Accordingly your Company has acquired new tonnage and present average age of SCI's offshore fleet is about 11 years and expected to go down further with new acquisition and scrapping of older vessels.

(2) LINER & PASSENGER SERVICES

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

World Scenario:

The year 2013 was one of the most disappointing years for Liner operators as revenues in many trade routes took a significant hit and most carriers suffered operating losses. Though containerization trade grew 4% over 2012 TEU trade volumes but at a very low pace. Market fundamentals deteriorated in 2013 over most trade routes, with only exception taking in the Asia-Europe WB (west Bound) trade lane which saw impressive vessel utilization by midyear 2013. This was due to repositioning of massive tonnage away from leading trade lane to other trade lanes to allow arrival of mega-ship new buildings in Asia-Europe trade lane. This resulted in cascading which brought vessel utilization and freight rates much lower in the transpacific and secondary lanes. Further, it led to a devastating price war in the Asia-Europe trade lane.

In the past there has been ordering spike, but that was followed by periods of high earnings and profitability. On the 'supply' side, there was surge in ordering activity for newbuilding tonnage in 2013. But in 2013, ordering activity came along with three years of accrued losses and persistent over capacity. The total container fleet (including smaller and non-cellular vessels in containerised trade) grew at 5.6% at the end of 2013.

Indian Scenario

The volume of export and import containers handled at major ports in India slid 3 percent year-over-year in fiscal year 2013-14, from April 2013 to March 2014, but total cargo tonnage inched up 1.78 percent, according to the Indian Ports Association. The state-owned ports handled 7.47 million standard containers in fiscal 2014, down from 7.70 million loaded a year earlier. Jawaharlal Nehru port, India's busiest container gateway located near Mumbai, loaded 4.16 million standard containers in the year 2013 as compared to 4.32 million standard containers a year back. The lower container volume in fiscal 2014 was mainly due to an internal strike at private terminals (JNPT) which lasted for a considerable period.

B. OPPORTUNITIES & THREATS

The liner industry and containerised trade growth during the next two years is likely to see a rebound as the global economy gains momentum. Unlike 2013, when carriers repositioned a huge number of vessels to other trade lanes to avoid capacity increase in Asia- Europe trade lane, it is expected from liner operators in 2014 to moderate cascading in Asia-Europe trade lane leading to higher utilization and restore rates in other markets. In 2014, operating consolidation is likely to be modus operandi for the liner industry. Developments surrounding the launching of the new /expanded alliances add substantially to the element of uncertainty regarding carrier policies in 2014. It remains to be seen whether liner companies will take the advantage of improving market conditions and pursue rate restoration, or whether will fall back to a costly rate war.

The break bulk sector continues to have good potential in respect of ocean freight arrangements of General cargoes, Over-Dimensional Cargoes (ODC), Project cargoes, Heavy Lift cargoes etc. on account of the Government departments / PSUs and other commercial organizations.

C. SEGMENT-WISE PERFORMANCE

Liner Vessels:

The table below shows the profile of your Company's owned liner fleet having total container carrying capacity of 14,407 TEU.

Type of Ships	As on 31.03.2013		Addition		Scrapping		As on 31.03.2014	
	No.	DWT	No.	DWT	No.	DWT	No.	DWT
Fully Cellular	5	2,02,413	-	-	-	-	5	2,02,413
TOTAL	5	2,02,413	-	-	-	-	5	2,02,413

Average age of five owned container vessels: Approx. 15 years, out of which two vessels are around 6 years old.

As on 31.03.2014, two in-chartered container vessels having total dwt. of 1,211,46, mt and 10,094 TEUs were operated by your Company.

In addition to the above owned and in-chartered vessels, your Company also has cargo loading rights on 21 vessels of its partners in various consortia arrangements that your Company has with leading shipping lines such as Mediterranean Shipping Company (MSC), PIL of Singapore, K-Line, Wan Hai of Taiwan, and Gold Star Line of Hong Kong. Your Company continued to deploy its owned / operated Container vessels in the following sectors.

Container Services

Indian Subcontinent Europe Service (ISES)

The UK-C Cellular Container Service had been commenced in 1994 with your Company as a single operator operating three vessels with 1800 TEU capacity which was later upgraded to a fixed day weekly service with three partners operating seven



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vessels of same capacity. The service, from May 2009, is being operated in consortia comprising of two partners with eight vessels of which three vessels have been contributed by your Company. The service is operated on a round voyage of 56 days. The IMED service which had been commenced in 2010 has been merged into the ISE service and Mediterranean ports are being catered to through transshipment at Gio Tauro by ISE vessels.

IPak Service

In a slot swap arrangement between SCI and MSC, SCI has been allotted 400 TEUs slots by MSC which operates IPak Service in exchange for similar slot allotted to MSC on the ISE service. ISES and IPak Service recorded a turnover of ` 519.89 crores.

Far Eastern Sector

India / Far East Cellular Service (INDFEX 1)

This service commenced in June 2001 with five vessels and was upgraded in September 2012 by replacing a 3500 TEU vessel by a 4400 TEU vessel and the additional capacity has been slot swapped with Zim Line and STX Line in exchange for an increased capacity in the China-India service operated by them. The service is presently operated as a weekly direct service from India's West Coast to Central China, Hong Kong, Singapore and Malaysia on a round voyage schedule of 35 days. The service also links North Chinese ports through feeder service from the Korean port (Busan), Xingang and Qingdao in China. The INDFEX 1 service registered a turnover of ` 126.77 crores.

SCI Middle East India Liner Express (SMILE) Service

Your Company commenced this independent weekly service in March 2008 to the Gulf with its three owned vessels on a round voyage schedule of 21 days. This service also caters to the coastal trade for ports Mundra, Pipavav, Cochin and Tuticorin. SCI has recently added Hazira as an additional port of Call on the SMILE service. The SMILE service recorded a turnover of ` 148.85 crores.

Asia – East Africa Service (AEF service)

Your Company commenced the AEF Service in consortium with Evergreen Lines & Xpress Lines (Seacon) w.e.f. 18th April 2012 by deploying one vessel and partner Evergreen Lines deploying three vessels and Xpress Lines (Seacon) one vessel. The service has a sailing frequency of 7 days with round voyage duration of 35 days. This service was suspended in October 2013. This service recorded a turnover of ` 22.16 crores during the period from April to October 2013.

Break-Bulk Services

Your Company arranges carriage of breakbulk cargoes on space charter basis from various regions across the globe including USA and Far East for imports on account of the Government departments / PSUs and other commercial organisations which includes Shipments of Over-Dimensional Cargoes (ODC) / Project cargoes / Heavy Lift cargoes/ IMO Class I Cargoes etc. and also containers. A turnover of ` 79.35 crores accrued to the break bulk services.

Feeder Operations

Your Company makes feeder arrangements with 'Common Carriers' between various destinations on the Indian subcontinent.

Slot swap arrangements

Your Company has entered into slot swap arrangements with Zim Line for catering to North Chinese ports such as Xingang and Qingdao and STX Line on their China-India service to have more extensive coverage of China market.

Coastal Operations

Domestic Passenger-Cum-Cargo Service

In addition to International operations, the SCI, with its one (1) owned Passenger-cum-Cargo vessel and 10 Managed vessels operates domestic passenger and cargo transportation services between the Mainland and the Andaman & Nicobar (A&N) group of islands and inter-island, on behalf of the Government of India.

Other Coastal Services

SCI also mans & manages certain other types of (Coastal) Research vessels on behalf of Government agencies / departments viz. 4 vessels owned by Geological Survey of India under Ministry of Mines, one vessel of National Centre for Antarctic & Ocean Research, one vessel of Centre of Marine Living Resources & Ecology, 4 vessels of National Institute of Ocean Technology and one vessel of National Institute of Oceanography under Ministry of Earth Sciences.

Manned and Managed Vessels

The following table shows the profile of the Passenger-cum-Cargo vessels and other vessels managed by your Company on behalf of the various Governmental Organizations/Departments:

Type of Ships	As on 31.03.2013			Additions Nos.	Scrap/ Redelivered (Nos.)	As on 31.03.2014		
	Nos.	Pax. Cap.	Cargo Cap. (m.t)			Nos.	Pax. Cap.	Cargo Cap. (m.t.)
Pax-Cum-Cargo Ships	10	7066	6200	0	0	10	7066	6200
Other vessels	8	-	-	3	-	11	-	-
TOTAL	18	7066	6200	3	0	21	7066	6200

The pattern of deployment of these vessels is as follows:

- Four (4) vessels for carrying passengers and cargo between the mainland and Andaman & Nicobar Islands
- Six (6) vessels for inter-islands run in Andaman & Nicobar Islands.

Marketing

SCI's marketing team continues to make regular customer calls through its own offices and also through agents appointed at various ports in India and abroad in order to market its container and break-bulk services. Meetings with the agents are held periodically, and SCI representatives also participate in various trade meets at important locations in India.

D. OUTLOOK

Your Company's container services did not register positive results in 2013-14, due to low freight rates. In light of a stronger global economic growth predicted as compared to the previous year and the consequent positive market sentiments generated, the freight rates in most sectors / services are expected to improve provided the rate restoration and market discipline holds steady. However geopolitical risks in recent months such as Ukraine, the China-Vietnam conflict in the South China Sea and political unrest in Thailand, and in North and West Africa and elsewhere, could steer global growth away from a promising outlook. Overall, considering the above mentioned projections, only a marginal improvement in the revenue of your Company's container segment could be expected in 2014.

Your Company has obtained Freight Forwarding and Multimodal Transport Operator (MTO) licences and continues to use its vast experience and large agency network to render 3PL (Third Party Logistics) services to the customers. This helps your Company to retain the clients while generating additional revenue. The prospects of Break bulk services provided by your Company continue to be reasonably bright in respect of the independent "Space Charter" arrangements being made by SCI for carriage of import cargoes from various locations worldwide. Your Company will continue to operate Coastal and Passenger Services successfully by deploying its owned/managed vessels for the Andaman & Nicobar Administration, Geological Survey of India (Ministry of Mines), Ministry of Earth Sciences (Dept. of Ocean Development).

E. RISKS & CONCERNS

There remains a concern that growth in Emerging Market Economies (EMEs) could fall well below the projections for the year 2013-14. There remains a possibility of a scenario where rising long-term interest rates in the US could bring much higher interest rates and thus more turmoil in EMEs. In such a scenario, global GDP may not grow at the same rate as in the previous period.

F. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

For the year under review, in the Container services segment, the SMILE service registered a slightly positive result on account of the coastal leg. However, in line with the performance of major international container lines, SCI's container services in other sectors such as Europe and Far East could not achieve positive results due to adverse market conditions with decline in freight rates. In the Break bulk sector, your Company continued to achieve positive results during the year under review. Coastal and Passenger services sector also earned good remuneration, thereby mitigating the loss incurred by the Company.

(3) OTHERS

TECHNICAL & OFFSHORE SERVICES

OFFSHORE ACTIVITIES

(A) DEVELOPMENTS

OSVs owned by SCI

At the start of the year, your company owned sixteen Offshore Support Vessels (OSVs) which includes seven older OSVs acquired in 1984-85. Your company disposed off five of the seven older vessels while the remaining two vessels are on spot charter. As regards the newer OSVs, during the current year three of the OSVs successfully bagged 3-year charter for through international competitive bidding in ONGC's tender. Similarly, last year also three vessels had bagged 3-year charters. Efforts are on to deploy the remaining three new vessels also on long term charter.

New Offshore Acquisitions:

With addition of new OSVs, your company has continued increasing its clientele base by providing service to various private / public sector operators.

O&M of ONGC owned vessels

Samudrika series OSVs:

Your company has continued to Operate, Man & Manage fifteen ONGC owned Samudrika series OSVs on nomination basis under 'cost plus' arrangement since 2007. During the year, four of these fifteen vessels were sold off. The contract for these eleven Samudrika series vessels has been extended till their respective disposal dates.

Specialized vessels:

Your Company has continued the Operation & Maintenance management (O&M) of ONGC's two Multi Support Vessels (MSVs) ("Samudra Sevak" & "Samudra Prabha") and one Geotechnical Vessel ("Samudra Sarvekshak") on nomination basis under



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'Cost plus' arrangement. The contracts have been extended up to 23.03.2015 and 31.03.2016 respectively.

Your Company has also continued the Operation & Maintenance management (O&M) of ONGC owned Well Stimulation Vessel (WSV) "Samudra Nidhi" on 'cost plus basis' since the vessels delivery in year 1986. The present contract is expiring on 30.09.2015 and a provision for extension of 18 months is provided in the O&M contract.

Newly acquired 6 nos. Pipavav vessels:

Your company was successful in expanding its fleet of managed vessels by signing contract with ONGC, for Operation & Maintenance management (O&M) of six of ONGC's new built vessels from M/s Pipavav Defence and Offshore Engineering Company Ltd. Three of these vessels have been delivered to ONGC during the current year and SCI has taken over the O&M of these vessels. The remaining vessels are expected in the forthcoming months.

Emergency Towing Vessel (ETV) 2013:

This year also your company provided two ETVs for providing emergency services in the monsoon period on the East and West Coast of India for about 95 days. Two of your vessels, viz, OSV "SCI-02" on the west coast and OSV "C.P. Srivastava" on the east coast were deployed for emergency services.

SCI's entry into Salvage services:

i. MOL Comfort:

"MOL Comfort" a cellular container vessel of more than 8,000 TEU capacity had broken into two in Arabian Sea in June 2013. SCI's two new 120T BP AHTSVs, OSV "SCI Urja" and OSV "SCI Ahimsa" were chartered for salvage and towing activity. SCI provided timely support for the salvage operations.

ii. Exmar:

LNG carrier, "LNG RV Explorer" owned by M/s Exmar, one of the leading independent LNG and LPG Carrier owner and operator, was disabled and drifting in Arabian Sea due to machinery space fire in June 2014. SCI extended prompt support to the owner by providing SCI's 120T BP AHTSV, OSV "SCI Pawan" which towed the vessel to safety.

DRDO Project:

The Defence Research & Development Organization (DRDO), Government of India (GOI), Ministry of Defence (MOD) had requested your company for hiring of three support vessels as a platform for ship-borne tracking stations for flight trials over the Bay of Bengal and Indian Ocean. Your company had in-chartered two suitable vessels for a period of one year w.e.f. 27.03.2012 and 05.04.2012, which was extended till 27.03.2014 & 05.04.2014 respectively. This has been further extended till 16.03.2015 and 25.03.2015 respectively.

Outstanding amount:

An amount of ` 35.61 crores was outstanding charter hire as of 31.03.2014 from ONGC against SCI owned OSVs & as on date (24.06.2014) approximately ` 20.00 crores have been recovered.

(B) Risks and Concerns

Majority of offshore vessels were employed on long term charter with ONGC during the current year or were effectively employed in the spot market. Hence, there was no major risk of idling / un-employment. However acute shortage of marine manning, especially senior officers remains to be a major challenge in the offshore shipping industry.

Evolution of new markets in the offshore sector has led to entry of new players in the industry including foreign operators equipped with modern technologies. In order to survive the onslaught of these operators your company would require adequate resources in the form of modern vessels and expertise. With this in mind, your company had signed contracts for 4 nos. 80 Ton Bollard Pull Anchor Handling, Towing & Supply Vessels (AHTSVs) with M/s Bharati Shipyard Ltd. and 6 nos. 80 Ton Bollard Pull AHTSVs with M/s ABG Shipyard Ltd. However, due to inordinate delay in delivery by these shipyards, so far SCI has been forced to rescind contracts of five of the above on-order offshore vessels.

Information relating to period from 01.04.2014 till date:

Long term ONGC charter for 3 years:

Your company has recently been successful in bagging 3 years long term contract with M/s ONGC for three of our vessels, viz; "m.v. SCI Pawan", "m.v. SCI Ahimsa" and "m.v. SCI Urja".

ETV 2014:

As done in 2013-14, this year also your company would be providing two Emergency Towing Vessels (ETV), for providing emergency services in the monsoon period. Two of our good vessels, viz, "m.v. SCI-03" on the West coast and "m.v. C.P. Srivastava" on the East coast of India have been deployed as ETV vessels for a period of 107 days, from the first week of June 2014.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The "Others" segment which includes the T&OS Division, recorded revenue of ₹ 426.15 crores in 2013-14 as against ₹ 404.70 crores in 2012-13. The profit before tax stood at ₹ 193.95 crores in 2013-14 as against ₹ 155.97 crores in 2012-13.

Financial Analysis & Implications:

Your company has 9 new offshore vessels, which include the higher capacity 120 Ton bollard pull AHTSVs and the sophisticated PSVs. These new vessels command higher charter rate in the market compared to the old offshore vessels. As compared to the previous year, profits have surged due to deployment of all these 9 vessels on charter throughout the year, compared to only 4 vessels which were available for deployment in the previous year.

Out of these 9 new vessels, 4 vessels are on ONGC's long term charter compared to only 1 vessel that was on ONGC long term charter in the previous year.

Awards / Accolades

On 05th November' 2013 at 14:38 IST, India's maiden interplanetary mission, ISRO's MARS ORBITER PSLV C25, rocketed towards Mars from Sriharikota in Andhra Pradesh, creating history for India. Two of our Offshore vessels, "m.v. SCI Nalanda" and "m.v. SCI Yamuna" were chartered by Indian Space Research Organization (ISRO) w.e.f. 01st August, 2013 for a period of approx. 5 months for the prestigious mission. These vessels played a significant role in the collection of data and tracking of satellite after the rockets' launch on 05.11.2013. The two offshore vessels had sailed from Visakhapatnam on 15.09.2013 to Fiji Islands after installation of satellite tracking and communication equipment by ISRO, DRDO and Indian Navy. These two ships also carried Scientists from ISRO, DRDO and Indian Navy personnel on-board for this special mission.

The efforts made by the ship staff of m.v. SCI Yamuna & m.v. SCI Nalanda and our SCI Offshore team who worked relentlessly supporting India's 'Mars Orbiter Mission' launch was well appreciated and compliments poured in from Director ISRO and ISTRAC SDSC-SHAR, terming the scientific data collections from our vessel as 'marvellous, unbelievable and undreamt support'. This is also your Company's first ever contribution towards India's adventure into the outer space.

The Technical & Offshore Services Division continued to reap in profits from offshore operations touching three digit figures in the year 2013-14.

TECHNICAL CONSULTANCY SERVICES

During the year under report, the Company continued to provide technical consultancy services to A&N Administration, UTL Administration, Directorate of Light Houses & Light ships, Geological Survey of India, Andaman Lakshadweep Harbour Works (ALHW) and other Government Departments for their various ship acquisition/retrofit projects.

TONNAGE ACQUISITION PROGRAMME:

The year under report is the second year of the country's twelfth Five Year Plan. SCI had indicated an outlay availability of ₹ 5,686 crores during the Twelfth Five Year Plan period, which has been approved by the Government.

During the year under report, your company had not proposed any new acquisitions due to the prevailing downturn in the shipping markets.

The global shipping markets are still reeling under recessionary pressures due to overcapacity in the market and it is thus felt prudent to go slow on acquisitions for the time being. Nevertheless, your Company would be continuously monitoring / reviewing the market so as to capitalize on any opportunities thrown by the market. SCI is presently evaluating opportunities for investments in the growing offshore services segment and also in the LPG carrier segments which would offer stable revenue streams to the company.

Eco-Friendly and Conservation of Energy:

As a policy, the Company remained committed to environmental protection as per International Convention for the Prevention of Pollution from Ships. All engines being fitted on board are meeting latest requirement of NOx compliance. Necessary steps have been taken to minimize air pollution from ships e.g. engines fitted on new vessels are capable of burning low sulphur fuel resulting in reduced air pollution. New designs of critical ship's systems have been adopted which further minimize/eliminate risk of oil pollution. The Company took various steps to conserve energy loss at sea through the exhaust of Marine Diesel Engines/ Boilers in addition to other forms of conservation, e.g. use of Fresh Water Generator. Application of tin-free self-polishing paints, use of environment friendly refrigerant in air conditioning plants, installation of Ballast Water Treatment plants and Silt Water Management are being introduced for the recently ordered ships. A ship recycling plan indicating details of all potentially hazardous material on board used during construction is provided to all new ships which will greatly contribute towards on board occupational health and safety and also environmentally friendly re-cycling at the end of its life.

Your company has incorporated the concept of efficient ship design in the new vessels which were ordered. The energy efficiency of ships is measured by determining the Energy Efficiency Design Index which is essentially a measure of the energy used per unit weight mile of cargo moved. Efficient ship design will result in the new vessels being more cost efficient. They will burn less fuel, resulting in lower greenhouse gas emissions and validating SCI's commitment to sustainable growth.

For the existing vessels, your company has developed a Ship Specific energy efficiency management plan to further improve and monitor energy efficiency in ship operations.



SCI
Navratna Company
ISO 9001 - 2008 Company

The Shipping Corporation Of India Ltd.

Technology Absorption, Adoption and Innovation

Your company has taken the lead in ordering vessels with electronically controlled main propulsion engines and fitted with ballast water treatment plants.

The main engines and auxiliaries on board existing vessels in the fleet are being modified and equipped to handle low sulphur distillate fuels in order to comply with regulatory fuel sulphur limits in IMO emission control areas, ports in the European Union and ports in the State of California.

Dual fuel engines are currently being considered for LNG ships as boil off gas can be used as fuel. This enables environment friendly use of boil off gases.

Your company is also emphasizing adoption of any new innovative technologies by shipyards which can improve energy efficiency by reducing the fuel consumption or by optimizing the propulsion and engine efficiency. Some of the recent bulk carriers delivered to SCI are fitted with fuel saving device around propellers, which improves propulsion efficiency thereby reducing fuel consumption.

Situation in Coastal Operation and Off-Shore areas

All our offshore vessels were gainfully employed during the current year. However, there is still demand for vessels in the offshore market with ever increasing E&P activities. There is a large demand-supply gap in the sector with demand for offshore vessels far overshooting the availability of vessels in the market.

ONGC's entire requirement of PSVs and 80T BP AHTSVs have not been met with for nearly one year due to lack of availability of vessels and this shortfall of vessels still continues. Hence there is a dire need to add assets in this lucrative and expanding offshore sector thereby capitalizing on the opportunities by providing logistic support for E&P activities.

Measures taken to improve services and operations

Your company's client base has now increased to more than 30 clients from the traditional single client, ONGC. The experience gained in dealing with numerous new customers/E&P operators has given us the confidence to expand further in the challenging offshore sector beyond the Indian coast.

As done in the previous year, in the current year also your company had provided service in foreign waters. Two of your offshore vessels had sailed from Visakhapatnam to Fiji Islands (approx. 17,000 kms from India) for serving ISRO for India's Mars Orbiter Mission.

International Safety Management Cell

The SCI had introduced the Safety Management System by setting up a dedicated International Safety Management (ISM) Cell, which has developed, structured and documented procedures in compliance with the International Management Code for Safe Operation of Ships and for Pollution Prevention (ISM Code), in accordance with the resolution A.788(9) of the International Maritime Organization (IMO) and SOLAS, Chapter IX.

The SCI has laid the foundation of the Safety Management System (SMS) by recognizing that the cornerstone of good Safety Management is a commitment from the top, coupled with the competence, attitude and motivation of individuals at all levels, that determines the expectations of a good Safety Management System.

The SCI has complied with all the functional requirements of the ISM Code, which includes the Safety, Occupational Health & Environment Protection Policy and Drug & Alcohol Policy.

Compliance with ISO 9001:2008 Quality Standards – Quality Management System (QMS)

The SCI is a certified ISO 9001: 2008 Company (for Quality Standards – Quality Management Systems) by the Indian Register of Quality Services. SCI first acquired the then prevailing ISO Quality Standard viz. ISO 9001:2000 in May 2007. The Quality Management System of SCI has been successfully maintained since last 7 years. The annual surveillance audit of ISO 9001: 2008 has been successfully completed in the month of February 2014 and is valid till 7th May, 2016.

Implementation of ISM Code for Phase-I and Phase-II Vessels

Presently SCI holds separate Document of Compliance Certificates (DOC) for individual ship-types as under:

- Bulk Carriers
- Oil Tankers, Chemical Tankers & Gas Carriers
- Passenger Ships
- Other Cargo Ships

Under Phase I (Bulk Carriers, Oil Tankers, Chemical Tankers, Gas Carriers & Passenger Ships), the DOC was endorsed on 23.01.2014 and is valid till 18.11.2017 subject to periodical verification by the Administration.

Under Phase II (Other Cargo Ships – Liner and Offshore Vessels), the DOC was endorsed on 23.01.2014 and is valid till 14.03.2016.

The LNG Ships DOC issued by BV on 15.05.2014 is valid for 5 years.

As regards, Safety Management Certificate (SMC) for SCI fleet, all ships are put up for periodical/ renewal SMC audits within time frame and respective SMCs are accordingly endorsed.

Implementation of ISPS Code

The ISPS Code (International Ship & Port Facility Security Code) was adopted by the IMO in December 2002 and became mandatory from 1st July 2004.

The SCI has successfully implemented the ISPS Code on all vessels on international voyages and the vessels, which interface with the vessels on international voyages, well ahead of the deadline of 1st July, 2004.

Implementing limited compliance of the ISPS Code for coastal ships as required by the Director General of Shipping, Mumbai has been completed by 30th June, 2005.

As a proactive measure, the SCI has plans in hand to implement full compliance of the ISPS Code on all its coastal ships, which are more than 3000 GT.

On an SCI ship, the Chief Officer is the designated Ship Security Officer but all Deck Officers, have been imparted approved Ship Security Officer's training. Additionally, engineer officers, as and when available, are also being put through the above course.

SCI is committed to the following objectives to fulfill the requirements of its security policy:

- Security of its ships and their crew, passengers and cargo
- Support to its ships in implementing and maintaining the Ship Security Plan.

Personnel & Administration

Industrial Relations

Your company continued to enjoy harmonious industrial relations.

Fleet Personnel

During the year, your Company, like other shipping companies all over the world, has been facing shortage of fleet officers mainly in the senior ranks for manning of our vessels. In order to attract good officers, the company has constantly aligned the salary of Seafarers with the market besides taking other welfare measures. As a long term solution, your Company has continued its thrust in training to increase the supply of the officers. Your company has trained over 400 nautical and engineering cadets during the year. The company foresees the supply of senior Navigating and Engineering Officers to be gradually improving in coming years but the situation will continue to remain critical in short term.

INSA-MUI Wage Agreement for officers serving on Foreign Going, Home Trade and Off – Shore Vessels has been concluded on 10.12.2013 for a period of three years from 01.04.2012 to 31.03.2015.

All ships of your company were inspected and certified for MLC 2006 compliance and Ship Security Officer Certification well before their deadline. Besides its own compliance, your company also assisted other Indian Shipping companies in complying with the deadline of the STSDSD Certification for seafarers.

To promote and encourage the safety culture on your ships, "Fleet Safety Awards" was organized on 14.03.2014 at MTI, our training institute, wherein the six most safely run ships across your company's varied fleet of vessels were felicitated.

Maritime Training Institute

Your company, in order to enhance capacity building in maritime education, has opened a Maritime Training Institute at Tuticorin as a branch of SCI's Maritime Training Institute at Powai, Mumbai to create well qualified and industry ready seafarers. Presently, two batches of Diploma in Nautical Sciences (DNS) Course are underway. Also, regular seminars, professional development programs and skill enhancement programs are being conducted for all ranks of officers, petty officers and ratings to enhance their competence and build a sense of belonging in them towards the company.

Your Company's Training Centre at the Maritime Training Institute at Powai, Mumbai has conducted 458 Courses for 8356 participants and the total man-days trained during this year is 72458. These included 62665 man-days for SCI's personnel and 9793 man-days for personnel from other companies. In addition to this, 72 of SCI's personnel were trained outside MTI and the additional man-days of training are 413. Every endeavour is made to ensure that our training institute is self sustaining.

Shore Personnel

The total manpower as on 01.06.2014 is 819 excluding CMD, Three Functional Directors and CVO, out of which 688 are officers and 131 are staff members.

Various training programmes, both in-house and outside, including General Management Training programme have been imparted to employees for development of skill sets and knowledge.

RIGHT TO INFORMATION ACT 2005 (RTI ACT 2005)

A suitable mechanism has been put in place for dealing with the requests and appeals under RTI Act 2005. The RTI manual is posted on the Company's website. Your Company has been complying with the provisions of the Act within the stipulated time

limit provided under the Act. As on 31.3.2014, your Company has disposed of all the applications and all appeals received from the parties within the time frame prescribed under the Act.

Awards & Accolades:

SCI has received the "Most Compassionate Employer" award at National Maritime Day Celebrations 2013 on 05.04.2013.

Corporate Social Responsibility (CSR) and Sustainable Development (SD)

The Corporate Social Responsibility vision of your company articulates its aim to be a corporate with its strategies, policies and actions aligned with wider social concerns, through initiatives in education, public health, environment and other areas of social upliftment. In line with the vision, your company supported the relief efforts for the victims of draught in Maharashtra and floods and landslides in Uttarakhand by contributing to Chief Minister's relief fund. The financial assistance towards maritime education granted earlier also continues.

Your company has aligned its CSR policy with the Companies Act 2013 and CSR - SD committees have been constituted as per the act to coordinate and oversee the implementation of CSR and Sustainable development initiatives.

JOINT VENTURE COMPANIES

Irano-Hind Shipping Company (IHSC)

Your joint venture company in Iran is operating under challenging circumstances. During the year ended 20.03.2014 (Iranian year 1392) company (standalone results) earned net profit of Iranian Riyals 56,453 Million (USD 2.304 Millions) (Previous year Net loss after tax of Iranian Riyals 160,083 mill equa USD 13.057 Millions). The consolidated net loss of your joint venture company and its subsidiaries for the year ended 20.03.2014 (Iranian Year 1392) stood at Iranian Riyals 915,582 Million (equal USD 37.371 Million) (Loss for previous year (restated) Iran Riyals 1408,880 Million equa USD 114.92 Millions). The fleet owned by your joint venture company together with its subsidiaries as at 20.03.2014 stood at six vessels with an aggregate of 0.501 million dwt. (Previous year 6 vessels – 0.501 mill DWT). Current equity capital of IHSC stood at Iranian Riyals 470 Billion (previous year Iranian Riyals 470 Billions). US and European Union authorities, in addition to United Nations Security Council, have imposed sanctions, whereby IHSC and its subsidiaries, cannot deal in US Dollars or Euros. P&I Cover is also not available from the Insurance Companies which are dealing in US Dollars/Euros. Two of vessels were arrested during the year as per court order obtained by bankers and these ships continue to remain arrested till date. Steps are being taken to sort out the issue with bankers.

Government of India in meeting of cabinet held 02.04.2013 approved the proposal for dissolution of IHSC and splitting the assets / liabilities of IHSC between joint venture partners as per mutually agreed terms. Various options like selling SCI shares to IRISL (joint venture partner) are being explored for giving effect to decision of the Government of India

Joint Venture Company (M/s. SCI Forbes Ltd.):

SCI Forbes Ltd. is a Joint Venture Company (JVC) between SCI and Forbes & Co Ltd/ Sterling Investments Pvt. Ltd. SCI Forbes Ltd owns and operates four chemical tankers of about 13000 dwt. The economic downturn in the shipping industry severely impacted the operations of SCI Forbes Ltd making it unviable for SCI to continue in the JVC. SCI Board during its meeting held on 14.02.2013 reviewed various options available to SCI and decided to exit from the JVC. The JV had availed financial assistance for part financing acquisition cost for 4 vessels and, was thus required to obtain clearances from lenders for the same. As one of the lenders also desired to move out from the shipping sector, it was therefore required for the JVC to re-finance the loan with another bank, requiring RBI approvals. Thus, SCI could exit the JVC on 02.07.2014 by way of selling its stake as per the MOA entered with the concerned parties. SCI has provided for impairment towards diminution in the value of this investment till date to the tune of ` 75 76 crores. SCI had earlier suffered loss to the tune of ` 39.47 crores towards standby charter which does not impact the financial performance of your Company in the current year.

Joint Venture Company (M/s. SAIL SCI Shipping Co. Pvt. Ltd.):

SAIL SCI Shipping Pvt. Ltd (SSSPL) is a JVC between SCI and SAIL. The JVC was incorporated with an objective of providing various shipping related services to SAIL for importing coking coal and other bulk material. SSSPL had decided to acquire Capesize Bulk Carrier. Based on the outcome of tender for acquisition of Capesize Bulk Carrier, SSSPL sought equity infusion from Promoters. SAIL however has not been committal on acquisition and equity infusion at this stage. SCI has decided to revalidate approval for acquisition and equity infusion from SCI Board, after confirmation is received from SAIL.

SCI's participation in the Sethusamudram Ship Channel Project

The Government of India had constituted "Sethusamudram Corporation Limited" (SCL) to raise finance and to undertake activities to facilitate operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay (Sethusamudram Ship Channel). As per the Government directive, this Project is to be funded by way of equity contributions from various PSUs including SCI. In 2012-13, SCI had invested ` 50 crore in the Project. In view of uncertainties in the project implementation provision has been made in the accounts for the diminutions of full amount of investment. The dredging work was temporarily suspended from 17.09.2009 consequent upon the direction of the Honorable Supreme Court of India.

Memorandum of Understanding (MOU) with the Ministry of Shipping

Your Company's performance based on audited results under the MOU system has been rated as "V. Good" for the year 2012-13. SCI has signed the MOU for the financial year 2014-15 as per the guidelines issued by the Department of Public Enterprise (DPE) incorporating challenging targets despite the slowing down of growth in global economy and trade and adverse market conditions. In addition to Financial Parameters, the MOU continues to accord due emphasis to several other important areas / activities such as Customer Satisfaction and redress of customer grievances, revenue operating days, Cyber security etc. Moreover activities under other parameters viz. 'Human Resource Management' and certain additional parameters as per the DPE requirements have also been incorporated in the MOU for achieving sustained overall growth.

Details of shares lying unclaimed

The details of the shares issued pursuant to FPO remaining unclaimed and lying in the escrow account, the voting rights of which shall remain frozen till the rightful owner of such shares claims the shares, are given as under:

Sr. No.	Details	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01.04.2013	4	436
2	Number of shareholders who approached for transfer of shares from suspense account till 31.03.2014	0	0
3	Number of shareholders to whom shares were transferred from suspense account till 31.03.2014	0	0
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31.03.2014	4	436
5	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 30.06.2014	4	436

Utilization of FPO Proceeds

During the year 2010-11, your Company had come out with a "Further Public Offer", (FPO), comprising of a 'fresh issue' of 42,345,365 equity shares in your company and an 'offer for sale' of 42,345,365 equity shares by the President of India. The shares issued under the fresh issue had been listed on 15.12.2010 on the stock exchanges. The FPO proceeds of ` 58245 lakhs were fully utilized in the financial year 2011-12 as per object of the issue for part financing of capital expenditure on nine shipbuilding projects specified for utilization. However, due to delays in the projects resulting in default by the shipyards, your Company has rescinded contracts for four of the shipbuilding projects during the period January 2014 to May 2014. The investment in these projects out of the FPO proceeds was ` 330.65 crores. Your Company has till date received back ` 315.32 crores of these funds from the shipyards. Your Company is in the process of taking appropriate steps towards alternate deployment of the said funds.

Segment-wise Performance

A report on performance of the various operating segments of the Company (audited) is included at Note No. 35 of Notes on Financial Statements for the year ended 31st March 2014, which is forming part of the Annual Accounts.

Internal Control Systems and their adequacy

Internal Control Systems in your company are being monitored and continuously improved to meet the challenges that arise from time to time with the nature and size of the operations. Annual Audit Plan is approved by Audit Committee of the Board. Internal Audits are carried out by a firm of Chartered Accountants viz., M/s P. C. Ghadiali & Co. on concurrent basis. The Internal Audit Reports are submitted on quarterly basis together with comments, recommendations and its compliance, which are being constantly reviewed by Audit Committee of the Board.

SET -IT Project

SCI business processes have been configured using SAP ERP systems integrated end-to-end with shipping applications such as Afsys and Danaos.

Role of Vigilance Division in SCI

Various initiatives have been taken by the Vigilance Division for seamless integration with the SCI mainstream, encouraging a participative role in the organization, building up meaningful rapport between the Government, Company, its Board and sub-Committees and ensuring a paradigm shift towards the stated objective of making your Company corruption-free. Vigilance Division achieved a proper balance between preventive and punitive vigilance and simultaneously ensured good and ethical corporate governance.

Technology has been leveraged for achieving greater transparency viz. promoting online registration of complaints via the Vigilance Webpage contained in the SCI website; providing security to tenderers for sending price bids/quotations by emails; dissemination of important circulars / guidelines on the webpage etc.

Vigilance Division has been propagating the culture of lodging of complaints under the Public Interest Disclosure and Protection

of Informers' Resolutions (PIDPR-popularly known as Whistle Blowers Resolution) whereby the identity of the complainant would be kept secret and he/she would be protected from victimization.

Vigilance Division continued to interact with various employees of SCI as well as various stake holders like World Wide Agents, suppliers, Ship Repair Workshops, Vendors, Contractors etc. which has helped in understanding the issues from their perspective as well.

Activities of the Vigilance Division carried out in 2013-14

During the year under review, the Vigilance Division continued the following normal activities which encompassed the 5 Ps of Vigilance:-

- Preventive vigilance
- Punitive vigilance
- Surveillance & detection
- Proactive vigilance
- Predictive vigilance

The important activities that were carried out in 2013-14 by the Vigilance Division were as follows:-

- a) Investigation into complaints of corruption / malpractice were conducted
- b) Random scrutiny of Annual Property Returns (APRs)
- c) Active monitoring the implementation of Integrity Pact in SCI and it was extended to procurement of goods and services from Foreign vendors and Foreign dry-docks. (till now IP was applicable only to Domestic goods and services contracts).
- d) Successfully issued Banning Guidelines. Under the banning guidelines, 3 vendors have been blacklisted for period of 2 years. This has led to breaking of a cartel operating for procurement of high value deck, engine and saloon stores.
- e) Identified sensitive posts and employees posted in sensitive areas and have got the Management to rotate them in a phased manner
- f) Conducting surprise and periodic inspections, CTE Type inspections, conducting Systems Studies and recommending systemic improvements
- g) Selective scrutiny of Voyage Repair Bills, major works, dry-docking bills, various accounts
- h) Ensuring training of Vigilance Officers both on vigilance related subjects as well as general management
- i) Imparting training to fresh recruits on vigilance issues
- j) Conducting Vigilance Awareness Programme with various programmes in which employees participated in large numbers such as Talent Display, Essay Writing, Elocution, Slogan, Poster competition

A quarterly E-journal titled "Satarkta Samvaad" is emailed to all employees. In this E-journal, a specific topic of vigilance interest is taken and discussed. An annual Newsletter titled "SCI Voyager" is also brought out on the occasion of Vigilance Awareness Week. This is being done with a view to spreading vigilance awareness amongst the employees.

Vigilance Study Circle Mumbai Chapter

The Vigilance Study Circle Mumbai Chapter was started on the initiative of SCI Vigilance Division on 16-8-2010. It continues to spread Vigilance awareness and develop the knowledge and skills of Vigilance Professionals and provides an ideal platform for the Chief Vigilance Officers of Mumbai based PSUs, Banks etc. to meet and exchange their views/ experiences, etc. on a regular basis.

ISO 9001:2008 Certification for Vigilance Division of SCI

SCI's Vigilance Division is one among the first few Vigilance Divisions in the PSUs and in Shipping Ministry to get ISO 9001:2008 Certification for its processes. All the Vigilance Officers also achieved the unique position of being fully qualified as Internal Auditors for ISO 9001:2008. The Vigilance Division has got its ISO Certification revalidated for a further period of 2 years.

Integrity Pact in the Shipping Corporation of India Ltd.

SCI had signed a Memorandum of Understanding (MoU) with Transparency International India for the adoption of Integrity Pact. By signing the MoU, your Company is committed to have most ethical and corruption free business dealings with the counterparties whether they are bidders, contractors or suppliers. The 'threshold value' for implementation of Integrity Pact in all goods and service contracts is ` 1 crore. Thus, any goods / services contract of ` 1 crore and above will be having Integrity Pact thereby assuring the concerned parties of the transparent and ethical practices in SCI. During the year under review, the Integrity Pact was monitored by a panel of three eminent Independent External Monitors (IEM)s. Meetings were held periodically with the IEMs to review the progress of implementation of Integrity Pact in SCI. During this year, the term of the earlier IEMs came to an end on 31.03.2014, therefore two new IEMs viz., Shri Syed Shahzad Hussain and Shri Atulesh Prasad Srivastava, have been appointed for a term of three years.

The Transparency International India has lauded the efforts of the Vigilance Division in the matter.

UNGC compliance

Your Company is a life time member of UN Global Compact since 2001. It is a strategic policy initiative for businesses that are committed to aligning their operations with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-corruption.

Human Rights

We, in SCI, believe that company can play a positive role in contributing to safeguard human rights and their promotion. Guided by values, your Company has put in place Redressal machinery. During the year, no case of human right violation is reported in the company.

Labour

Shipping Corporation of India believes in freedom of association and collective bargaining through constructive forums. In accordance with national law, employees are free to join trade union of their choice without fear of intimidation or reprisal. The Company, while recruiting employees, follows the relevant rules and regulations laid down by the Government of India. This ensures that no unfair labour practices are followed. The minimum age for employment in SCI is 18 years. During direct employment in the company, criterion of minimum age is applied. For promoting gender equality, SCI has given employment to approximately 20% women.

Environment

Your company has taken environmental challenges seriously and it is demonstrated through its' day-to-day operations. Right at the time of construction of ships, it is ensured that the new ships comply with strict environmental regulations. The company is also committed to safe guard against air and sea pollution by way of exhaust gases, pollution by oil or sewage and pollution by garbage toxic, plastics etc. into sea water. Some of the measures taken by your Company in this direction are:

- a. The vessel shall have green passport upon delivery i.e. list of all hazardous materials will be kept onboard which will be of great help during recycling/ handling of hazardous materials during in-service repairs.
- b. Paint applied on the underwater portion of the hull is tin free.
- c. Fuel oil tanks are protected on the sides to avoid direct contact in case of accident.
- d. Vessels engines are being designed to burn very low sulphur fuel to minimize pollution.
- e. The refrigerant used by AC plants is environment friendly which if leaked out doesn't contribute to Ozone depletion

Ethical Practices

- Your Company has introduced preventive measures to ensure corruption free business environment.
- The vigilance function in SCI keeps watchful eye on the functioning of the organization by conducting regular checks to ensure that the employees while discharging their duties maintain high integrity and honesty. The Company has adopted Code of Conduct for Board Level Members and Senior Management Personnel.
- SCI has appointed a firm of Internal Auditors for extensive audit of systems and procedures.
- The company has adopted integrity pact of Transparency International India with the primary objective of safe-guarding public procurement from corruption.
- Independent External Monitors (IEMs) are appointed to monitor implementation of Integrity Pact.
- The Company has adopted a whistle blower policy based on the guidelines from Central Vigilance Commission (CVC).
- Financial and commercial transactions are fully computerized on network and the working is transparent and least susceptible to fraud.

Cautionary Statement

The statements made in the Management Discussion & Analysis describing Company's objectives, projections, estimates and expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

Implementation of Official Language Policy

In accordance with the Official Language Policy of the Government of India, Constitutional provisions of the Official Language Act, 1963, the Official Language Rules, 1976 your Company continued its consistent efforts to spread the usage of Hindi language during the year.

Besides various Hindi competitions and computer training workshops, your Company also organized a Hindi Talk on "Social Media" in January 2014 and an Annual Hindi Review Meeting in February 2014 in Mumbai. In order to create a conducive atmosphere, Bhashayee Sauhard Sanskritik Karyakram was also conducted in October 2013 wherein a good number of SCI employees presented their items like songs, poetries, etc in Hindi and other Indian languages. Your company also took active participation in the Town Official Languages Implementation Committee (TOLIC) meetings held twice during the year under report.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and Companies (Particulars of Employees) Amendment Rules, 1988, forms part of this report. Any shareholder interested in obtaining a copy of this information may write to the Company Secretary at the Registered Office of the Company.

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988

In terms of the Notification No. GSR 1029 dated 31.12.1988, your Company is required to furnish information under Clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956. The information to be furnished in Form A is not applicable to the shipping industry. Your Company, being a shipping company, has no particulars to furnish in Form B as regards technology absorption. The foreign exchange earnings and outgo during the year under report were as under:

₹ In Crores

	2013-14	2012-13
Foreign exchange earned and saved including deemed earned and saved	4301.70	4258.93
Foreign exchange used including deemed used	4570.05	4332.55

Expenses on Entertainment, Foreign tours etc. – FY 2013-14

During the year under report your Company spent ₹ 52 lakhs on entertainment, ₹ 258 lakhs on publicity & advertisements and ₹ 307 lakhs on foreign tours of Company's executives.

Board of Directors

Shri J. N. Das, Director (L&PS) ceased to be a director on the Board of SCI due to superannuation on 30.04.2014. On 07.07.2014, the Board appointed Capt S Narula as Director (L&PS). Shri B. K. Mandal, Director (Finance), who was holding additional charge as CMD from 01.01.2013 to 27.01.2014, ceased to be a director on the Board of SCI due to superannuation on 31.05.2014. Shri A. K. Gupta was appointed Chairman & Managing Director (CMD) w.e.f. 28.01.2014. Shri A. K. Gupta also holds additional charge of the post of Director (T&OS) and Director (Finance). The following independent directors ceased to be a part of the Board of Directors on expiry of their term:

Sr. No.	Name of Director	Date of Completion of Tenure
1.	Shri T. S. Ganeshan	10.08.2013
2.	Shri Arun Ramanathan	10.08.2013
3.	Shri Arun K. Verma	10.08.2013
4.	Shri Nasser Munjee	10.08.2013
5.	Shri U. Sunderarajan	10.08.2013
6.	Shri S. C. Tripathi	10.08.2013
7.	Shri S. K. Roongta	28.10.2013

Subsequently the following Independent Directors were appointed/ reappointed on the Board of Directors of SCI:

Name	Date of Appointment/ Reappointment	Remarks
Shri T. S. Ganeshan	12.11.2013	Reappointment
Shri Arun Ramanathan	12.11.2013	
Shri Arun K. Verma	12.11.2013	
Shri Ashish Makhija	26.05.2014	Appointment
Shri P. Umashankar	26.05.2014	
Shri N. C. Sridharan	26.05.2014	
Prof. Gopal V	26.05.2014	
Shri R. Santhanam	26.05.2014	

Auditors' Report

The auditors in their audit report for the quarter ended 31st March, 2014 have brought out that;

- In absence of sufficient documentary evidence to comply with clause 50 and 51 of AS 28 Impairment of Assets issued by ICAI in respect of the adjustments required to the Discount rate currently taken at 6% for the specific risks associated with the cash flows such as currency risk, price risk, country risk, cash flow risk etc. and estimation of expected rate of return on equity to arrive at the Weighted Average Cost of Capital, the effect of which on discount rate remains unascertainable on the statement of profit and loss account, fixed assets and provision for impairment.
- In the absence of positive confirmations required in response of letters issued by the management as per para 13 of SA 505 External confirmations issued by ICAI for trade receivables that may require adjustment to the statement of profit and loss account and their balances respectively, the consequential impact of the same on statement of profit and loss account and balance sheet remains unascertainable.

- c. We draw attention toward the direct access of the Accounting Software provided to the Agents for accounting of the expenses relating to the port and 36% of the same are yet to be verified by the Company, due to which global netting is done without reconciliation towards the prefunding to agents and Vendor Reconciliation account, the consequential effect of the same on the Statement of Profit and Loss remains unascertainable.
- d. In our opinion and according to the information and explanations given to us, special emphasis is required on the continued failure to correct major weakness in internal control systems as applicable to SAP and other sub systems in relation to the agents working, accounting and timely and proper verification by the Corporation. Emphasis also needs to be given on the implementation of the system audit report conducted by the organization in relation to the SAP – ERP and other critical business process, to establish checks on the complete and proper recording of the transaction relating to the expenses and revenue.
- e. In our opinion, the company does have an internal audit system commensurate with its size and the nature of its business. However due care needs to be given to the timely and proper recording of transactions and the inspection of agents needs to be conducted.
- f. We have been informed that one of the foreign agents of the company has manipulated the container movement report submitted from time to time and thus did not pay to the company its rightful dues. After the discovery of the same, the agent has deposited an amount of ₹ 13 crores on adhoc basis for last five years. The company has constituted a committee to further investigate the matter and to exactly quantify the actual amount. The report of the committee has not been submitted as yet. Except as mentioned in the Foregoing lines, any other material fraud on or by the Company has not been noticed or reported during the year nor we have been informed of any such case by the management that causes the financial statements to be materially misstated.

The management's views on the above observations are as below:

- a. While doing the impairment exercise, company has taken weighted average cost of capital as the discounting factor as per clause 50 of AS 28 which works out to approximately 6%. The Company has done analysis of risks such as country risk, currency risk, price risk, cashflow risk and asset specific risks. It is found that there is no necessity to make any adjustment to the discounting rate as per clause 51 of AS 28.
- b. The PSUs and government organisations constitute more than 50% of the trade receivables. The Company had sent letters requesting balance confirmation to all major customers including PSUs. However, despite persistent follow up through letters, emails, personal visits and correspondence at highest levels, most of the debtors did not respond. The management does not expect any material impact on the Statement of Profit & Loss Account due to this.
- c. As per the system adopted by the company, port related expenses are booked by the agents through specially designed software. The same are subsequently verified by an external firm & approved by the company. This process takes time due to involvement of multiple departments in the approval process. About 64.3 % of the expenses have been verified and approved by the company and the balance is in process for FY 2013-14. From our past experience it has been observed that relatively minor amount of expenses are disallowed by the company subsequently. Hence, the impact on Statement of Profit & Loss Account is not expected to be material.
- d. The Management is continuously reviewing the functioning of ERP system and incorporating changes to remove deficiencies found / brought to its notice. The systems are reviewed constantly and additional controls are introduced as considered necessary. The accounts and supporting documents are thoroughly checked by the Company and then transactions are approved in the system. System audit was carried out by M/s Deloitte and their recommendations are under implementation.
- e. The company is making serious efforts to ensure timely recording of transactions. However, since substantial business is carried out through global network of agents, the receipt of accounts with supporting documents takes some time. We have already commenced inspection of agents accounts. During the year 2014-15, one Indian Agent was inspected by our statutory auditors and four overseas agents were inspected by a team of the company and external internal audit personnel. Management has taken steps to conduct such inspections on regular basis in future as well for better internal controls on agency accounts.
- f. As a consequence of discovery of such irregularity in case of one agent, the container movement reporting is being scrutinized thoroughly in respect of all the agents. A specially constituted team of the management comprising representatives from the commercial division, SCI London office representative and a senior partner of SCI's external-internal auditor had visited four agents in Europe. The movement of containers was scrutinized by this team in all the four locations and no discrepancy was observed. Currently, even in case of agent, who has deposited the above mentioned ₹ 13 crores no further discrepancy has been observed by the visiting team. Management is of the view that this issue is an isolated matter and the financial statements are not materially misstated.



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Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, Report on Corporate Governance is attached to this Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March 2014, the applicable accounting standards have been followed along with proper explanation relating to material disclosures;
- That the Directors have selected such accounting policies and applied them 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 profit or loss of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the 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.
- That the Directors have prepared the accounts for the financial year ended 31st March 2014 on a "going concern" basis.

Acknowledgements

Your Directors extend their gratitude to Dr. Vishwapati Trivedi, Secretary to the Government of India, Ministry of Shipping, and look forward to his continued support and guidance. Your Directors also welcome Shri Nitin Gadkari, Minister of Shipping and Shri Krishan Pal, Minister of State for Shipping and look forward to their support and guidance in managing the affairs of the Company.

Your Directors also wish to express their thanks to the officials in the Ministry of Shipping, Road Transport & Highways for the unstinted support given by them in various matters concerning the Company. Your Directors would also like to convey their thanks to other Ministries, Trade Organizations, Shippers' Councils, who have played a vital role in the continued success of your Company.

The Directors thank the shareholders and valued customers for the continued patronage extended by them to your Company.

Last but not the least, your Directors wish to record their deep appreciation for the dedicated and loyal service of your Company's employees, both afloat and ashore, without whose co-operation and efforts the achievements made by your Company would not have been possible.

Place : Mumbai

Dated : 12th August, 2014

For and on behalf of the Board of Directors

A. K. Gupta

Chairman & Managing Director

Report of the Directors on Corporate Governance

SCI's Philosophy on Corporate Governance

SCI constantly keeps the Corporate Governance issues in focus. It is SCI's policy to provide adequate and timely information to all stakeholders. SCI's endeavour in this respect has been acknowledged and appreciated year after year. SCI has been awarded accolades for providing meaningful information on its activities. This year too, SCI will strive to meet the expectations of various stakeholders. SCI apart from complying with Clause 49 of the Listing Agreement has also adopted the guidelines issued by the DPE in 2010 on Corporate Governance.

SCI's Code of Conduct

The Board of Directors of the Company adopted "Code of Business Conduct & Ethics for Board members & Senior Management Personnel". This Code of Conduct is bifurcated into the "Code of Business Conduct & Ethics for Board Members" & "Code of Business Conduct for Senior Management Personnel". The Code is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. The Code is posted on the Company's Website- www.shipindia.com

The Board members and Senior Management Personnel have affirmed compliance to this code and a declaration to this effect signed by Chairman & Managing Director is provided at the end of this Report.

Board of Directors:

Composition of the Board of Directors

As of date, the Board of Directors of your Company comprises 14 members with a mix of 4 executive (including Chairman & Managing Director) and 10 non-executive Directors. Of the 10 non-executive Directors, 2 Government Directors represent the Promoters i.e. Government of India and 8 are Independent Directors.

The Clause 49 of the Listing Agreement dealing with Corporate Governance requires at least 50% of the total strength of the Board of Directors of a company to comprise of Independent Directors, which has an Executive Chairman. During the year under review, Rear Admiral (Retd.) T. S. Ganeshan, Shri Arun Ramanathan, Shri Arun Kumar Verma, Shri Nasser Munjee, Shri S. C. Tripathi and Shri U. Sundararajan ceased to be Directors on the Board of SCI due to completion of tenure on 10.08.2013 and Shri S. K. Roongta ceased to be Director on the Board of SCI due to completion of tenure on 28.10.2013. Rear Admiral (Retd.) T. S. Ganeshan, Shri Arun Ramanathan and Shri Arun Kumar Verma were reappointed as part-time Non-official Directors on the Board of SCI w.e.f. 12.11.2013 pursuant to the directions received from the Ministry of Shipping. Further, 5 more part-time Non-official Directors on the Board of SCI, viz. Shri Ashish Makhija, Shri P. Umashankar, Shri N. C. Sridharan, Dr. V. Gopal and Shri R. Santhanam were appointed on the SCI Board w.e.f. 26.05.2014.

Shri J. N. Das, Director (L&PS) and Shri B. K. Mandal, Director (Finance) ceased to be directors on the Board of SCI due to superannuation on 30.04.2014 and 31.05.2014 respectively. Capt. S. Narula was appointed Director (L&PS) w.e.f. 07.07.2014. Shri Arun Kumar Gupta was appointed as Chairman & Managing Director (C&MD), SCI w.e.f. 28.01.2014 for a period of five years or till date of his superannuation or until further orders, whichever is the earliest. He also holds additional charge of (T&OS) and Director (Finance) w.e.f 28.01.2014 and 01.06.2014 respectively.

The directorships held in other public limited companies and memberships/chairmanships held in the Committees of such Boards by the members of the Board of your Company as on 31st March 2014 are set out below:

Name	Designation	No. of Directorships and committee memberships / chairmanships		
		Directorships in other public limited companies**	Committee memberships **	Committee chairmanships **
Executive Directors (Whole-Time)				
Shri A.K. Gupta	Chairman & Managing Director & Director (Technical & Off-Shore Services)	01	NIL	NIL
Shri J.N. Das	Director (Liner & Passenger Services)	01	NIL	NIL
Shri B. K. Mandal	Director (Finance)	01	NIL	NIL
Capt. S. Thapar	Director (Bulk Carrier & Tanker Division)	NIL	NIL	NIL
Capt. B. B. Sinha	Director (Personnel and Administration)	NIL	NIL	NIL
Non-Executive Director (Part-Time Ex-Officio)				
Dr. (Ms.) T. Kumar	Addl. Secretary and Financial Advisor	01	NIL	NIL
Shri M. C. Jauhari	Joint Secretary	02	NIL	NIL



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Non-Executive Directors (Part-Time Independent)

Rear Admiral (Retd.) T. S. Ganeshan	Director	NIL	NIL	NIL
Shri Arun Ramanathan	Director	06	05	02
Shri Arun K. Verma	Director	NIL	NIL	NIL

**In accordance with Clause 49(l)(C) of the Listing Agreement with the Stock Exchanges, only directorships on public limited companies have been considered and the directorships on private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956/ Section 8 of the Companies Act, 2013 have been excluded. Similarly, in terms of the above Clause, membership/chairmanship of the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies has been considered.

Board Meetings / Annual General Meeting

During the financial year 2013-2014, 14 Board Meetings were held, the dates being 03.05.2013, 28.05.2013, 24.06.2013, 09.07.2013, 30.07.2013, 08.08.2013, 31.08.2013, 26.09.2013, 12.11.2013, 13.11.2013, 28.11.2013, 19.12.2013, 14.02.2014 and 28.03.2014.

The details about attendance of the Directors at the Board Meetings and at the 63rd Annual General Meeting (AGM) held on 24.09.2013 are given below:

Name of the Director	No. of Meetings		Attendance at the last AGM held on 24.09.2013
	held during the tenure of Directors	attended	
Shri A. K. Gupta	14	13	Yes
Shri B. K. Mandal*	14	14	Yes
Dr. (Ms.) T. Kumar	14	11	Yes
Shri M. C. Jauhari	14	13	No
Shri J.N. Das*	14	13	Yes
Capt. S. Thapar	14	12	Yes
Capt. B. B. Sinha	14	14	Yes
Shri Nasser Munjee*	06	01	-
Shri U. Sundararajan*	06	00	-
Shri S. C. Tripathi*	06	05	-
Rear Admiral (Retd.) T. S. Ganeshan*#	12	12	-
Shri Arun Ramanathan*#	12	06	-
Shri Arun K. Verma*#	12	10	-
Shri S. K. Roongta*	08	03	No
Shri Ashish Makhija#	-	-	-
Shri P. Umashankar#	-	-	-
Shri N. C. Sridharan#	-	-	-
Prof. Gopal V#	-	-	-
Shri R. Santhanam#	-	-	-
Capt. S. Narula#	-	-	-

*The following Directors ceased to be Directors on the Board w.e.f. the dates mentioned alongside their names:-

Rear Admiral (Retd.) T. S. Ganeshan	10.08.2013
Shri Arun Ramanathan	10.08.2013
Shri Arun K. Verma	10.08.2013
Shri Nasser Munjee	10.08.2013
Shri U. Sundararajan	10.08.2013
Shri S. C. Tripathi	10.08.2013
Shri S. K. Roongta	28.10.2013
Shri J. N. Das	30.04.2014
Shri B. K. Mandal	31.05.2014

The following Directors have been re-appointed / appointed on the Board w.e.f. the date mentioned alongside their names:-

Rear Admiral (Retd.) T. S. Ganeshan	12.11.2013
Shri Arun Ramanathan	12.11.2013
Shri Arun K. Verma	12.11.2013
Shri Ashish Makhija	26.05.2014
Shri P. Umashankar	26.05.2014
Shri N. C. Sridharan	26.05.2014
Prof. Gopal V	26.05.2014
Shri R. Santhanam	26.05.2014
Capt. S. Narula	07.07.2014

Committees of the Board

To enable better and more focused attention on the affairs of the Company, the Board has constituted the following Committees of the Board besides other Committees as required under Clause 49 and Companies Act, 2013:

Contracts Committee of the Board

This Committee of the Board comprises the whole-time Directors, including Chairman & Managing Director as the Chairman of the Committee. The Committee deliberates on the matters pertaining to contracts having financial implication of high value nature or any other matter, which in the view of Chairman & Managing Director requires the attention of the Committee. During the year under review, no meeting of the Contracts Committee of the Board was held.

Strategy Committee of the Board

The Committee was constituted on 11.08.2010 with Shri S C Tripathi as Chairman, Shri Nasser Munjee, Shri U Sundararajan, Rear Admiral (Retd.) T.S. Ganeshan, Shri S K Roongta and one Government Director as its members. The terms of reference of the Committee include looking into the strategic decisions of the Company. Due to cessation of Directorships of Shri Roongta, Shri Munjee, Shri Sundararajan and Rear Admiral (Retd) T S Ganeshan, the Committee did not meet during FY 2013-14. On reconstitution of the Board in May 2014, the Committee was re-constituted comprising of Shri P. Umashankar, Shri Ashish Makhija, Shri R. Santhanam, Dr. V. Gopal and Shri A. K. Gupta.

Ship Acquisition & Ship Construction Sub Committee of the Board (SASC)

This Committee was constituted in September 2010 primarily to draft and finalize the eligibility criteria for Indian shipyards, to evaluate and grade the Indian shipyards and periodically review grading of the shipyards. Rear Admiral (Retd.) T.S. Ganeshan is the Chairman and Shri A.K. Gupta and other officers are its members. The Committee met three times during the year 2013-14. After re-constitution of the Board in May 2014, the Committee has not been reconstituted.

Ship Acquisition Committee (SAC)

The "Ship Acquisition Committee of the Board" was constituted in February 2011, which comprises of the whole-time Directors of the Company viz. Director (Finance), Director (Technical & Offshore Services) and Director of the Operating Division viz. Bulk Carrier & Tanker Division or Liner & Passenger Services Division and three Independent Directors viz; Rear Admiral (Retd.) T.S.Ganeshan, Shri S.K.Roongta & Shri A.K.Verma. This Committee was constituted to deliberate on proposals for acquisition of vessels by SCI before putting up to the Board for "in-principle" & "final" approval. Also proposals for renegotiations of contract price or amendments to major terms of shipbuilding contract would be considered by this Committee. This Committee met five times during the year 2013-14. After re-constitution of the Board in May 2014, the Committee has not been reconstituted .

Ship Disposal Guidelines Sub-Committee (SDC)

This Committee was constituted on 13.08.2011 and comprised of Independent Directors viz. Shri Arun K. Verma and Rear Admiral (Retd.) T. S. Ganeshan, to review the Ship Disposal Guidelines and submit its recommendations on amendments thereof to the Board. The Committee has met three times during the year 2013-14. After re-constitution of the Board in May 2014, the Committee has not been reconstituted.

Sub- Committee of the Board for advising about the SCI Forbes matter

The Committee was constituted on 22.03.2013 for the purpose of suggesting the modalities of SCI's exit out of M/s. SCI Forbes Ltd. The Committee comprises Shri Arun Ramanathan as Chairman and Shri Arun Kumar Verma and Rear Admiral (Retd.) T. S. Ganeshan as its members. 3 meetings of the committee were held during the year. After re-constitution of the Board in May 2014, the Committee has not been reconstituted.

Corporate Social Responsibility Committee

The Committee was constituted 19.12.2013 and was subsequently re-constituted on 26.05.2014 to be in line with the provisions of Section 135 of the Companies Act, 2013. It comprises of C&MD as Chairman of the Committee, Shri R. Santhanam, Dr. V. Gopal as members and Director (P&A) as ex-officio member & Convenor of the Committee. Shri R. Santhanam and Dr. V. Gopal are independent Directors. During the year under review, no meetings of the Committee were held.



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Nomination and Remuneration Committee

As per DPE Guidelines, Remuneration Committee of the Board for deciding on annual bonus/variable pay pool and policy for distribution to employees below Board level, was formed on 24.1.2009 to decide upon the annual bonus/variable pay pool and policy for its distribution to employees within the limits and as per the conditions prescribed by the Government as a part of the salary revision package of the shore officers. Rear Admiral (Retd.) T.S. Ganeshan was Chairman of the Committee and Shri Nasser Munjee and Prof. Sushil Khanna were its members. On 26.05.2014, the Board re-constituted the Remuneration Committee as follows - Rear Admiral (Retd.) T. S. Ganeshan as the Chairman of the Committee, Shri Ashish Makhija and Shri P. Umashankar as the members. All are independent directors. The Committee has been renamed as 'Nomination and Remuneration Committee' and shall also be taking care of the compliance under section 178 of the Companies Act, 2013. During the year under review, no meetings of the Committee were held.

Sub-Committee of the Board for reviewing Procedure of selection of Agents

The Committee was constituted on 03.04.2012 to look into the issues relating to procedure of selection of SCI agents and structural aspects of agency and / or alternative arrangements. The Committee comprised Shri S C Tripathi as Chairman and Shri Arun Kumar Verma as its member. Shri S C Tripathi ceased to be Chairman of the Committee on cessation of his directorship on 08.08.2014. The Committee has met 1 (one) time during the year. Subsequently, as per the Board decision on 14.02.2014, the role played by the Committee was entrusted to the Audit Committee of the Board.

The following Committees have not been re-constituted:

1. Sub-committee of the Board for raising finance.
2. Sub-Committee of the Board for reviewing the progress of implementation of SET IT project (SAP Committee).

During the year under review, no meetings of the above-mentioned committees were held.

Committees of the Board constituted under Clause 49

Audit Committee

The Board of Directors of the Company had constituted an Audit Committee in the year 2000.

Shri Arun Ramanathan was the Chairman of this Committee till 12.08.2013. The Audit Committee was reconstituted on 12.11.2013 with Shri Arun K. Verma as Chairman, and Shri Arun Ramanathan and Rear Admiral (Retd.) T. S. Ganeshan as its members. Shri N. C. Sridharan was appointed as member of the Audit Committee on 26.05.2014. All are independent Directors. All the members of the Committee are 'financially literate' and have accounting and financial management expertise.

The Company Secretary acts as Secretary to the Committee. The Director (Finance) and the Directors in charge of operations attend the meetings as invitees. The Statutory Auditors and Internal Auditors also attend meetings at which the audit reports / Company's financial statements are reviewed by the Committee.

The terms of reference of Audit Committee include all matters specified in Clause 49(II) of the Listing Agreement with Stock Exchanges and the DPE guidelines 2010 and covers, inter-alia, overseeing Company's financial reporting process, adequacy of internal control systems, reviewing financial risks' management policies, compliance with Accounting Standards, etc.

The Audit Committee held 10 meetings during the year. Apart from reviewing the quarterly / annual financial results of the Company, the Committee devoted these meetings inter alia for detailed review of the systems and procedures, accounting practices, internal control measures, status of risk management and process review of statutory and regulatory compliances. The attendance of each member of the Committee is given below:

Name of the Directors	No. of meetings held	No. of meetings attended
Shri Arun Ramanathan	10	10
Shri S. C. Tripathi	4	3
Shri Arun K. Verma	10	10
Shri U. Sundararajan	4	-

After completion of tenure of Independent Directors, Audit Committee was not re-constituted at the time of the Annual General Meeting held on 24.09.2013.

Share Transfer Committee

This Committee of the Board comprising of Chairman & Managing Director and an Executive Director, regularly approves the transfer and transmission of shares and other related matters. As and when the shareholders made lodgements for transfer/rematerialisation, the Share Transfer Committee held their meetings promptly to effect the transfers.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Board met four times during the financial year 2013-14 i.e. on 22.04.2013, 07.08.2013, 12.11.2013 and 12.02.2014. The Committee was re-constituted on 26.05.2014 with Shri Arun Ramanathan as Chairman, and Shri Arun K. Verma and Capt S Thapar as its members. Shri Arun Ramanathan and Shri Arun K. Verma are

independent directors. Shri B K Mandal ceased to be a member of the said Committee on 31.05.2014. The meetings were attended by all its members.

Grievances & their redressals: During the year under review, 10 complaints were received. All the complaints have been replied / sorted out within average period of 7 days of receipt of each complaint as against the stipulated time of 15 days as per SEBI norms. No share transfers were pending at the end of the financial year. The sources of complaints received and other details are given below:

Source(s) of Complaints	Received	Redressed	Pending
SEBI	04	04	NIL
Stock Exchanges	05	05	NIL
Other	01	01	NIL
Total	10	10	NIL

Compliance Officer : The Compliance Officer for monitoring the share transfer process and for carrying out other related functions as per Listing Agreement, is Shri Dipankar Haldar, Executive Director(Legal Affairs) & Company Secretary, and can be contacted at:

"Shipping House" Tel: 2277 2213 (D)
 245, Madame Cama Road, 2202 4572 (D)
 Nariman Point, Fax: 2202 2906
 Mumbai – 400 021. E-mail: dipankar.haldar@sci.co.in

Investors can lodge their complaints, if any, on sharepro@shareproservices.com by providing their folio number, contact number, e-mail ID and the address for correspondence which would enable us to respond to them promptly.

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer the unpaid dividends remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government. Details of shareholders who have not encashed their dividend warrants in spite of the same being sent to them, has been uploaded on the Company's website.

Given below are the due dates for transfer of unclaimed and unpaid dividend to the IEPF by the Company:

Financial Year	Date of declaration	Proposed date for transfer to IEPF
2007-08 (Interim)	22.02.2008	21.03.2015
2007-08 (Final)	29.09.2008	28.10.2015
2008-09 (Final)	30.09.2009	29.10.2016
2009-10 (Final)	29.09.2010	28.10.2017
2010-11 (Interim)	03.03.2011	02.04.2018
2010-11 (Final)	23.09.2011	22.10.2018

Unpaid/ unclaimed balance of the Interim Dividend 2006-07 account was due for transfer to IEPF as per Section 205A of the Companies Act, 1956 and the same has been transferred accordingly.

General Body Meetings

The date, time and venue of the last three Annual General Meetings of the Company and the special resolutions passed thereat, are given below:

General Meetings	Date & Time	Venue	Details of Special Resolutions passed, if any
61st AGM (FY 2010-11)	23.09.2011 1530 hrs.	Y. B. Chavan Auditorium, Jagannath Bhosale Marg, Near Mantralaya, Mumbai – 400 021	(i) Amendment in Articles of Association and (ii) *Grant of ESOPs.
62nd AGM (FY 2011-12)	24.09.2012 1530 hrs.		NIL
63rd AGM (FY 2012-13)	24.09.2013 1530 hrs.	Registered Office of the Company, Mumbai	

*With reference to DPE's Office Memorandum dated 30th July, 2012, the resolution could not be carried out.

Means of Communication

Half-yearly Report sent to each household of shareholders	No, as the unaudited financial results of the Company are published in the newspapers every quarter and are also made available on the Company's website.
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Quarterly Results published in newspapers	Yes, the newspapers being: For Quarter ended June 2013 a. Business Standard – Mumbai, Ahmedabad, New Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneswar, Raipur, Patna, Bhopal b. Pudhari - Mumbai For Quarter ended September 2013 a. Business Standard – Mumbai, Ahmedabad, New Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneswar, Bhopal, Raipur, Patna b. Pudhari - Mumbai For Quarter ended December 2013 a. Business Standard – Mumbai, Ahmedabad, Bangalore, Kolkata, Chennai, Kochi, New Delhi, Hyderabad, Lucknow, Chandigarh, Pune, Bhopal, Kolkata, Patna, Raipur. b. Pudhari – Mumbai For Year and Quarter ended March 2014 a. Financial Express – Mumbai, Ahmedabad, New Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneswar b. Loksatta – Mumbai c. Jansatta – Kolkata, Chandigarh, New Delhi, Lucknow
Website, where results and/or official news are displayed	On the Company's Website www.shipindia.com
The presentation made to Institutional Investors or to the Analysts	The following con-calls were held by the Company for investors : - For the Q1 results of FY 2013-14 - on 14.08.2013. For the Q2 results of FY 2013-14 – on 15.11.2013. For the Q3 results of FY 2013-14 – on 17.02.2014. For the Q4 results of FY 2013-14 – on 28.05.2014.
Whether Management Discussion and Analysis is a part of Annual Report or not	Yes.

General Shareholder Information

Annual General Meeting – Date, Time & Venue	24th September, 2014 at 1530 hrs. at the Registered Office of the Company, "Shipping House", 245, Madame Cama Road, Mumbai – 400 021.	
Financial Calendar	<ul style="list-style-type: none"> The financial year under review covers the period from 1st April 2013 to 31st March 2014 First Quarter Results – August, 2013. Second Quarter Results – November, 2013. Third Quarter Results – February, 2014. Audited Results in lieu of Fourth Quarter Results – May, 2014 	
Date of Book Closure	17.09.2014 to 24.09.2014 (Both days inclusive)	
Proposed Dividend	The Board of Directors has not recommended dividend for this financial year.	
Listing on Stock Exchanges & payment of listing fees	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	
	National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Mumbai – 400 051.	The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata – 700 001.
	The Delhi Stock Exchange Association Limited DSE House, 3/1, Asaf Ali Road New Delhi – 110 002.	Madras Stock Exchange Limited Exchange Building, 11, Second Line Beach, Chennai – 600 001.
	The Company has paid the annual listing fees for the year 2013-2014 to the aforesaid Stock Exchanges within the stipulated time.	

Stock Code	The Stock Exchange, Mumbai – 523598 National Stock Exchange of India Limited – SCI Demat-ISIN Number for NSDL & CDSL – INE 109 A 01011		
Address for Correspondence/ Registrar and Transfer Agents	Shareholders' correspondences should be addressed to the Company's Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd. at their addresses mentioned below:		
	M/s. Sharepro Services (India) Pvt. Ltd.		
	Regd. Office: Samhita Warehousing Complex, 13 A/B, 2nd Floor, Behind Sakinaka Tel. Exchange, Andheri- Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072 Telephone No.022-67720400/401/402	Investor Relation Centre: 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021. Telephone No. 67720700	
	Fax: 022-28591568/28508927 E-mail: sharepro@shareproservices.com		
Share Transfer System	The transfers' processing are done by the Registrar and Transfer Agents and approved by the Share Transfer Committee of the Company. There are no pending share transfer requests as on 31st March 2014.		
Dematerialization of shares and liquidity	With effect from 26.06.2000, trading in the Company's shares was made compulsory in the dematerialized form. The Company's shares are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March 2014, 99.88 % of the paid-up equity share capital, representing 465262184 shares was held in depository mode. The processing activities with respect to the requests received for dematerialization are completed within 15 days from the date of receipt of request.		
Your Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.			
Your Company has no Plant.			

Monthly high and low quotation of shares on the BSE and NSE during the financial year 2013-2014.

Month	Share Price on BSE		Share Price on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	45.20	40.20	45.30	40.40
May 2013	44.25	36.30	44.15	36.30
June 2013	42.60	33.20	42.70	32.00
July 2013	36.45	29.30	36.50	29.00
August 2013	33.95	26.25	33.90	26.05
September 2013	42.25	30.05	42.20	30.00
October 2013	39.40	34.05	39.40	34.05
November 2013	38.00	34.20	38.10	34.10
December 2013	44.25	35.75	44.30	36.15
January 2014	44.40	35.10	44.50	34.10
February 2014	38.50	35.00	38.50	35.05
March 2014	43.60	35.00	44.20	34.90

Stock Performance in comparison to BSE Sensex

Month	SCI's Closing Price (₹)	BSE Sensex
April 2013	42.80	19,504.18
May 2013	36.75	19,760.30
June 2013	34.30	19,395.81

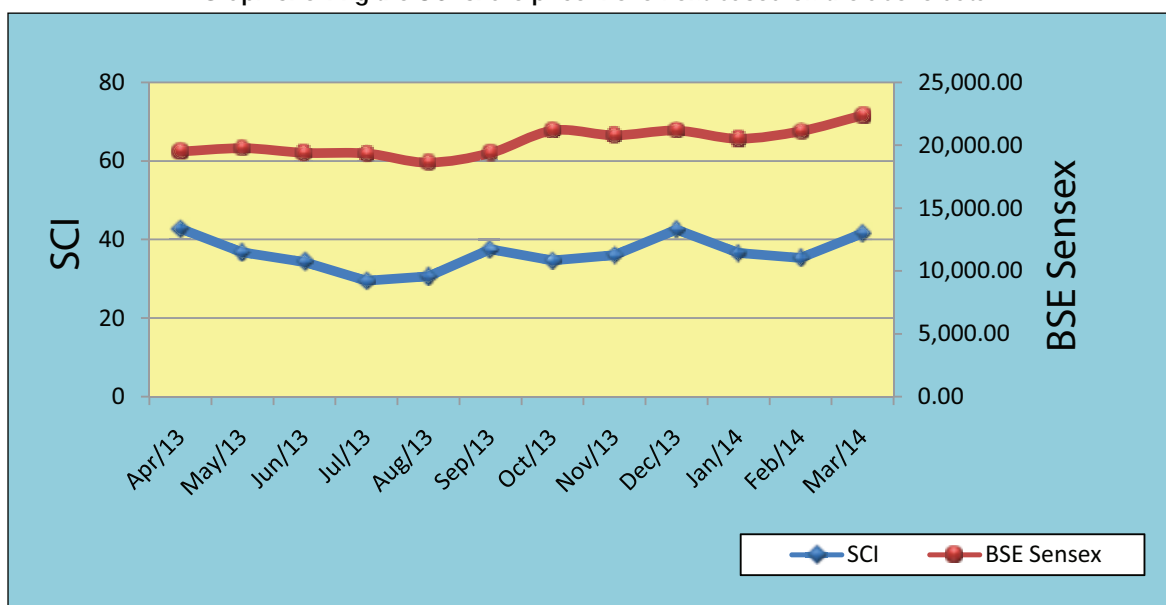


SCI
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July 2013	29.50	19,345.70
August 2013	30.60	18,619.72
September 2013	37.50	19,379.77
October 2013	34.65	21,164.52
November 2013	36.00	20,791.93
December 2013	42.55	21,170.68
January 2014	36.60	20,513.85
February 2014	35.30	21,120.12
March 2014	41.60	22,386.27

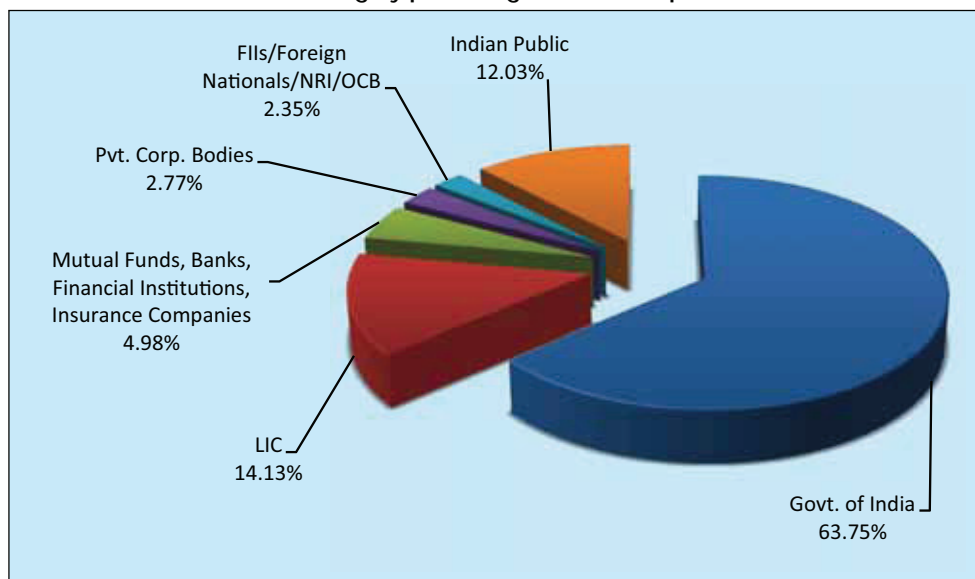
Graph showing the SCI share price movement based on the above data



DISTRIBUTION OF SHARE HOLDING AS ON 31-MARCH-2014									
CATEGORY	DEMAT		PHYSICAL		TOTAL		%TO		
	FOLIOS	SHARES	FOLIOS	SHARES	FOLIO	SHARES	FOLIOS	SHARES	
1 - 500	176901	22848124	137	22926	177038	22871050	92.28	4.91	
501 - 1000	7721	5978045	9	7450	7730	5985495	4.03	1.28	
1001 - 2000	3628	5381815	1	1200	3629	5383015	0.65	1.16	
2001 - 3000	1241	3129961	1	2400	1242	3132361	0.65	0.67	
3001 - 4000	537	1926130	0	0	537	1926130	0.28	0.41	
4001 - 5000	405	1888972	0	0	405	1888972	0.21	0.41	
5001 - 10000	614	4441668	1	6000	615	4447668	0.32	0.95	
10000 & above	640	419667469	7	496850	647	420164319	0.34	90.20	
TOTAL	191687	465262184	156	536826	191843	465799010	100	100	

*The figures are rounded off, wherever necessary.

Distribution of Shareholding by percentage of ownership as on 31st March 2014



Directors' Remuneration

The details of the remuneration paid to the whole-time Directors and sitting fees paid to the Independent Directors during the year under review are set out below:-

Name of the Director	Consolidated Salary (Note No. 1)	Perquisites, Allowances & Other Benefits	Performance Linked Incentives (Note No.2)	Sitting Fees	Total
Executive Directors (Whole time)					
Shri A. K. Gupta	2,140,720/-	450,348/-	166,165/-	-	2,757,233/-
Capt. Sunil Thapar	1,964,812/-	448,144/-	156,106/-	-	2,569,062/-
Capt. B. B. Sinha	1,995,236/-	522,775/-	96,566/-	-	2,614,577/-
Shri B. K. Mandal	2,610,240/-	673,487/-	410,337/-	-	3,694,064/-
Shri J. N. Das	2,238,734/-	1,415,268/-	364,604/-	-	4,018,606/-
Non-Executive Directors (Part-Time Ex-Officio)					
Dr. (Ms.) T. Kumar	-	-	-	-	-
Shri M. C. Jauhari	-	-	-	-	-
Non-Executive Directors (Part-Time Independent)					
Shri U. Sundararajan	-	-	-	-	-
Shri Nasser Munjee	-	-	-	40,000/-	40,000/-
Shri S. C. Tripathi	-	-	-	160,000/-	160,000/-
Rear Admiral (Retd.) T. S. Ganeshan	-	-	-	660,000/-	660,000/-
Shri Arun Ramanathan	-	-	-	460,000/-	460,000/-
Shri Arun K. Verma	-	-	-	700,000/-	700,000/-
Shri S. K. Roongta	-	-	-	60,000/-	60,000/-

Note No. 1 :- Consolidated Salary includes Basic Salary, Dearness Allowance, Contribution to Provident Fund, Leave Encashment and Leave Salary on superannuation.

Note No. 2 :- Performance Linked Incentive includes the PRP relating to the earlier years

- SCI, being a Government Company, the remuneration of the Executive Directors (whole-time), who are Government appointees, is decided by the Government of India.
- The part-time official Government Directors do not receive any remuneration from the company.
- The non-executive Directors (Independent Directors) are paid sitting fees of ` 20,000/- per meeting per day of attendance. Apart from the sitting fees, the non-executive Directors do not receive any other remuneration.

- iv. In addition to the above, wherever necessary, the Directors are reimbursed the travelling and other related expenses for attending Board and other Meetings.
- v. Criterion for payment of performance linked incentive is based on the policy prevailing in the Company.
- vi. SCI being a Government Company, the appointment, tenure and remuneration of Directors are decided by the Government of India. All appointments of Executive Directors (whole-time) are contractual in nature. Government nominates non executive part-time Directors from time to time on the board of the Company.
- vii. The Company presently does not have any stock option scheme.
- viii. Amongst the non-executive Directors, Shri Vijay Chhibber and Shri Rajeev Gupta are holding 1515 and 30 shares, respectively, as Government Nominees. The shares held by Shri Rajeev Gupta and Shri Vijay Chhibber, erstwhile Directors, are in the process of being transferred in the name of Shri M. C. Jauhari and Dr. (Ms.) T. Kumar, respectively. Ministry's approval in this regard is awaited.

Subsidiary Companies

The Company does not have any subsidiary company.

Disclosures

During the year under review, the Company has not entered into financial or other transactions of material nature with its Promoters, the Directors, and senior management that may have potential conflict with the interests of the Company at large.

The number of shares held by the Directors in the Company is given below:-

1	Shri Vijay Chhibber*	1515
2	Shri S. Hajara*	1507
3	Shri Rajeev Gupta *	30
4	Shri B. K. Mandal	1
5	Capt. Sunil Thapar	1
6	Shri J. N. Das	1
7	Capt. B. B. Sinha	1
8	Shri A. K. Gupta	1

* The shares held by Shri S Hajara, Shri Rajeev Gupta, Shri Vijay Chhibber and Shri J N Das , erstwhile Directors, are in the process of being transferred in the name of Shri A K Gupta, Shri M. C. Jauhari, Dr. (Ms.) T. Kumar and Capt. S. Narula , respectively.

No penalties / strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

Code of Conduct for Prevention of Insider Trading

SCI has its code of conduct for prevention of insider trading in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code lays down guidelines which advise the management and the staff on procedures to be followed and disclosures to be made while dealing with the shares of Company, and cautions them of the consequences of violations.

Related Party Transactions

The details of all the transactions with related parties which are entered into in the ordinary course of business are placed before the audit committee on quarterly basis. The related party disclosures as required under Accounting Standard 18 "Related Party Disclosures" are given in the Notes on Accounts of the Balance Sheet (Refer Note 32 to the financial statements). There were no material individual transactions with related parties which are not in normal course of business required to be placed before the Audit Committee that may have potential conflict with the interest of the company at large. All individual transactions with related parties were on "arm's length" basis.

Accounting Treatment

In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Risk Management

The Company has appointed Chief Risk Officer and Divisional Risk Officers. As per the procedure, the reports are to be discussed internally and thereafter in the Management Committee Meetings. M/s. T. R. Chadha & Co., Chartered Accountants, had been appointed to undertake an independent review of the risk management activity in SCI and they had provided new Risk Registers. Regular meetings are held at Management level to review the same.

Proceeds from public issues, right issues, preferential issues etc.

During the year 2010-11, your Company had come out with a "Further Public Offer", (FPO), comprising of a 'fresh issue' of 42,345,365 equity shares in your company and an 'offer for sale' of 42,345,365 equity shares by the President of India.

The shares issued under the fresh issue had been listed on 15.12.2010 on the stock exchanges. The FPO proceeds of ₹ 58245 lakhs were fully utilized in the financial year 2011-12 as per object of the issue for part financing of capital expenditure on nine shipbuilding projects specified for utilization. However, due to delays in the projects resulting in default by the shipyards, your Company has rescinded contracts for four shipbuilding projects during the period January 2014 to May 2014. The investment in these projects out of the FPO Proceeds was ₹ 330.65 crores. Your Company has till date received back ₹ 315.32 crores of these funds from the shipyards. Your Company is in the process of taking appropriate steps towards alternate deployment of the said funds.

Management Discussions and Analysis Report

The report forms a part of the Directors' Report to the Shareholders and it includes discussions on matters, as required under the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

Material Financial and Commercial Transactions of Senior Management Personnel

There have been no material financial and commercial transactions entered into by the Senior Management Personnel where they have personal interest that may have a potential conflict with the interest of the Company.

CEO / CFO Certification

A certificate from Chairman and Managing Director and Director (Finance) on the financial statements of the company and on the matters which were required to be certified according to the clause 49(V) was placed before the Board.

Compliance with Non Mandatory Requirements of Clause 49

Maintenance of Office and reimbursement of expenses of Non Executive Chairman

As the Company has an Executive Chairman, the requirements of this clause are not applicable.

Tenure of Independent Directors on the Board

SCI, being a Government Company, the appointment and tenure of the Directors are decided by the Government of India; however, currently, they do not exceed the time limits provided in this Clause.

Shareholder Rights - Declaration of financial performance

The financial results are posted on the Company's website immediately. The results of the Company are also published in the newspapers within the time limits prescribed under the Listing Agreement.

Audit Qualifications

Qualifications made by the Statutory Auditors are contained in the Auditors' Report forming part of the Annual Report. The Management's response to the qualifications is also incorporated in the Directors' Report. There are no qualifications made by the Comptroller and Auditor General of India.

Training of Board members

The company has a training policy approved by Board which is applicable to all shore employees which includes functional directors too.

On joining the SCI Board, at the first board meeting, a new member is explained about the working of the Board, by the Chairman. This year one workshop on capacity building was organised by DPE for the Independent Directors.

Mechanism for evaluating Non-Executive Board Members

SCI being a Government Company where the Directors are appointed / nominated by the Government, the requirement of performance evaluation is not envisaged.

Whistle Blower Policy

The Company being a Government Company, Whistle Blower policy is followed as per Central Vigilance Commission (CVC) guidelines which was approved by the Board.

Additional Disclosures as required under the Guidelines laid down by DPE

1. Status of compliance with the Presidential Directives, by the Company-
There were no Presidential Directives received by the Company.
2. There is no item of expenditure debited in the books of accounts which are not for the purposes of the business.
3. There are no expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.
4. The office and administration expenses as a percentage of total expenses are 4.54% in FY 2013-14 as against 4.47% in FY 2012-13. The finance expenses as a percentage of total expenses is 4.41% in FY 2013-14 as against 3.33% in FY 2012-13.

Place : Mumbai

Dated : 12th August, 2014

For and on behalf of the Board of Directors

A. K. Gupta

Chairman & Managing Director



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DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CHAIRMAN & MANAGING DIRECTOR

The Company has adopted a Code of Conduct for the Board Members and Senior Management of the Company, which has been posted on the website of the Company.

It is hereby affirmed that all the Directors & Senior Management personnel have complied with the Code of Conduct for the financial year 2013-14 and a confirmation to this effect has been obtained from the Directors & Senior Management personnel.

Place : Mumbai

Dated : 26th May, 2014

For and on behalf of the Board of Directors

A. K. Gupta

Chairman & Managing Director



Auditors' Certificate on Corporate Governance

M/s Sarda & Pareek
Chartered Accountants,
Mahavir Apartments, Third Floor, 598, M G Road,
Near Suncity Cinema, Vile Parle (E), Mumbai - 400057.

AUDITORS REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF THE SHIPPING CORPORATION OF INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by THE SHIPPING CORPORATION OF INDIA LIMITED for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) and as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company, for ensuring compliance with the conditions of 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 Clause 49 of the above mentioned Listing Agreement and in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India.

As required by the Guidance Note issued by the Chartered Accountants of India, we have to state that based on the report given by the Registrar and Share Transfer Agent of the Company to the Shareholders /Investors Grievances Committee, as at March 31, 2014 there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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
SARDA & PAREEK
Chartered Accountants
FRN 109262W

Gaurav Sarda
Partner
Membership No.110208

Place: Mumbai
Date: 13th August, 2014

P.S.D. & Associates
Chartered Accountants

SARDA & PAREEK
Chartered Accountants

Independent Auditor's Report

To
The Members of
THE SHIPPING CORPORATION OF INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of THE SHIPPING CORPORATION OF INDIA LIMITED, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance in accordance with the Accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 (The Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis For Qualified - Opinion

In absence of sufficient documentary evidence to comply with clause 50 and 51 of AS 28 Impairment of Assets issued by ICAI in respect of the adjustments required to the Discount rate currently taken at 6% for the specific risks associated with the cash flows such as currency risk, price risk, country risk, cash flow risk etc. and estimation of expected rate of return on equity to arrive at the Weighted Average Cost of Capital, the effect of which on discount rate remains unascertainable on the Statement of Profit and Loss account, fixed assets and provision for impairment.

In the absence of positive confirmations required, in response of letters issued by the management, as per para 13 of SA 505 External confirmations issued by ICAI for trade receivables that may require adjustment to the statement of profit and loss account and their balances respectively, the consequential impact of the same on statement of profit and loss account and balance sheet remains unascertainable.

We draw attention toward the direct access of the Accounting Software provided to the Agents for accounting of the expenses relating to the port and 36% of the same are yet to be verified by the Company, due to which global netting is done without reconciliation towards the prefunding to agents and Vendor Reconciliation account, the consequential effect of the same on the Statement of Profit and Loss remains unascertainable.

Opinion

In our opinion and to the best of our information and according to explanation given to us, **except in the Basis for Qualified-opinion paragraph**, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in india:

- (A) In case of Balance sheet, of the state of affairs of the company as at March 31, 2014;
- (B) In case of Statement of Profit & Loss, of the loss for the year ended on that date.
- (C) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis Of Matter

We draw attention to the delay in recording/reporting of transactions by the agents regarding income/expenses, as per the agreed terms, however the same has been provided for in the accounts of the company.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2003 (as Amended) issued by the Central Government in terms of sub-section (4a) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we set out in the annexure, a statement on the matters specified in paragraph 4 & 5 of the order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - A. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - B. In our opinion, proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of the books.
 - C. The Balance Sheet and Statement of Profit & Loss dealt with by this Report are in agreement with the books of accounts.
 - D. In our opinion, the Balance Sheet, Statement of Profit and Loss 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. Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required for Government Companies as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.

For **P.S.D. & Associates**
Chartered Accountants
FRN 004501C

Thalendra Sharma
Partner
Membership No. 079236

Place: Mumbai
Date: 27th May, 2014

For **SARDA & PAREEK**
Chartered Accountants
FRN 109262W

Gaurav Sarda
Partner
Membership No: 110208

(Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date)

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

- i) The Company has generally maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

The Fixed Assets of the Company, have been physically verified by the Management which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.

- ii) In our opinion, physical verification of inventory has been conducted at reasonable intervals by the management.

In our opinion, the procedures of physical verification of inventory followed by the management are adequate in relation to the size of the Company and the nature of its business.

The Company has maintained proper records of inventory. No material discrepancies have been noticed on physical verification between physical stock and book records.

- iii) The Company has not taken / granted any loans secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- iv) In our opinion and according to the information and explanations given to us, special emphasis is required on the continued failure to correct major weakness in internal control systems as applicable to SAP and other sub systems in relation to the agents working, accounting and timely and proper verification by the Corporation. Emphasis also needs to be given on the implementation of the system audit report conducted by the organization in relation to the SAP – ERP and other critical business process, to establish checks on the complete and proper recording of the transaction relating to the expenses and revenue.

- v) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees five lakhs in respect of any party during the year.

- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as per the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

- vii) In our opinion, the company does have an internal audit system commensurate with its size and the nature of its business. However due care needs to be given to the timely and proper recording of transactions and the inspection of agents needs to be conducted.

- viii) The maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 is not applicable on the company.

- ix) A) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

According to the records examined by us and information and explanations given to us, no undisputed dues payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, investor education and protection fund and cess were in arrears, as at 31st March, 2014 for more than six months from the date they became payable.

- B) The details of dues of Sales Tax, Service Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of any dispute, are given as under:

Sr. No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Financial Year to which it pertains	In Lakhs (Net of deposits)
1.	Income Tax Act, 1961	U/s. 195	ITAT Mumbai	2003-04 to 2005-06	9820
2.	Income Tax Act, 1961	Tax u/s.143(3) & 147	ITAT Mumbai	2004-05 to 2006-07	4417
3.	Income Tax Act, 1961	Tax u/s.143(3)	ITAT Mumbai	2007-08	1013
4.	Income Tax Act, 1961	Tax u/s.143(3)	ITAT Mumbai	2009-10	1180
5.	Finance Act, 1994	Service Tax	CIT(A) Mumbai	2002-03 to 2007-08	237
6.	Bombay Sales Tax	Sales Tax		2000-01 to 2001-02	272
	Total				16939

- x) The Company has accumulated losses as on 31st March, 2014, however it has not incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or a Nidhi/Mutual benefit fund/society.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) In our opinion, in respect of the guarantee given by the company for the loans taken by others from a bank, the terms and conditions thereof are not, prima facie, prejudicial to the interest of the company.
- xvi) On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company have been utilized for the purposes for which they are obtained.
- xvii) On the basis of review of utilization of funds, which is based on overall examination of the balance sheet of the company, related information as made available to us and as represented to us by the management, funds raised on short-term basis have not been used for long-term investments.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by way of public issue during the financial year.
- xxi) We have been informed that one of the foreign agents of the company has manipulated the container movement report submitted from time to time and thus did not pay to the company its rightful dues. After the discovery of the same, the agent has deposited an amount of ` 13 crores on adhoc basis for last five years. The company has constituted a committee to further investigate the matter and to exactly quantify the actual amount. The report of the committee has not been submitted as yet. Except as mentioned in the forgoing lines, any other material fraud on or by the Company has not been noticed or reported during the year nor we have been informed of any such case by the management that causes the financial statements to be materially misstated.

For **P.S.D. & Associates**
Chartered Accountants
FRN 004501C

Thalendra Sharma
Partner
Membership No. 079236

Place: Mumbai
Date: 27th May, 2014

For **SARDA & PAREEK**
Chartered Accountants
FRN 109262W

Gaurav Sarda
Partner
Membership No: 110208



Navratna Company
ISO 9001 - 2008 Company

The Shipping Corporation Of India Ltd.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF
THE SHIPPING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED
31 MARCH 2014**

The preparation of financial statements of the Shipping Corporation of India Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of the Shipping Corporation of India Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors Report under Section 619 (4) of the Companies Act, 1956.

For and on behalf of the
Comptroller and Auditor General of India

(Y.N. Thakare)

Place: Mumbai
Date: 11th July, 2014

Principal Director of Commercial Audit and
Ex – officio Member, Audit Board – I, Mumbai

The Shipping Corporation of India Limited Mumbai

Balance Sheet as at 31st March 2014

Particulars	Note No.	As at 31st March, 2014 ` In lakhs	As at 31st March, 2013 ` In lakhs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	1	46,580	46,580
(b) Reserves and Surplus	2	5,87,402	6,15,035
(2) Non-current liabilities			
(a) Long-term borrowings	3	6,57,074	6,82,264
(b) Other Long-term Liabilities	4	823	841
(c) Long-term provisions	5	12,428	10,899
(3) Current liabilities			
(a) Short term Borrowings	6	58,454	45,704
(b) Trade payables	7	1,07,749	80,358
(c) Other current Liabilities	8	1,50,237	1,19,637
(d) Short-term provisions	9	4,730	7,616
TOTAL		<u>16,25,477</u>	<u>16,08,934</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	10	11,91,074	11,50,651
(ii) Intangible assets	11	2,358	3,327
(iii) Assets Retired from Active use		41	47
(iv) Capital work-in-progress	12	6,288	18,945
(b) Non-current investments	13	1,306	17
(c) Long-term loans and advances	14	98,793	1,67,185
(d) Other non-current assets	15	446	511
(2) Current assets			
(a) Current investments	16	10,043	11,769
(b) Inventories	17	19,045	18,346
(c) Trade receivables	18	1,02,020	88,641
(d) Cash and Bank Balances	19	1,01,893	1,26,478
(e) Short-term loans and advances	20	76,581	14,727
(f) Other current assets	21	15,589	8,290
TOTAL		<u>16,25,477</u>	<u>16,08,934</u>

See accompanying Significant Accounting Policies & Note No. 1 to 41 to the financial statements

As per our report of even date attached hereto.

For **P.S.D. & Associates,**
Chartered Accountants
F. R. No. 004501C

For **SARDA & PAREEK,**
Chartered Accountants
F. R. No. 109262W

For and on behalf of the Board of Directors,

THALENDRA SHARMA
Partner
Membership No. 079236

GAURAV SARDA
Partner
Membership No: 110208

DIPANKAR HALDAR
ED (LA & Co. Sec.)

A.K.GUPTA
Chairman &
Managing Director

B. K. MANDAL
Director (Finance)

Mumbai, Dated the 27th May, 2014.

Mumbai, Dated the 27th May, 2014.

Statement of Profit & Loss for the Year Ended 31st March 2014



Navratna Company
ISO 9001 - 2008 Company

The Shipping Corporation Of India Ltd.

Particulars	Note No.	Year Ended 31st March, 2014 ` In lakhs	Year Ended 31st March, 2013 ` In lakhs
I. Revenue from operations	22	4,15,517	415362
II. Other Operating Revenue	23	7,663	4207
III. Other Income	24	30,720	23885
IIIA Total Revenue		<u>4,53,900</u>	<u>443454</u>
IV. Expenses:			
Cost of Services Rendered	25	3,11,234	3,27,391
Employees Benefit Expenses	26	41,465	44,507
Other Expenses	27	11,631	22,339
Finance Costs	28	20,774	16,182
Depreciation and Amortisation on :			
a) Fixed Assets	10	84,410	74,936
b) Intangible Assets	11	<u>1,234</u>	<u>1,116</u>
		85,644	76,052
IVB TOTAL		<u>4,70,748</u>	<u>4,86,471</u>
V. Profit (loss) before Prior Period, Exceptional and Extraordinary items and tax (IIIA-IVB)		(16,848)	(43,017)
VI. Income / (Expenses) pertaining to Prior Years (Net)	29	(5,291)	6,198
VII. Profit before extra ordinary items and tax (V+VI)		(22,139)	(36,819)
VIII. Extra ordinary items	30	-	29,974
IX Profit before tax (VII + VIII)		(22,139)	(6,845)
X Tax expense:			
Current tax		5,627	4,676
Mat Credit adjusted		<u>(300)</u>	<u>(90)</u>
		5,327	4,586
XI Profit/(Loss) for the period		<u>(27,466)</u>	<u>(11,431)</u>
XII Earning per equity share of Face Value of ` 10 each:			
Basic & Diluted (including extraordinary items)		(5.90)	(2.45)
Basic & Diluted (excluding extraordinary items net of tax)		(5.90)	(8.89)

See accompanying Significant Accounting Policies & Note No. 1 to 41 to the financial statements

As per our report of even date attached hereto.

For **P.S.D. & Associates**
Chartered Accountants
F. R. No. 004501C

For **SARDA & PAREEK**
Chartered Accountants
F. R. No. 109262W

For and on behalf of the Board of Directors,

THALENDRA SHARMA
Partner
Membership No. 079236

GAURAV SARDA
Partner
Membership No: 110208

DIPANKAR HALDAR
ED (LA & Co. Sec.)

A.K.GUPTA
Chairman &
Managing Director

B. K. MANDAL
Director (Finance)

Mumbai, Dated the 27th May, 2014.

Mumbai, Dated the 27th May, 2014.

Notes on Financial Statements for the Year Ended 31st March, 2014

NOTE "1" - Share Capital

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
A Authorised:		
1,00,00,00,000 Equity Shares of ` 10 each	<u>1,00,000</u>	<u>1,00,000</u>
B Issued Subscribed and Paid Up:		
46,57,99,010 Equity Shares of ` 10 each fully paid up	46,580	46,580
TOTAL	<u><u>46,580</u></u>	<u><u>46,580</u></u>
During the last five years immediately preceding the balance sheet date, the company has issued, 141151215 as bonus shares in the year 2008-09 by capitalisation of General Reserve.		
C Reconciliation of No. of Shares (Opening and Closing)		
Opening Balance	46,57,99,010	46,57,99,010
Add: Bonus Shares Issued During the Year	0	0
Add: Shares Issued on Follow on Public Offer	0	0
Closing Balance	<u><u>46,57,99,010</u></u>	<u><u>46,57,99,010</u></u>
D Details of shareholders holdings more than 5% shares		

S.No.	Name of Shareholder	No. of shares held	Percentage of Holding
1	President of India	296939920	63.75
2	Life Insurance Corporation of India	65801520	14.13

Rights/Preference/Restriction attached to Equity Shares

The Company has only one class of Equity shares having par value of ` 10. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential allotment in proportion to their shareholding.

NOTE "2" - Reserves & Surplus

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Capital Reserve :		
As per last Account	14,298	14,298
Add : Transfer from Appropriation	-	-
	14,298	14,298
2 Securities Premium Account :		
As per last Account	52,177	52,177
Less: Share Issue Expenses	-	-
	52,177	52,177
3 General Reserve :		
As per last Account	4,03,982	4,03,982
Add : Transfer from Appropriation	-	-
Add : Transferred from Special Reserve Utilised	-	-
	4,03,982	4,03,982
4 Tonnage Tax Reserve (Utilised)		
As per last Account	1,38,900	1,38,900
Add : Transfer from Tonnage Tax reserve	-	-
	1,38,900	1,38,900

NOTE "2" - Reserves & Surplus (Cont.)

Particulars	As at		As at	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
	In lakhs		In lakhs	
5 Corporate Social Responsibility Reserve				
As per last Account	927			1,239
Add: Transferred from Appropriation	-			-
Less : Expenses incurred	124			312
			803	927
6 Staff Welfare Fund				
As per last Account	131			85
Add: Transferred from Appropriation/Profit & Loss	50			120
Add: Interest Earned	14			12
Less : Expenses incurred	107			86
			88	131
7 Balance of Profit and Loss				
Balance Bought Forward from Last Year's Account	4,620			1,6171
Add: Profit/(Loss) for the Year	(27,466)			(11,431)
Less: APPROPRIATIONS:				
Capital Reserve	-			-
Corporate Social Responsibility Reserve	-			-
Staff Welfare Fund	-			120
Balance carried forward to next year's account			(22,846)	4,620
TOTAL			5,87,402	6,15,035

Notes:

A. Tonnage Tax Reserve (Utilised)

Tonnage Tax Reserve [Statutory Reserve, as per requirement of section 115VT of the Income tax Act, 1961] which has been utilised but awaiting transfer to General Reserve

B. Corporate Social Responsibility Reserve

Reserve created as per the corporate social responsibility policy of the company. It is created for contribution to betterment of society and environment

C. Staff Welfare Fund

This is a fund created for the welfare activities of the employees

NOTE "3" - Long-Term Borrowings

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Non-Current In lakhs	Current* In lakhs	Non-Current In lakhs	Current* In lakhs
Secured Term Loans				
From Banks				
In INR	A	4,306	1,729	50,150
In foreign currency	B	6,52,768	1,08,439	6,32,114
TOTAL	C	6,57,074	1,10,167	6,82,264
A) Secured by Fleet having Net block of ` 12664 lakhs (Prev. Yr. ` 126504 lakhs)				
Pending creation of security for loan of Nil (Prev. Yr. ` 44100 lakhs)				
B) Secured by Fleet having Net block of ` 1,121,838 lakhs (Prev. Yr. ` 9,87,731 lakhs)				
Secured by Vessel under construction ` 67,121 lakhs (Prev. Yr. ` 49,744 lakhs)				
C) Maturity Profile				
		1-2 years	2-3 years	3-4 years
				Beyond 4 years
Secured Loans		1,16,087	1,16,211	1,13,411
				3,11,365

*Represents current maturities of Long term Borrowings included in "other current liabilities"

NOTE "4" - Other Long term Liabilities

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Trade Payables		
- other than Micro Small & Medium Enterprises	787	787
2 Security Deposits	36	54
TOTAL	823	841

NOTE "5" - Long term Provisions

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
Provision for Employee Benefits	12,428	10,899
TOTAL	12,428	10,899
<u>Long term provisions:</u>		
As at 31st March 2013	10,899	
Provided during the year	1,529	
Utilised during the year	-	
Amount reversed	-	
As at 31st March 2014	12,428	

NOTE "6" - Short-Term Borrowings

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
Secured Loans*		
Loans from Banks Repayable on demand	32,814	-
Unsecured Loans		
Loans from Banks Repayable on demand	25,640	45,704
TOTAL	58,454	45,704

*Secured against term deposit with the bank.

NOTE "7" - Trade Payables

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
Trade Payables		
i) Total Outstanding Dues of Micro Small & Medium Enterprises	170	67
ii) Total Dues of creditors other than Micro Enterprises and Small Enterprises	1,07,579	80,291
TOTAL	1,07,749	80,358

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006, (MSMED Act). The disclosure pursuant to the said Act is as under:

Principal amount due to suppliers under MSMED Act, 2006 at the end of the period	170	67
Interest accrued and due to suppliers under MSMED Act, on the above amount	NIL	NIL
Payment made to suppliers (other than interest) beyond the appointed day, during the period	NIL	NIL
Interest paid to suppliers under MSMED Act, (Other than Section 16)	NIL	NIL
Interest paid to suppliers under MSMED Act, (Section 16)	NIL	NIL
Interest due and payable to suppliers under MSMED Act, for payments already made	NIL	NIL
Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act.	NIL	NIL

The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company.

NOTE "8" - Other current Liabilities

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Current maturities of long-term debt	1,10,167	88,476
2 Interest accrued but not due on borrowings	3,359	3,675
3 Unfinished Voyages	7,794	5,510
4 Investor Education & Protection Fund to be credited on the due dates : - Unpaid Dividend	58	59
5 Advances and Deposits	1,081	1,512
6 Security Deposits	916	760
7 Other Liabilities		
-Employee related	5,678	3,282
-Statutory Liabilities	3,461	1,048
-Payable to Related Party	15,511	14,047
-Others	2,212	2,009
	26,862	19,645
TOTAL	1,50,237	1,19,637

NOTE "9" - Short term Provisions

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Provision for Employee Benefits	718	815
2 Provision for Foreign Taxation	1,440	2,193
3 Provision for insurance & cargo claims	982	2,462
4 Provision for losses on unfinished voyage	70	406
5 Provision for offhire claims	1,520	1,740
TOTAL	4,730	7,616

A. Represents estimated loss on unfinished voyage recognised in accounts.

Short term provision	As at 31st March 2013	Provided during the year	Utilised during the year	Amount reversed	As at 31st March 2014
Provision for Employee Benefits	815	1,433	1,530	-	718
Provision for Foreign Taxation	2,193	0	0	753	1,440
Provision for insurance & cargo claims	2,462	270	706	1,044	982
Provision for losses on unfinished voyage	406	70	0	406	70
Provision for offhire claims	1,740	236	5	451	1,520
	5,876	2,009	2,241	2,654	4,730

NOTE "10" - TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31-3-2013	Additions	Deductions/ Adjustments	Cost as at 31-3-2014	Upto 31-3-2013	Provided during the period	Deductions/ Adjustments	Upto 31-3-2014	As at 31-3-2014	As at 31-3-2013
Fleet	16,36,133	1,25,403	32,768	17,28,768	4,87,954	83,993	31,819	5,40,128	11,88,640	11,48,179
Ownership Containers	4,143	-	811	3,332	3,726	54	736	3,044	288	417
Freehold Land	271	-	-	271	-	-	-	-	271	271
Buildings	1,313	-	-	1,313	844	22	-	866	447	469
Ownership Flats and Residential Buildings	318	-	-	318	249	3	-	252	66	69
Furniture, Fittings & Equipments etc.	6,766	457	10	7,213	5,531	335	7	5,859	1,354	1,235
Motor Vehicles	92	-	-	92	81	3	-	84	8	11
Total	16,49,036	1,25,860	33,589	17,41,307	4,98,385	84,410	32,562	5,50,233	11,91,074	11,50,651
Previous Year's Total	1,327,118	338,483	16,565	1,649,036	439,958	74,936	16,509	498,385	1,150,651	

Notes:

- (1) Additions to Fleet include ` 80082 lakhs (Prev. yr. ` 44098 lakhs) on account of currency exchange difference adjusted as per Significant Accounting Policy No. 8 (d)
- (2) Borrowing cost and Interest capitalised during the period is ` 430 lakhs (Prev. year ` 5635 lakhs).
- (3) Buildings include cost of Shipping House at Bombay ` 134 lakhs (Prev. yr. ` 134 lakhs) which is on leasehold land where in the value of lease is considered at ` Nil.
- (4) Ownership Flats and Residential Buildings include : Cost of shares and bonds in Cooperative Societies/Company of face value ` 0.73 lakhs (Prev. yr. ` 0.73 lakhs).
- (5) During the year, the Company has reviewed its fixed assets for impairment loss as required by Accounting Standard 28 – "Impairment of Assets" In the opinion of management no provision for impairment is considered necessary.

NOTE "11" - Intangible Assets

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	Cost as at 31-3-2013	Additions	Deductions/ Adjustments	Cost as at 31-3-2014	Upto 31-3-2013	Provided during the period	Deductions/ Adjustments	Upto 31-3-2014	As at 31-3-2014	As at 31-3-2013
Computer Software	6,644	265	-	6,909	3,317	1,234	-	4,551	2,358	3,327
Total	6,644	265	-	6,909	3,317	1,234	-	4,551	2,358	3,327
Previous Year's Total	6,316	328	-	6,644	2,201	1,116	-	3,317	3,327	

NOTE "12" - Capital Work in Progress

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Construction Work in Progress - Fixed Assets		
Assets under Construction excluding advance	372	15,454
Less: Provision for Capital Losses / impairment	-	-
	372	15,454
2 Construction Period Expenses pending allocation:		
a. Interest	1,248	1617
b. Other directly attributable expenses	382	1379
c. Exchange fluctuation	4286	495
	5,916	3,491
TOTAL	6,288	18,945

Note "13" Non - Current Investments

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
Trade Investments		
Investments in Equity Instruments		
Unquoted		
a In Joint Venture		
2908 (Prev. yr. 2908) Ordinary Shares of 2.33 Euro each fully paid of India LNG Transport Company (No. 1) Ltd.***	3	3
2908 (Prev. yr. 2908) Ordinary Shares of 2.33 Euro each fully paid of India LNG Transport Company (No.2) Ltd.***	3	3
2600 (Prev. yr. 2600) Ordinary Shares of 1 USD each fully paid of India LNG Transport Company (No. 3) Ltd. ***	1	1
1,00,000 (Prev. yr. 1,00,000) Shares of ` 10 each of SAIL SCI Shipping Company Ltd.	10	10
2107352 (Prev. yr. Nil) Ordinary Shares of 1 USD each fully paid of India LNG Transport Company (No. 4) Ltd.***	1,289	0
	1,306	17
b Others		
5,00,00,000 (Prev. yr. 5,00,00,000) ordinary Shares of ` 10 each fully paid of Sethusamudram Corp. Ltd.	5,000	5,000
Less: Provision for diminution in value of investment	5,000	5,000
	-	-
3438 Equity Shares of ` 20/- each of Scindia Steam Navigation Company Ltd., Fully paid (` 0.30 lakhs ; Prev. yr. ` 0.30 lakhs)	-	-
Less : Loss on Marked to Market (` Nil , Prev. yr. ` Nil)	-	-
	-	-
TOTAL	1,306	17
Total unquoted investments	1,306	17
Total diminution on unquoted investments	5,000	5,000

** Shares have been pledged to banks against loans given by them

*** The shares are pledged to banks against loans given by them to joint venture companies.

- A. The Company entered into a joint venture agreement with Steel Authority of India Ltd. with participation interest in the ratio of 50:50 and promoted a jointly controlled entity SAIL SCI Shipping Pvt. Ltd. (SSSPL). The said company was incorporated on 19.05.2010 with an authorised share capital of ₹ 17000 lakhs. The Company has subscribed equity capital of 5,00,000 shares of ₹ 10 each amounting to ₹ 50 lakhs and during the period SCI has made initial payment of ₹ 10 lakhs towards equity capital.
- B. Sethusamudram Corporation Ltd. (SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 for developing the Sethusamudram Channel Project with Tuticorin Port Trust, Ennore Port Ltd, Visakhapatnam Port trust, Chennai Port Trust, Dredging Corporation of India Ltd., Shipping Corporation of India Ltd. and Paradip Port Trust as the shareholders. SCI participated with an investment of ₹ 5000 lakhs (previous year ₹ 5000 lakhs). The dredging work is temporarily suspended from 17.09.2009 consequent upon the direction of the Hon'ble Supreme Court of India. As there is no progress in the project since then, the Management had provided for dimunition towards the investment in FY 2012-13 and the same is shown at "Nil" Value.
- C. India LNG Transport Companies No. 1 & 2 Ltd. are two joint venture companies promoted by the Corporation and three Japanese companies Viz. M/S Mitsui O.S.K.lines Ltd. (MOL), M/S Nippon Yusen Kabushiki Kaisha Ltd (NYK Lines) and M/S Kawasaki Kisen Kaisha Ltd (K Line) along with M/S Qatar Shipping Company (Q Ship), Qatar. SCI and MOL are the largest shareholders, each holding 29.08% shares while NYK Line 17.89%, K Line 8.95% & Q Ship holds 15% respectively. The Shares held by the Corporation and other partners in the two joint venture Companies have been pledged against loans provided by lender banks to these companies. India LNG Transport Company No.1 Ltd owns and operates one LNG tanker SS Disha and India LNG Transport Company No. 2 Ltd owns and operates one LNG Tanker SS Raahi. The entire operation and management of the two companies was taken over by SCI from 1st January 2009.
- D. India LNG Transport Company No. 3 Ltd. is the 3rd joint venture company which owns and operates one LNG tanker MT Aseem. The company is promoted by the Corporation and its three Japanese partners viz. MOL, NYK Lines, K Line along with M/S Qatar Gas Transport Company (QGTC) and M/s Petronet LNG Limited (PLL) who are the other partners. SCI and MOL are the largest shareholders with 26% share each, while NYK, K Line, QGTC and PLL hold 16.67%, 8.33%, 20% and 3% respectively. The Shares held by the Corporation and other partners in the joint venture company have been pledged against loans provided by lender banks to these companies. The entire operation and management of the company was taken over by SCI from April 2013.
- E. India LNG Transport Company No. 4 Ltd. is a Joint Venture Company incorporated in Singapore in November 2013 and is promoted by the Corporation with its three Japanese partners viz MOL, NYK and K Line. SCI, NYK, MOL are holding 26% share each, while the balance 22% is with K Line. The company will construct, own and operate one LNG tanker of about 173,000 CBM and would be under a 19-year Time Charter Agreement with charterers M/s Petronet LNG Limited. The tanker will be delivered in September 2016 and will be operating from Barrow Islands, Australia to Kochi, India.

NOTE "14" - Long term Loans & Advances

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Advance for Capital Expenditure		
Unsecured, Considered Good	64,803	1,38,295
2 Loans & Advances to Related Parties		
Unsecured, Considered Good	32,740	27,518
3 Other Loans and Advances		
Secured, Considered Good		
Loans to Employees	1,250	1,372
TOTAL	98,793	1,67,185

NOTE "15" - Other Non Current Assets

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
Accrued interest on loans to employees	446	511
Secured, Considered Good		
TOTAL	446	511

Includes due from Directors - Nil Prev. Yr. Nil

Note "16" Current Investments

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
A Investments in Mutual Funds		
Unquoted		
162033.15 Units of Canara Robeco Treasury Advantage Fund - Dalily Dividend Plan - Reinvestment	0	2,010
299351.439 Units of BOI AXA Liquid Fund Direct Plan - Daily Dividend	3,004	0
(Valued at Net Asset Value)	3,004	2,010
In Joint Venture		
B Investment in Equity Instruments		
Unquoted - In Joint Venture		
343,00,000 (Prev. Yr. 245,00,000) Registered Shares of Rials 5,000 each of Irano Hind Shipping Co. Ltd., Tehran, Fully paid (including 244,93,385 Bonus Shares)*	39	39
295,029 (Prev. yr. 295,029) shares of 1 USD each fully paid of ISI Maritime Ltd. (Shares are received as a gift from Irano-Hind Shipping Co. Ltd.)	-	-
500 (Prev.yr.500) shares of ` 10 each fully paid up of Jaladhi Shipping Services Pvt. Ltd. (Shares are received as gift from Irano-Hind Shipping Co. (P.J.S)	-	-
8,00,00,000 (Prev. yr. 8,00,00,000 ordinary Shares of ` 10 each fully paid up of SCI Forbes Ltd.	8,000	8,000
Less: Provision for dimunition in value of investment	4,051	2,516
	3,949	5,484
	3,988	5,523
C Investment in Preference shares		
Unquoted - In Joint Venture		
6,18,00,000 (Prev. yr. 6,18,00,000) 0% Redeemable Preference Shares of ` 10 each fully paid up of SCI Forbes Ltd.	6,180	6,180
Less: Provision for dimunition in value of investment	3,129	1,944
	3,051	4,236
TOTAL	10,043	11,769
Total Quoted investments	0	0
Total Unquoted investments	10,043	11,769
Total Dimunition in value of investments	4,051	4,460

* 30 Shares are held in the name of SCI Directors and are with Irano Hind Shipping Co. Ltd, Tehran

- A. The Company holds 49% interest in Irano Hind Shipping Co. Ltd. a joint venture company incorporated in Iran on which sanction has been imposed by United Nations Organisation (UN). The exposure of the Company in the Joint Venture is limited to ` 39 lakhs towards investment. It has been decided by the JV partners to dissolve this company.
- B. SCI Forbes Ltd. is a joint venture between SCI, Forbes & Co. & Sterling Investment Pvt. Ltd where SCI has a 50% shareholding. The Management has provided ` 7180 lakhs towards dimunition in the value of the investment in SCI Forbes Ltd as it has been decided to sell its entire stake in the joint venture company to other partners.

NOTE "17" - Inventories

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
(As per inventory taken, valued & certified by the management) Fuel Oil	18,783	18,080
Stores, Spares etc.	262	266
TOTAL	19,045	18,346

NOTE "18" - Trade Receivables

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Over Six Months:		
i) Unsecured, Considered Good	24,173	23,490
ii) Unsecured, Considered Doubtful	9,583	9,690
2 Other Debts :	33,756	33,180
i) Unsecured, Considered Good	77,847	65,151
ii) Unsecured, Considered Doubtful	-	0
TOTAL	77,847	65,151
	1,11,603	98,331
Less : Provision for Doubtful Debts	9,583	9,690
TOTAL	1,02,020	88,641

NOTE "19" - Cash & Bank Balances

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
A CASH AND CASH EQUIVALENT		
1. Bank Balances		
Current Account	17,153	2,454
Fixed Deposit Account	12,704	4,839
	29,857	7,293
2. Cash Balances, Including Imprest	12	8
3. Earmarked Balance with Bank towards unpaid dividend	58	59
4. Margin Money for Bank Guarantee	14	-
B OTHER BALANCES		
1. Fixed Deposit maturing within 12 months	60,322	1,16,490
2. Fixed Deposit maturing after 12 months	11,485	2,479
3. Staff Welfare fund Balances		
In Saving Bank Account (₹ 0.07 lakhs)	0	1
In deposit Account	145	148
	145	149
TOTAL	1,01,893	1,26,478

NOTE "20" - Short term Loans & Advances

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Advance recoverable in cash or in kind or for value to be received:		
a) From Related Parties*		
Unsecured, Considered Good	0	49
b) From Employees		
i) Secured, Considered Good	358	138
ii) Unsecured, Considered Good	305	319
	663	457
c) From Other		
ii) Unsecured, Considered Good	59,516	3,505
iii) Unsecured, Considered Doubtful	1,381	953
	60,897	4,458
Less : Provision for Doubtful Advances	1,381	953
	59,516	3,505
2 Balance with Customs, Port Trust and Excise Authorities:		
Unsecured, Considered Good	1,250	483
3 Other recoverable / adjustable		
Unsecured, Considered Good		
a) CENVAT Credit on Service Tax / VAT etc	2,147	169
b) Prepaid Expenses	424	607
c) Other	5,818	5,043
	8,389	5,819
4 Advance Tax (net)	6,658	4,217
5 MAT Credit		
Opening	-	0
Add : Credit during the year	300	90
Less : MAT Credit Availed	300	90
	-	-
6 Sundry Deposits		
Unsecured, Considered Good	105	197
TOTAL	76,581	14,727

*Includes due from Directors - Nil Prev. Yr. 0.04 lakhs

NOTE "21" - Other Current Assets

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
1 Interest Accrued on Investments/ Bank Deposits	2,251	2,202
2 Interest Accrued on Loans to employees	81	32
3 Unfinished Voyages Expenses	10,924	3,630
4 Claim Recoverable	2,333	2,316
5 Bunker Cost recoverable	-	110
TOTAL	15,589	8,290

A Includes due from Directors - ` 0.11 Lakhs Prev. yr. Nil

NOTE "22" - Revenue from Operations

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
Freight	2,87,249	3,11,237
Charter Hire	1,01,527	85,163
Demurrage	19,226	12,081
<u>Contract Revenue:</u>		
Core shipping Activities	490	86
Incidental Activities	4,035	3,547
Reimbursement of Overheads	<u>2,990</u>	<u>3,248</u>
	7,515	6,881
TOTAL	<u>4,15,517</u>	<u>4,15,362</u>

NOTE "23" - Other Operating Revenues

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
Training & Consultancy fee	1,008	599
Sundry Receipts (Core)	112	760
Sundry Receipts (Incidental)	479	198
Excess Provisions & Unclaimed credit Written Back	3,977	1,503
Recovery of Insurance & PI Claims	2,087	1,147
TOTAL	<u>7,663</u>	<u>4,207</u>

NOTE "24" - Other Income

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
1 Profit on Sale of Fixed Assets		
a) Sale of Ships (Net of Expenses)	9,927	12,101
b) Sale of Other Fixed Assets	<u>119</u>	<u>(4)</u>
	10,046	12,097
2 Interest on :		
a) Fixed Deposits with Banks / institution	7,234	8,158
b) From Related Parties - Joint Venture	2,921	2,466
c) Loans to Employees	60	53
d) Others	<u>114</u>	<u>52</u>
	10,329	10,729
3 Dividend From Mutual Fund	520	783
4 Profit on sale of investments	14	0
5 Other Misc. Income	41	16
6 Net gain on Foreign Currency Transaction / Translation	7,062	0
7 Income from Rescindment of Contracts	2,511	0
8 Profit on sale of bunker	197	260
TOTAL	<u>30,720</u>	<u>23,885</u>



NOTE "25" - Cost of services rendered

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
Direct Operating Expenses :		
Agency Fees	2,685	2,782
Brokerage	3,765	3,957
Commission	6,445	5,343
Stevedoring, Dunnage, Cargo Expenses Etc. & Slot Expenses On Joint Sector Container Services (Net)	25,457	22,088
Marine, Light And Canal Dues	39,120	38,680
Fuel Oil (Net)	1,41,895	1,58,158
Water Charges	359	322
Hire Of Chartered Steamers	38,437	44,488
Other Indirect Operating Expenses		
Victualling, Transfer And Repatriation And Other Benefits Etc.	5,050	5,360
Stores & Spares	18,122	18,003
Sundry Steamer Expenses	1,961	2,000
Repairs And Maintenance, Survey Expenses Etc.	19,601	18,106
Insurance And Protection , Indemnity Club Fees & Insurance Franchise Etc.	8,337	8,104
TOTAL	3,11,234	3,27,391

NOTE "26" - Employees Benefit Expenses

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
A Floating staff		
Wages, Bonus And Other Expenses On Floating Staff	27,011	28,919
Gratuity	(458)	272
Contribution To Provident Fund	371	354
B Shore Staff		
Salaries, Wages, Bonus etc	13,818	13,703
Contribution to Provident & Other Funds	820	917
Gratuity	(254)	92
C Remuneration to Directors	157	250
TOTAL	41,465	44,507

NOTE "27" - Other Expenses

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
Other Expenses		
Power & Fuel	582	546
Rent	520	454
Repairs and Maintenance	2,157	2,335
Insurance	101	21
Rates and Taxes	274	128
Auditors' Remuneration *	77	71
Establishment Charges	1,515	1,606
Advertisement & Publicity	258	270
Legal & professional	546	446
Postage, Telephone telegram telex	150	229
Printing & stationery	149	158
Training, Seminar & Conference Fee	17	28
Travel & Conveyance	356	327
Directors' Sitting Fees	21	25
Directors' Travel Expenses	119	119
Net loss on Foreign Currency Transaction / Translation	0	2,365
Debts / Advances written off	8	1
Provisions		
Provision for Off Hire Etc.	438	1,391
Provision for Doubtful Debts and Advances	1,825	1,803
Foreign Taxation	135	208
Provision for loss on unfinished voyage**	(337)	348
Provision for diminution in value of investment	2,720	9,460
TOTAL	11,631	22,339
*Auditors' Remuneration includes:		
Audit Fees	27	25
Certification Work	25	23
Travelling & Out of Pocket Expenses	25	23
TOTAL	77	71

** Represents provision for expected losses on unfinished voyages. In FY 2012-13, a provision of ` 407 lakhs had been made which was reversed as the same has been adjusted in the current year. The provision for FY 2013-14 is ` 70 lakhs

NOTE "28" - Finance Cost

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
1 Interest Payments on:		
Rupee Term Loan from Banks/ Financial Institutions/ Others	912	2,127
Foreign Currency Term Loan from Banks/ Financial Institutions/ Others	17,671	13,659
Interest Expenses - Other	585	101
	19,168	15,887
2 Other Borrowing Cost	1,606	295
TOTAL	20,774	16,182

Notes on Financial Statements for the year ended 31st March, 2014



Navratna Company
ISO 9001 : 2008 Company

The Shipping Corporation Of India Ltd.

NOTE "29" – Income/Expenses relating to previous years

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
Income:		
1 Currency Exchange Difference	47	(1)
2 Bunker Recovery	42	(619)
3 Charter Hire	632	(787)
4 Course Fees	-	56
5 Freight	(37)	(802)
6 Port Claims & Bunker	-	0
7 Demurrage	16	(419)
8 Recovery of container related cost	(396)	11,082
9 Remuneration from managed vessels	(91)	70
10 Depreciation	-	0
11 Foreign Tax Credit	242	-
12 Reimbursement of Overheads	2	-
13 Others	(53)	22
Total Income	404	8,602
Expenditure:		
1 Stevedoring charges	1747	4245
2 Brokerage & commission	295	69
3 Agency fees	-	336
4 Fuel oil	624	12
5 Wages, bonus & other exp on floating staff	40	-
6 Salaries -Shore staff	(15)	-
7 Charter hire payments	719	16
8 Sundry steamer charges	33	-
9 Currency Exchange Difference	271	(81)
10 Stores, Repairs and Maintenance	(77)	(275)
11 Marine,light & canal dues	(47)	366
12 Insurance & P&I	132	(47)
13 Demurrage	342	-
14 Service Tax/CENVAT	1512	(1965)
15 Provision for doubtful advances	-	(250)
16 Bank charges	95	0
17 Others	24	(22)
Total Expenses	5695	2404
NET INCOME /(EXPENDITURE)	(5291)	6198

NOTE "30" - Extraordinary items

Particulars	Year Ended 31st March, 2014 In lakhs	Year Ended 31st March, 2013 In lakhs
Capitalisation of interest costs	-	29974

Ministry of Corporate Affairs, Government of India through Circular dated August 09, 2012 has clarified that para 6 of Accounting Standard (AS) 11 and para 4 (e) of AS 16 shall not apply to a Company which is applying para 46-A of AS 11. Consequently, exchange differences amounting to ` 29974 lakhs arising on settlement / translation of foreign currency loans to the extent regarded as an adjustment to interest costs as per para 4 (e) of AS 16 and earlier charged to statement of Profit and Loss, were adjusted in the cost of related assets in FY 2012-13.

NOTE –"31 "– Contingent liabilities & Commitments

Particulars	As at 31st March, 2014 In lakhs	As at 31st March, 2013 In lakhs
Contingent Liabilities		
i Claim against the company not acknowledged as debts –		
A Claim made by M/s. Chokhani International Ltd. towards dry dock expenses pending before High Court, Chennai	4,443	4,225
B Cargo Loss, Freight, Demurrage, Slot Payments, Fuel Cost, other operational claims and Custom duty disputed demand. (As certified by the Management)	5,927	5,890
C Disputed demand of Statutory Dues (As certified by the Management)	18,753	13,566
a) Income Tax & Sales Tax	18,516	8,027
b) Service Tax	237	5,539
ii Guarantees given by the Banks		
A on behalf of the Company	4,216	3,453
B on behalf of the Joint Venture to the extent of the Company's share	6,458	3,896
iii Undertaking cum Indemnity given by Company	1,000	1,000
iv Cargo Claims covered by P&I Club	346	89
v Bonds/Undertakings given by the Company to Customs Authorities	17,677	23,330
vi Corporate Guarantees/Undertakings		
A In respect of Joint Ventures	Not Ascertainable	Not Ascertainable
B Others	5,457	6,405
Commitments:		
Estimated amount of contracts on capital account, remaining to be executed and hence not provided for (Net of Advance paid) (As certified by the Management)	1,14,404	2,30,475

NOTE –"32 " – Related Party Disclosures

Related Party disclosures, as required by AS – 18 "Related Party Disclosures" are given below:

Names of related party entities with whom transactions were carried out during the period:

Joint Venture Companies:

1. Irano Hind Shipping Co. Ltd
2. India LNG Transport Co. (No. 1) Ltd.
3. India LNG Transport Co. (No. 2) Ltd.
4. India LNG Transport Co. (No. 3) Ltd.
5. India LNG Transport Co. (No. 4) Ltd.
6. SCI Forbes Ltd.
7. SAIL SCI Shipping Pvt. Ltd.

Key Management Personnel: Functional Directors

1. Shri A. K. Gupta, CMD (w.e.f 28.01.2014)
2. Shri J. N. Das
3. Shri B. K. Mandal
4. Capt. S. Thapar
5. Capt. B. B. Sinha

The following transactions were carried out with related parties:

(i)	Joint Venture Companies	For the Year ended 31st March, 2014 In lakhs	For the Year ended 31st March, 2013 In lakhs
1.	Investments made during the period	1,289	NIL
2.	Dividends Received	NIL	NIL
3.	Interest Income	2,921	2,466
4.	Expenses Reimbursed by JVs	62	39

NOTE – "32 " – Related Party Disclosures (Cont.)

5. Loans/Advances given / adj. during the period	1,934	NIL
6. Loans/Advances realised/adj. during the period	40	83
7. Charter Hire expenditure	NIL	NIL
8. Management and Accounting Fees earned	1,158	682
9. Manning Agent Fees earned	0	51
10. Guarantee Fees Received	36	32
11. Receivables at the end of the period	32,740	27,567
12. Payable on account of ship	15,512	14,047

(ii) Key Management Personnel	For the Year ended 31st March, 2014 In lakhs	For the Year ended 31st March, 2013 In lakhs
1. Remuneration	157	250
2. Loans recovered during the period	1	1
3. Loan amounts due as at the end of the period	0.11	1
4. Maximum amount due during the period	1	2

NOTE – "33 " – Joint Venture Information

Details of Joint Venture, as required by AS-27 "Financial Reporting of Interests in Joint Ventures" are given below:

I) Details of Joint Venture Interest

Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 31.03.14 (As on 31.03.13)	Other Venturers Share 31.03.14 (As on 31.03.13)
1. Irano Hind Shipping Company Ltd.	Equity	Iran	49% (49%)	*IRISL 51.00% (51.00%)
2. India LNG Transport Company (No. 1) Ltd.	Equity	Malta	29.08%(29.08%)	*MOL 29.08% (29.08%), *NYK Lines 17.89%(17.89%), *K Line 8.95% (8.95%), *Qship 15.00% (15.00%)
3. India LNG Transport Company (No. 2) Ltd.	Equity	Malta	29.08%(29.08%)	*MOL 29.08% (29.08%), *NYK Lines 17.89%(17.89%), *K Line 8.95% (8.95%), *Qship 15.00% (15.00%)
4. India LNG Transport Company (No. 3) Ltd.	Equity	Malta	26%(26.00%)	*MOL 26.00% (26.00%), *NYK Lines 16.67%(16.67%), *K Line 8.33%(8.33%), *QGTC 20.00% (20.00%), *PLL 3.00% (3.00%)
5. India LNG Transport Company (No. 4) Ltd.	Equity	Singapore	26% (NA)	*MOL 26.00% (NA) *NYK Lines 26.00% (NA) *K Line 22.00% (NA)
6. SCI Forbes Ltd.	Equity	India	50%(50.00%)	*Forbes 25.00% (25.00%), *SICPL 25.00% (25.00%)
7. SAIL SCI Shipping Pvt. Ltd.	Equity	India	50%(50.00%)	*SAIL 50.00%(50.00%)

* IRISL- Islamic Republic of Iran Shipping Line *MOL - Mitsui O.S.K.lines Ltd., NYK Lines- Nippon Yusen Kabushiki Kaisha Ltd, K Line- Kawasaki Kisen Kaisha Ltd and Q Ship - Qatar Shipping Company., *PLL - Petronet LNG Ltd.,
* Forbes - Forbes & Co. Ltd., *SICPL – Sterling Investments Corporation Pvt. Ltd. *SAIL - Steel Authority India Ltd.
* QGTC-Qatar Gas Transport Company

II) Company's Interest in the Joint Venture

Sr. No.	Name	As on	Assets (₹ In Lakhs)	Liabilities (₹ In Lakhs)	For the period ended	Income (₹ In Lakhs)	Expenditure (₹ In Lakhs)
1	Irano Hind Shipping Company Ltd.	20-03-2013	57710	42316	20-03-2013	14596	18446
2	India LNG Transport Company (No. 1) Ltd.	31-12-2013	29082	29267	31-12-2013	5374	4109
3	India LNG Transport Company (No. 2) Ltd.	31-12-2013	29952	29960	31-12-2013	5798	4176
4	India LNG Transport Company (No. 3) Ltd.	31-12-2013	36970	42922	31-12-2013	6470	4911
5	India LNG Transport Company (No. 4) Ltd.	31-12-2013	Not Available	Not Available	Not Available	Not Available	Not Available
6	SCI Forbes Ltd.	31-03-2014	20213	10792	31-03-2014	3885	4176
7	SAIL SCI Shipping Pvt. Ltd. (Unaudited)	31-03-2014	7	0.22	31-03-2014	0.54	0.35

NOTE - "34" - Earnings per share

Sr. No.	Particulars	For the Year ended 31/03/2014 (₹ in lakhs)	For the Year ended 31/03/2013 (₹ in lakhs)
A	Profit/(-) Loss after tax (₹ in lakhs)	(-27466)	(-11431)
B	Weighted average number of Equity Shares (Nos.)	465799010	465799010
C	Basic & Diluted Earnings per Share (in ₹) before Extraordinary Items	(-)5.90	(-)8.89
D	Basic & Diluted Earnings per Share (in ₹) after Extraordinary Items	(-)5.90	(-)2.45
E	Nominal Value per Equity Share (in ₹)	10.00	10.00

The Company does not have any outstanding diluted potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

NOTE - "35" - Segment Reporting

Sr. No.	Particulars	For the Year ended 31/03/2014 (₹ in lakhs)	For the Year ended 31/03/2013 (₹ in lakhs)
1	Segment Revenue		
	i) Liner Segment	90444	115689
	ii) Bulk Segment	297535	279900
	iii) Others	42615	40471
	iv) Unallocated Revenue	12977	32725
	Total	443571	468785
2	Segment Results		
	Profit/(Loss) before tax & interest		
	i) Liner Segment	(22225)	(3157)
	ii) Bulk Segment	(18010)	(36774)
	iii) Others	19395	15597
	Total	(20840)	(24334)
	Less : Unallocated Expenditure (Net of income)	(9146)	22941
	Add : Interest (Net)	(10445)	(5452)
	Total Profit before tax	(22139)	(6845)
3	Segment Assets		
	Liner Segment	127999	163961

NOTE - "35" - Segment Reporting (Cont.)

	Bulk Segment	1003011	979733
	Others	132003	132284
	Total	1263013	1275978
	Unallocable Corporate Assets	362465	333642
	Total	1625477	1609620
4	Segment Liabilities		
	Liner Segment	46071	62568
	Bulk Segment	41330	33363
	Others	38391	38552
	Total	125792	134483
	Unallocable Corporate Liabilities	865703	813522
	Total	991495	948005
5	Capital Expenditure during the period		
	Liner Segment	2933	4295
	Bulk Segment	97701	259533
	Others	24768	74461
	Unallocated	723	522
	Total	126125	338811
	Depreciation		
	Liner Segment	5868	6262
	Bulk Segment	72991	65514
	Others	6785	4276
	Total	85644	76052

Notes:-

1. Segment definitions - Liner segment includes break bulk and container transport. Bulk segment includes tankers (both crude and product), dry bulk carriers, gas carriers and phosphoric acid carriers. Others include offshore vessels, passenger vessels and services and ships managed on behalf of other organisations. Unallocable items and interest income / expenses are disclosed separately.
2. All assets/liabilities and revenue items are allocated vessel wise wherever possible. Assets/liabilities and revenue items that cannot be allocated vessel wise are allocated on the basis of unit cum GRT method i.e. 50% allocated on the basis of units and balance 50% on the basis of adjusted GRT. GRT is adjusted to one third of GRT or 20000 GRT, whichever is more in case of vessels which are bigger than 20000 GRT.
3. The components of capital employed that cannot be directly identified are allocated on the basis of GRT method

NOTE - "36" Disclosures of Employee benefits as per Accounting Standard-15 "Employees benefits", as defined there in are given below

A Description of type of employee benefits

The Company offers to its employee's defined benefits plans in the form of Gratuity, leave encashment and post retirement Medical Scheme

The details under the plan are as follows:

i.	Gratuity	a) Represents benefits to employee on the basis of number of years of service rendered by employee. The employee is entitled to receive the same on retirement or resignation. b) SCI has formed a trust for gratuity which is funded by the Company on a regular basis. The assets of the trust have been considered as plan assets.
ii.	Leave Encashment	Represents unavailed leave to the credit of the employee and carried forward in accordance with terms of agreement.
iii.	Post Retirement Medical Benefit Scheme	Represents benefits given to employees subsequent to retirement on the happening of any unforeseen event resulting in medical costs to the employee

B Movement in the net liability recognized in the balance sheet are as follows:

(` In Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Status	Funded	Funded	Unfunded	Unfunded	Unfunded	Unfunded
At the beginning of the period	11052	11088	5224	5007	4163	3494
Current service cost	1257	1342	970	952	(12)	266
Interest Cost	867	914	390	399	220	303
Actuarial (gains) and losses (including for prior years)	(1788)	(435)	(391)	(46)	(2395)	295
Curtailment Period						
Benefits Paid	(1591)	(1857)	(1203)	(1088)	(118)	(196)
At the end of the period	9797	11052	4906	5224	1858	4162

C Analysis of Percentage of defined Benefit obligation into funded and unfunded:

(` In Lakhs)

Particulars	As At 31/03/2014	As At 31/03/2013
Total Amount of defined benefit obligation	16560	20438
Amount of funded defined benefit obligation	9797	11052
Percentage of funded defined benefit obligation	59.16	54.07
Percentage of defined benefit obligation not funded	40.84	45.93

D Movement in Fair Value of plan assets (` In Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Opening value of fair value of plan assets	16081	16419	NIL	NIL	NIL	NIL
Expected Return on plan assets	1368	1285	NIL	NIL	NIL	NIL
Benefits Paid	(1591)	(1857)	NIL	NIL	NIL	NIL
Actuarial gain/(loss) on plan assets	(257)	234	NIL	NIL	NIL	NIL
Closing value of fair value of plan assets	15600	16081	NIL	NIL	NIL	NIL

E Reconciliation of the present value of defined obligation and fair value to the assets and liabilities recognized in the balance sheet: (` In Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Present value of obligations at the end of the period	9797	11052	4906	5224	1858	4162
Less: fair value of assets as the balance sheet date	15600	16081	NIL	NIL	NIL	NIL
Net (Liability)/Asset disclosed in the balance sheet	5803	5029	(4906)	(5224)	(1858)	(4162)

Notes on Financial Statements for the year ended 31st March, 2014



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F Total Expense recognized in the profit and loss account

(` In Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
For the period ended on						
Current Service Cost	1257	1342	970	952	(12)	266
Interest Cost	867	914	390	399	220	304
Expected return on plan assets	(1368)	(1285)	NIL	Nil	NIL	Nil
Actuarial (gains) and losses	(1788)	(435)	(391)	(46)	(2395)	295
Past Service Cost		Nil		Nil		Nil
Losses (gains) on curtailments and settlements	NIL	Nil	NIL	Nil	NIL	Nil
Benefits Paid*	-	Nil	(1203)	(1088)	(118)	(196)
Actuarial (gains)/loss on plan assets	257	(234)	NIL	Nil	NIL	Nil
Charged to profit and loss	(775)	302	(318)	217	(2305)	669

* For gratuity, the benefits are paid by the trust and are not debited to the profit and loss of the Company. For leave encashment and Post Retirement Medical Benefit Scheme, the benefits paid are debited to Profit and Loss Account.

G (i) Percentage of category of plan assets to fair value of plan assets

(` In Lakhs)

Particulars	As At 31/03/2014		As At 31/03/2013	
	Fair Value	% of Total	Fair Value	% of Total
Investment in Government securities	6,798	43.58%	6,937	43.41
Investment in Bonds	3,812	24.44%	3,907	24.30
Investment in deposits including bank balances	4,618	29.60%	4,874	30.31
Other Assets including accrued interest	371	2.38%	363	2.26
Total	15,600		16,081	

H. None of the financial assets of SCI have been considered in the fair value of plan assets.

I. The expected rate of return on plan assets has been estimated on the basis of actual returns of the trust in the past years. The assets of the trust are in the nature of investments in securities, fixed deposits, Interest accrued, and balances in current accounts with Bank. The securities of trust have an effect on the fair value of plan assets as the value of the securities vary with the changes in the market interest rates.

J. Actual Return on plan assets ` 1532 lakh. (Prev. period ` 1519 lakhs)

K. Principal actuarial assumptions at the balance sheet date:

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Discount rate at the end of the period	9.03%	8.14%	9.03%	8.14%	9.03%	8.14%
Expected return on plan assets at the end of the period	9.00%	8.00%	NIL	NIL	NIL	NIL
Future salary increases	7.50%	7.50%	7.50%	7.50%	NA	NA
Mortality Rate	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96
Medical cost incremental trend rates					8%	16%
Normal Retirement Age	60 Years	60 Years	60 Years	60 Years	60 Years	60 Years

L. Experience Adjustment for Gratuity Liability

(` In Lakhs)

As on	31/03/2010	31/03/2011	31/03/2012	31/03/2013	31/03/2014
Present value of defined benefit obligation	12828	11780	11088	11052	9797
Fair value of Plan Assets	17891	17424	16419	16081	15600
Surplus/ (Deficit)	5063	5644	5331	5029	5803
Experience adjustment on Plan Liability (Gain)/Loss	743	(1158)	(659)	(121)	(304)
Experience adjustment on Plan Asset (Loss)/Gain	(95)	(136)	(246)	124	(46)

M. Contribution expected to be paid in the next year ` NIL**N.** Effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:

- the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and
- the accumulated post-employment benefit obligation for medical costs.

(` In Lakhs)

	Post Retirement Medical Benefit Scheme			
	Aggregate of the current service cost and interest cost		Accumulated post-employment benefit obligation for medical costs	
Particulars	2013-14	2012-13	2013-14	2012-13
Effect of one percentage up	-	16	135.78	346
Effect of one percentage down	-	(14)	(116.22)	(316)

O. The estimates of future salary increases, considered in the actuarial valuation, takes into account inflation, security, promotion and other relevant factors.**P.** The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.**NOTE - "37"**

During the year the Company has changed its policy for provisions relating to insurance claims covered by Hull Insurance. Expenses on account of general average claims/ damages to ships which were being erstwhile provided for to the extent of deductible limit in the year of claim are now written off in the year in which they are actually incurred. Due to this change the expenditure booked under the head "Insurance and Protection" is lower by ` 1090 lakhs and the profit for the year is higher by ` 1090 lakhs.

NOTE - "38"

During the year the Company has changed its estimates of recognizing Demurrage Income related to Tankers. Due to this change, the Income booked under "Demurrage income" and Profit for the year are higher by 2884 lakhs.

NOTE - "39"

- The Company has been exempted from complying with Para 5 (viii) (a), (b), (c) & (e) of Part II of Schedule VI of the Companies Act, 1956 vide notification no. F. No 51/12/2007-CL.III dated 08.02.2011 issued by Ministry of Corporate Affairs, Government of India.
- Remittance of dividends in foreign currency ` NIL (Previous year ` Nil).

NOTE - "40"

Sundry Creditors, Debtors, Loans & Advances and Deposits are subject to confirmation and reconciliation. During the year, letters for confirmation of balances have been sent to various parties by the Company and the same are under reconciliation wherever replies have been received. The management, however, does not expect any material changes.

NOTE - "41"

The figures of previous year have been regrouped or rearranged wherever necessary/practicable to conform to current year's presentation based on new Schedule VI notified by the Ministry of Corporate Affairs. Further, the figures are rounded off to the nearest lakh rupees.

1. (a) ACCOUNTING CONVENTION

The financial statements are prepared to comply in all material aspects under the Historical Cost convention and in accordance with generally accepted Accounting principles in India and the relevant provisions of the Companies Act, 1956, notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) to the extent applicable and current practices prevailing within the Shipping Industries in India.

(b) USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent liabilities at that date of the financial statements and the result of operations during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which results are crystallised.

2. RECOGNITION OF REVENUE AND EXPENDITURE

(a) The Profit & Loss Account reflects,

- (i) The Earnings and Direct Operating Expenses (Voyage related variable costs) in respect of all Finished Voyages on accrual basis.
- (ii) Standing Charges (Vessel related Fixed Costs) for all the vessels for the entire period of operation during the year on accrual basis.
- (iii) Income and Expenditure in respect of the customs penalty claims and container detention charges which are accounted for on realisation.
- (iv) In respect of slot sharing agreement with other shipping lines, the earnings and expenses on accrual basis based on completed voyage cycle during the year.
- (v) In respect of time charter arrangements, income and expenses are booked on accrual basis.
- (vi) Demurrage income is recognised on estimated basis, based on past experience of settlements.

(b) The criteria followed for the purpose of determining the Finished Voyages are as under:

- (i) Passenger cum Cargo Vessels: - Disembarkation of passengers and discharge of cargo should be completed on or before the last date of the financial year.
- (ii) Cargo Vessels (other than those serviced by Feeder or Daughter Vessels): - Discharge of cargo should be completed on or before the last date of the financial year.
- (iii) Cargo vessels serviced by Daughter vessels: - The ultimate discharge of cargo by all daughter vessels should be completed on or before the last date of the financial year.
- (iv) Cargo vessels serviced by feeder vessels: - The discharge of cargo at the transshipment port by the mainline and own feeder vessels should be completed on or before the last date of financial year. Transshipment port is the point of commencement and completion of both the services. The completion of the mainline and feeder voyage is determined independent of each other.
- (v) Cellular Liner Service: - On completion of round voyage

(c) Unfinished Voyages:

Any voyage, which does not fulfil the above mentioned criteria, is treated as an unfinished voyage. Amount received on account of freight earning and other charges in respect of such voyages are carried forward as Unfinished Voyage Earnings. Direct operating expenses incurred for such voyages including hire and freight for vessels chartered-in are carried forward as Unfinished Voyage Expenses except in case of time charter.

(d) Allocation of Container Expenses:

Expenses relating to container activities such as stevedoring, stuffing and destuffing, transportation, etc. are identified with the relevant voyage and classified as direct operating expenses. Expenses such as container hire, kobi charges, ground rent and handling of empty containers, etc., which are not directly identifiable with any particular voyage are allocated to all voyages on the basis of unit days for each voyage. The sum so allocated to unfinished voyages is carried forward as Unfinished Voyage Expenses.

3. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes acquisition cost and directly attributable cost of bringing the assets to its working condition for its intended use.
- b) Depreciation on ships is charged on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956. Second hand vessels are written off over their respective useful lives as determined by technical evaluation subject to minimum value as prescribed in Schedule XIV of the Companies Act, 1956.

Additions made to ships which have completed their useful life, involving structural changes and resulting in the extension of the useful life based on the technical evaluation, the depreciation is provided over the extended useful life/ remaining useful life subject to minimum rates as prescribed in Schedule XIV to the Companies Act, 1956.

- c) Assets other than ships and Intangible assets, depreciation is charged on the "Written Down Value Method" as per the rates prescribed in Schedule XIV to the Companies Act, 1956.
- d) Intangible assets including software is amortised over the useful life not exceeding five years.
- e) Assets costing individually ` 5,000/- and below are fully depreciated in the year of addition.
- f) The carrying amounts of assets are reviewed at each Balance Sheet date for impairment so as to determine the provision for impairment loss, if any, required, or the reversal, if any, required of impairment loss recognised in previous periods.

4. CAPITALISATION OF EXPENSES

Interest and other expenses, incurred till the date of first loading, on amounts borrowed for acquisition/improvement of assets, is capitalised to the cost of respective assets. In addition, operating costs including initial stores and spares of newly acquired ships till the port of first loading are added to the cost of the respective ship.

5. RETIREMENT AND DISPOSAL OF SHIP

- (a) Ships which have been retired from operations for eventual disposal are withdrawn from the fixed assets and exhibited separately at Net block in the Balance Sheet under "Ships Retired From Operation".

Anticipated loss, if any, in the disposal of such ships is recognised immediately and provision for the same is made in the accounts for the year in which these have been retired. For the purpose of determining the loss, the sale price is recognised, if contract for sale is concluded. In other cases, assessment of the realisable value is made on the basis of the prevailing market conditions. Losses on such ships are provided for after taking into account the expenses such as customs duty, sales tax / value added tax, etc. in connection with the disposal, as well as estimated expenses in maintaining the ship, till its sale. Wherever the exact amount under each item of expenses is not known, an assessment is done on the best estimate basis.

- (b) Profits on sale of ships are accounted for only upon completion of sale thereof.

6. MAJOR REPAIRS AND RENEWALS OF SHIP

- (a) Advances given towards repairs/renewals of capital/revenue nature, are adjusted only on completion of the entire work duly certified by the concerned Authority.
- (b) Dry-dock expenditure is recognised in the Profit & Loss account to the extent work is done, based on technical evaluation.

7. VALUATION OF STOCK

- (a) Inventories are valued at lower of cost as determined on 'Moving Average Price' method or net realisable value unless otherwise stated.
- (b) Fuel oil purchases are initially booked as stock. The value of year-end stock is arrived at after charging consumption on the basis of method as stated above.
- (c) As regards provisions purchased for victualling on board the ships, where catering is under departmental catering system, all purchases are treated as consumed.
- (d) The Company maintain godowns for keeping certain limited items of stores pending issue to the ships. Store/Spares including paints, etc. are charged to revenue as consumed when delivered to ships. The valuation of items of Store/ Spares is done as mentioned 7 (a) above.

8. ACCOUNTING OF FOREIGN CURRENCY TRANSACTIONS

- (a) All foreign currency transactions are recorded at the exchange rate of the second last Friday of the preceding month published in Financial Times, London.
- (b) Liner freight is booked at rates referred to in (a) above relevant to the months in which the dates of sailing fall.
- (c) The foreign currency balances other than in US Dollars appearing in the books of account are translated into US Dollars at the closing exchange rate of the last Friday of March published in the Financial Times, London and thereafter, the monetary assets and monetary liabilities as well as the Long Term Loans are translated into rupees at SBI Mean Rate prevailing at the end of the period.
- (d) Exchange difference arising on repayment of liabilities and conversion of closing foreign currency balances pertaining to long term loans for acquiring ships / containers / other depreciable assets and asset under construction is adjusted in the carrying cost of respective assets.
- (e) The exchange difference in translation arising on other monetary assets and liabilities are recognised in profit and loss account.



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9. EMPLOYEE BENEFITS

- (a) Defined Contribution Plan - Provident fund contribution are accounted for on accrual basis.
- (b) Defined Benefit Plans- In case of shore staff, officers afloat, and crew on Company's roster, the cost of Gratuity, Leave encashment, & post retirement medical benefit is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date.

Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur.

The retirement benefit obligation recognised in the financial statement represents the present value of defined benefit obligation net of past service cost and reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to the present value in the form of refunds or reduction in the future contribution to the plan.

- (c) In case of crew on the general roster, gratuity, which is insignificant in value, is accounted on cash basis.

10. INSURANCE, P&I AND OTHER CLAIMS

- (a) Provision in respect of claims against the Company and covered by Hull and P&I insurance is made as under:-

- (i) In respect of collision claims and P & I claims (other than cargo claims), to the extent of deductible limit based on the assessment provided by the surveyors.
- (ii) In case of Cargo claims, on the basis of the actual claims registered and/or paid pertaining to the relevant year's voyages as ascertained at the year-end as reduced by the amounts recoverable from the insurers.
- (iii) Expenses on account of general average claims/ damages to ships are written off in the year in which they are incurred. Claims against the underwriters are accounted on submission of the Adjuster's report to the underwriters.

- (b) Claims made by the Company against other parties including ship repair yards, ship-owners, ship charterers, customs and others, etc. are accounted for on realisation, due to uncertainty in the amounts of their ultimate recovery.

11. INVESTMENTS

- (a) Long Term Investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.
- (b) Current Investments are stated at lower of cost and fair value.

12. TAXES ON INCOME

Provision for income tax liability is made as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company.

13. LEASES

In respect of assets acquired on lease prior to 1st April 2001, lease rentals are accounted on accrual basis over the period of the lease and in respect of assets acquired on or after 1st April 2001, lease rentals are accounted in accordance with AS-19 "Accounting for Leases".

14. PROVISIONS

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Cash Flow Statement

Particulars	2013-14 In lakhs	2012-13 In lakhs
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax, extraordinary items & prior period adjustments	(16,848)	(43,017)
ADJUSTMENTS FOR :		
Depreciation	85,644	76,052
Interest Income	(10,329)	(10,729)
Interest expense	20,774	16,182
Dividend Received	(520)	(783)
Surplus/Loss on sale of Fixed Assets (other than ships)	(119)	4
Surplus on Sale of Ships	(9,927)	(12,101)
Provision for doubtful debts & Advances (Net)	1,825	1,803
Debts & Advances written off	8	1
Provision for diminution in value of investment	2,720	9,460
Excess provisions written back	(3,977)	(1,503)
Income from rescindment of contracts	(2,511)	0
	<u>83,588</u>	<u>78,386</u>
Operating profit before working capital changes	(i) <u>66,740</u>	<u>35,369</u>
Adjustments for : Increase in working capital		
(a) Trade & other receivables	(8,212)	13654
(b) Inventories	(699)	(601)
(c) Trade payables	39,219	34,241
	<u>30,308</u>	<u>47,294</u>
Cash generated from operations	(ii) <u>97,048</u>	<u>82,663</u>
Tax paid (Net of Refunds)	(7,768)	(7,992)
Cash flow before prior period adjustments	89,280	74,671
Prior period adjustments (Net)	-5,291	6,198
Net Cash From Operating Activities	(A) <u>83,989</u>	<u>80,869</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Acquisition of Fixed Assets (including Assets under construction)	(1,13,462)	(2,91,630)
Sale of Fixed Assets	11,073	12,153
Income from Investments	3,441	3,249
Interest Received	7,375	8,088
Sale / Purchase of Investments	(2,283)	6,221
Advances to Joint Venture Companies	(5,222)	(5,029)
Income from Rescindment of contracts	2,511	0
Net cash used in investing activities	(B) <u>(96,567)</u>	<u>(2,66,948)</u>



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(C) CASH FLOW FROM FINANCING ACTIVITIES

Loans Borrowed (Net of Repayments)	9,251	1,84,151
Dividends Paid (Incl. Dividend Tax)	(1)	(10)
Interest Charges	(21,090)	(15,439)
Staff Welfare Activities (Net)	(43)	(74)
Corporate Social Responsibility Activities	(124)	(312)
Net cash flow from financing activities (C)	<u>(12,007)</u>	<u>1,68,316</u>
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(24,585)	(17,763)
Cash & Cash Bank Balances at the Beginning of the Year	1,26,478	1,44,241
Cash & Cash Bank Balances at the end of the Year.	1,01,893	1,26,478
Closing Cash & Bank Balances includes :		
Cash & Cash equivalents	71,952	1,19,118
Other bank balances	29,941	7,360
Cash & Cash Bank Balances at the end of the Year.	<u>1,01,893</u>	<u>1,26,478</u>

As per our report of even date attached hereto.

For **P.S.D. & Associates**
Chartered Accountants
F. R. No. 004501C

For **SARDA & PAREEK**
Chartered Accountants
F. R. No. 109262W

THALENDRA SHARMA
Partner
Membership No. 079236

GAURAV SARDA
Partner
Membership No: 110208

Mumbai, Dated the 27th May, 2014.

For and on behalf of the **Board of Directors,**

DIPANKAR HALDAR
ED (LA & Co. Sec.)

A.K.GUPTA
Chairman &
Managing Director

B. K. MANDAL
Director (Finance)

Mumbai, Dated the 27th May, 2014.

Glossary

Aframax	A Tanker measuring between 80,000-1,20,000 MT in OWT terms and primarily used for the carriage of crude oil
APM	Administered Price Mechanism
BDI	Baltic Dry Index
BH	Bombay High
BHMI	Baltic Handymax Index
Bpd	Barrels per day
CSL	Cochin Shipyard Ltd.
DWT	Dead Weight Ton
DSME	Daewoo Shipbuilding & Marine Engineering Co. Ltd.
FOB	Free on Board
GRT	Gross Registered Tonnage
Handymax	A bulk carrier vessel of 35,000 to 55,000 DWT
Handysize	A bulk carrier vessel of 10,000 to 35,000 DWT
HHI	Hyundai Heavy Industries Ltd.
ISM	International Safety Management
JVC	Joint Venture Company
K-Line	Kawasaki Kisen Kalsha Ltd.
MOL	Mitsui O.S.K. Lines Ltd.
MTI	Maritime Training Institute
NSICT	Nhava Sheva International Container Terminal
NYK	Nippon Yusen Kabushiki Kaisha
ODC	Over Dimensional Cargoes
OECD	Organisation for Economic Co-operation & Development
OPEC	Organisation of Petroleum Exporting Countries
OSV	Offshore Supply Vessels
Panamax	A vessel of 55,000 to 80,000 DWT whose dimensions enable her to pass through the Panama Canal
SCP	Special Component Plan
TMEs	Trainee Marine Engineers
TNOCs	Trainee Navigating Officer Cadets
ULCC	Ultra Large Crude Carrier (320,000 DWT and above)
VLCC	Very Large Crude Carrier (200,000 to 319,000 DWT)
VLOCs	Very Large Ore Carriers
WAG	West Asia Gulf

Green Passport :- The Green Passport for ships is a document facilitating the application of these Guidelines providing information with regard to materials known to be potentially hazardous utilised in the construction of the ship, its equipment and systems. This should accompany the ship throughout its operating life. Successive owners of the ship should maintain the accuracy of the Green Passport and incorporate into it all relevant design and equipment changes, with the final owner delivering the document, with the ship, to the recycling facility i.e. environment friendly approach from building to recycling of the vessels.

"Fiscal cliff": is the popular shorthand term used to describe the challenge that the U.S. government faced at the end of 2012, when the terms of the Budget Control Act of 2011 were scheduled to go into effect. Among the changes that were set to take place on 31.12.2012, were the end of the previous year's temporary payroll tax cuts (resulting in a 2% tax increase for workers), the end of certain tax breaks for businesses, shifts in the alternative minimum tax that would take a larger bite, a rollback of the "Bush tax cuts" from 2001-2003, and the beginning of taxes related to President Obama's health care law. At the same time, the spending cuts agreed upon as part of the debt ceiling deal of 2011 - a total of \$1.2 trillion over ten years - were scheduled to go into effect. Over 1,000 government programs - including the defense budget and Medicare were in line for "deep, automatic cuts." Of the two, the tax increases were seen as the larger burden for the economy.

Indian Register Quality Systems

(A Department of Indian Register of Shipping)

52A, Adi Shankaracharya Marg, Opp. Powai Lake, Powai, Mumbai - 400 072, India.

ACCREDITED BY THE RvA



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OF SHIPPING 1993



Certificate Of Approval

This is to certify that the Quality Management System of

The Shipping Corporation of India Ltd. *"Shipping House"*

245, Madame Cama Road, Nariman Point, Mumbai - 400 021

*has been found to conform
to the requirements of the Standard:*

ISO 9001 : 2008

with respect to the following scope:

- *Owning, Managing & Chartering of Ships
for Transportation of Goods and Passengers*
- *Offshore and Marine Advisory Services*

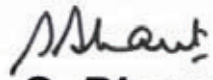
This Approval is subject to continued satisfactory maintenance of the Quality Management System of the Organization to the above Standard, which will be monitored by IRQS

Certificate No.: *IRQS/1310218* granted on: 16th April 2013

Initial Approval Date: 8th May 2007 for ISO 9001:2000

Current Certification Effective Date: 8th May 2013

Current Certificate Expiry: 7th May 2016


S. Bharat
Senior Vice President

The use of the Accreditation Mark indicates accreditation with respect to activities covered by the certificate with accreditation no. C 071

Conditions overleaf



The Shipping Corporation Of India Ltd.

(A Government of India Enterprise)

Registered Office: SHIPPING HOUSE, 245 MADAME CAMA ROAD, MUMBAI - 400 021

(CIN: L63030MH1950GOI008033)

Email: cs@sci.co.in •Phone: 022-22026666



ATTENDANCE SLIP

64th ANNUAL GENERAL MEETING ON 24.09.2014

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Registered Folio/ DP ID & Client ID		
Name and address of the shareholder(s): Joint Holder (1) Joint Holder (2)		
I/We hereby record my/ our presence at the 64 th Annual General Meeting of the Company at Shipping House", 245, Madame Cama Road, Nariman Point, Mumbai - 400 021.		
Member's Folio/DP ID/Client ID No.	Member's/Proxy's name in Block Letters	Member's/Proxy's Signature
Note: Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.		
Note: Please read the instructions printed in the Notice of Annual General Meeting dated 12.08.2014. The Voting period starts from 9.00 a.m. on 18.09.2014 and ends at 6.00 p.m. on 20.09.2014. The voting module shall be disabled by CDSL for voting thereafter.		

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL



The Shipping Corporation Of India Ltd.

(A Government of India Enterprise)

Registered Office: SHIPPING HOUSE, 245 MADAME CAMA ROAD, MUMBAI - 400 021

(CIN: L63030MH1950GOI008033)

Email: cs@sci.co.in •Phone: 022-22026666

PROXY FORM

64th ANNUAL GENERAL MEETING ON 24.09.2014

I/We being member(s) of the above named Company hereby appoint:

- (1) Name..... Address.....
Email Id:..... Signature.....or failing him;
- (2) Name..... Address.....
Email Id:..... Signature.....or failing him;
- (3) Name..... Address.....
Email Id:..... Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 64th Annual General Meeting of the Company to be held on 24.09.2014 and at any adjournment thereof in respect of following resolutions:

Ordinary Business:	Optional*	
	For	Against
1 Adoption of Financial Statements for the year ended 31.03.2014		
2 Re-appointment of Capt. S. Thapar, Director who retires by rotation		
3 Re-appointment of Capt. B. B. Sinha, Director who retires by rotation		
4 Fixation of remuneration of statutory auditors		
Special Business:		
5 Appointment of Capt. S. Narula as Whole Time Director		
6 Appointment of Rear Admiral (Retd.) T. S. Ganeshan as Independent Director		
7 Appointment of Shri Ashish Makhija as Independent Director		
8 Appointment of Shri Arun Ramanathan as Independent Director		
9 Appointment of Shri N. C. Sridharan as Independent Director		
10 Appointment of Shri P. Umashankar as Independent Director		
11 Appointment of Prof. Gopal V as Independent Director		
12 Appointment of Shri Arun Kumar Verma as Independent Director		

Signed this..... Day of....., 2014

Folio/DP ID/Client ID..... Signature of shareholder.....

Signature of Proxy holder.....

Affix
Revenue
Stamp
Re. 1

Note:

- This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 64th Annual General Meeting.

* It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.



भारतीय नौकासंयम महामंडळ

भारतीय नौवहन निगम  Shipping Corporation Of India



भारतीय नौवहन निगम लिमिटेड
The Shipping Corporation Of India Ltd.

शिपिंग हाउस, २४५, मैडम कामा रोड, मुंबई-४०००२९
Shipping House, 245, Madame Cama Road, Mumbai - 400 021.





A Navratna Company
ISO 9001:2008

भारतीय नौवहन निगम लिमिटेड

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय: शांतिनगर, 345, मद्रास कामा रोड, मुंबई - 400 021

फोन: 91-22-2202 6666, 2277 2000 फैक्स: 91-22-2202 6995 वेबसाइट: www.snicindia.com

The Shipping Corporation Of India Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)

Regd. Office: Shipping House, 345, Madame Cama Road, Mumbai-400 021 Ph: 91-22 2202 6666 2277 2000

Fax: 91-22 22026995 • Website: www.snicindia.com

सी.एन.डी.एन./CIN L63030MH196001000000

FORM B

1. Name of the Company	The Shipping Corporation of India Ltd.
2. Annual Financial Statements for the year ended	31 st March, 2014
3. Type of Audit qualification	<p>a. In absence of sufficient documentary evidence to comply with clause 50 and 51 of AS 28 Impairment of Assets issued by ICAI in respect of the adjustments required to the Discount rate currently taken at 6% for the specific risks associated with the cash flows such as currency risk, price risk, country risk, cash flow risk etc. and estimation of expected rate of return on equity to arrive at the Weighted Average Cost of Capital, the effect of which on discount rate remains unascertainable on the statement of profit and loss account, fixed assets and provision for impairment.</p> <p>b. In the absence of positive confirmations required in response of letters issued by the management as per para 13 of SA 505 External confirmations issued by ICAI for trade receivables that may require adjustment to the statement of profit and loss account and their balances respectively, the consequential impact of the same on statement of profit and loss account and balance sheet remains unascertainable.</p> <p>c. We draw attention toward the direct access of the Accounting Software provided to the Agents for accounting of the expenses relating to the port and 36% of the same are yet to be verified by the Company, due to which global netting is done without reconciliation towards the prefunding to agents and Vendor Reconciliation account, the consequential effect of the same on the Statement of Profit and Loss remains unascertainable.</p> <p>d. In our opinion and according to the information and explanations given to us, special</p>

कामों मजिद तक पहुँचाए, जीवन को रुह दियाए • Transporting Goods, Transforming Lives


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3/10/14

REVENUE DEPARTMENT

		<p>emphasis is required on the continued failure to correct major weakness in internal control systems as applicable to SAP and other sub systems in relation to the agents working, accounting and timely and proper verification by the Corporation. Emphasis also needs to be given on the implementation of the system audit report conducted by the organization in relation to the SAP – ERP and other critical business process, to establish checks on the complete and proper recording of the transaction relating to the expenses and revenue.</p> <p>e. In our opinion, the company does have an internal audit system commensurate with its size and the nature of its business. However due care needs to be given to the timely and proper recording of transactions and the inspection of agents needs to be conducted.</p> <p>f. We have been informed that one of the foreign agents of the company has manipulated the container movement report submitted from time to time and thus did not pay to the company its rightful dues. After the discovery of the same, the agent has deposited an amount of Rs. 13 crores on adhoc basis for last five years. The company has constituted a committee to further investigate the matter and to exactly quantify the actual amount. The report of the committee has not been submitted as yet. Except as mentioned in the forgoing lines, any other material fraud on or by the Company has not been noticed or reported during the year nor we have been informed of any such case by the management that causes the financial statements to be materially misstated.</p>
4.	Frequency of qualification	<p>Point (a) – 3 times - 31.03.2014,30.09.2013,31.03.2013</p> <p>Point (b) – 3 times 31.03.2014, 31.03.2013,30.09.2012</p> <p>Point (c) – 2 times 31.03.2014, 31.03.2013</p> <p>Point (d) - 3 times 31.03.2012,31.03.2013,31.03.2014</p> <p>Point (e) - 1 time 31.03.2014</p> <p>Point (f) - 1 time 31.03.2014</p>


<p>Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:</p>	<p>The gist of the qualifications / headings may please be referred to in Page Nos. 57 to 60 (Auditors' Report) and Page Nos. 41 & 42 (Directors' Report).</p>
<p>Additional comments from the Board / Audit Committee Chair:</p>	<p>The Auditors' qualifications have been dealt with in the Directors' report on Page No. 42.</p>
<p>5. To be signed by:-</p> <ul style="list-style-type: none"> • CEO / Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	<p><i>[Signature]</i></p> <hr/> <p><i>[Signature]</i></p> <hr/> <p><i>[Signature]</i></p> <hr/> <p><i>[Signature]</i></p> <hr/>

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