



TRANS PORTING GOODS.
FORMING LIVES.

**ANNUAL
REPORT
2012-2013**



Navratna Company
ISO 9001 - 2008 Company

भारतीय नौवहन निगम लिमिटेड
The Shipping Corporation Of India Ltd.

CORPORATE SOCIAL RESPONSIBILITY



The Shipping Corporation Of India Ltd.

Serving Nation Successfully

The Shipping Corporation of India was established on October 2nd, 1961. For the last fifty one 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 nearly 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 development in shipping industry and maintaining itself as largest and most diversified shipping company.



Contents

Corporate Information	01
Chairman's Statement to Shareholders	02
Board of Directors	07
Senior Management Team	09
Notice of Meeting	10
Annexure to the Notice	11
Salient Statistics	13
Decade at a Glance	14
Graphs	15
Directors' Report	17
Report of the Directors on Corporate Governance	36
Auditors' Certificate on Corporate Governance	50
Auditors' Report	51
Annexure to the Auditors' Report	53
Comments of the Comptroller and Auditor General of India	55
Annual Accounts	56
Cash Flow Statement	87
Glossary	88



Corporate Information

BOARD OF DIRECTORS

Shri B. K. Mandal

Chairman & Managing Director &
Director (Finance)

Dr. (Ms.) T. Kumar

Government Director

Shri M. C. Jauhari

Government Director

Shri J. N. Das

Director

Shri Arun Kumar Gupta

Director

Shri S. K. Roongta

Director

Capt. B. B. Sinha

Director

Capt. Sunil Thapar

Director

Shri Dipankar Haldar

Executive Director (Legal Affairs) &
Company Secretary

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.



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

Chairman's Statement to Shareholders



Dear Members,

On behalf of the Board of Directors and on my personal behalf, I extend a very warm welcome to all of you at the 63rd Annual General Meeting. It is my great privilege to address you for the first time in the capacity of CMD of SCI. As you know, the shipping industry in general is going through a very challenging time and facing one of the longest ever downturn in the shipping Industry. Shipping being a global industry depends heavily on global economic growth, supply and demand mismatch of goods in countries as well as interplay of supply and demand of available ships globally.

On the global economic front, it is a grim picture as major economies across the globe have underperformed and GDP growth has been just 3% in 2012 compared to 3.8% of 2011 and it is expected to prevail at 3% level in the 2013. India has also recorded a GDP growth rate of 10 year low at 5% in 2012.

The Directors' Report describes, in detail, the working of your Company for the last financial year. I would like to summarise some salient features of your Company's performance during the last financial year.

GLOBAL SHIPPING SCENARIO

Globally, all the shipping segments in general, have suffered with abysmally low freight levels which have affected the Top and Bottom line of the shipping companies. Although the fresh ship ordering has come down and scrapping has also gone up, it will still take some time to recover from the present dismal condition in the shipping industry. The global Crude Oil imports remained at previous year level of 2 billion tonnes. If US lift its ban on Crude Oil exports there is a possibility of shift in the global trade pattern as US domestic production is also on rise. Taking into account Crude Oil and Product tanker segments collectively, the year on year growth of tanker fleet which was 9.9% and 3.9% in 2011 and 2012 is expected to grow moderately at 2.9% and 1.6% in 2013 and 2014 respectively.

The benchmark BDI for dry bulk trade which averaged 1424 during 2011-12 has gone down to 900 levels in 2012-13. The dry bulk fleet size is expected to cross mark of 700 mn dwt by this year end with average year to year growth of 7% which is expected to further go down to 3.8% and 2.2% in 2014 and 2015 respectively.

The container trade globally grew at 2.6% in 2012 and likely to increase to 4.8% and 8.6% in 2013 and 2014 respectively. Swift changes are taking place in container sector with the introduction of large sized vessels by some container lines. The fleet growth was 5.6% in 2012 and expected to touch 7.1% in this year.

FINANCIALS

We have incurred a loss, after tax, of ₹ 114 crores in the financial year 2012-13 as compared to the loss of ₹ 428 crores in the 2011-12. I would like to mention here that the contributing factors for the losses in the 2012-13 though have been primarily the extremely low freight rates prevailing but are also due to the provisions made for diminution of investments in the Sethusamudram project (₹ 50 Crores) and SCI Forbes Ltd. (₹ 45 Crores). Although the total revenue has almost remained at the same level i.e. ₹ 4,434 crores in the year 2012-13 as compared to ₹ 4,466 crores in the year 2011-12, our revenue from operations on year to year basis has been on the rise by ₹ 332 crores i.e. by about 8.68%. The reason for total revenue remaining almost at the same level is due to lesser vessels sold during the last financial year (8 no.s) as compared to 14 no's in the 2011-12. Further on the expenditure side, there was also rise in depreciation due to deliveries of new vessels. We have operationally performed better in the 2012-13 fiscal as compared to 2011-12 when the impact of other income i.e., sale of vessels, interest income, extraordinary income and provisioning for impairment in investments are excluded.

OPERATIONS

SCI's operating divisions across all segments have suffered in line with the global trend. Although the Suezmax Tankers were mainly on CoA voyages primarily with Indian Charterers but prevailing lower AFRA have added to the blues of the Tanker segment. The new dry bulkers delivered during the year were also exposed to low BDI levels which have adversely affected the earnings of bulk segment. In the LNG area, it is heartening to note that your company has taken over the management of Third LNG Ship



Chairman's Statement to Shareholders



"Aseem" belonging to JV Company from 27.03.13 over and above the two LNG vessels Disha & Raahi. SCI is also undertaking LNG terminal management of RGPPL in Dabhol and has already handled 5 operations.

In the Liner segment, in addition to 5 owned vessels, SCI continue to in-charter container vessels. Further, your company also has loading rights on vessels of its partners in various consortia arrangement with MSC, PIL of Singapore, K-Line and NYK etc. During the year, IMED service has been merged with existing ISES services and INDFEX-2 services was suspended due to adverse market conditions. In addition, your company continues to manage vessels belonging to Andaman & Nicobar Administration and plying between the Mainland, island and also inter-island and research vessels on behalf of government agencies.



In Offshore segment we have been replenishing our old tonnage with the newer ones. During the year, we continued to take delivery of AHTSV & PSV's and added new tonnage to our existing fleet. Our Clientele base has also extended from existing ONGC to British Gas, Adani Welspun, Transocean Drilling and many more. Your company has also in-chartered one Emergency Towing Vessel (ETV) for safety and security on the Indian coast for about 210 days. Further, this division continue to provide technical consultancy services to A& N Administration, UTL administration, UTL Tourism Depts., Directorate of Light Houses & Light Ships, Geological Survey of India, National Institute of Oceanography etc for their various ship acquisitions / retrofit projects.



For the first time, SCI's Offshore vessels were tested on foreign waters. During the year SCI's Offshore vessels were involved in various rig tow operations. Specifically, two of SCI's AHTSVs sailed to Port Hamariyah in UAE and towed a rig to West Coast of India in early 2013. In addition to the above, SCI's two AHTSVs were involved in FPSO hook up operations for M/s Bumi Armada in West Coast of India from December 2012 to April 2013.

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 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, etc. Ballast Water Treatment plants and Silt Water Management are being introduced for the recently ordered ships. Vessels antifouling coating has also been changed to TBT free paints. 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 will be 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

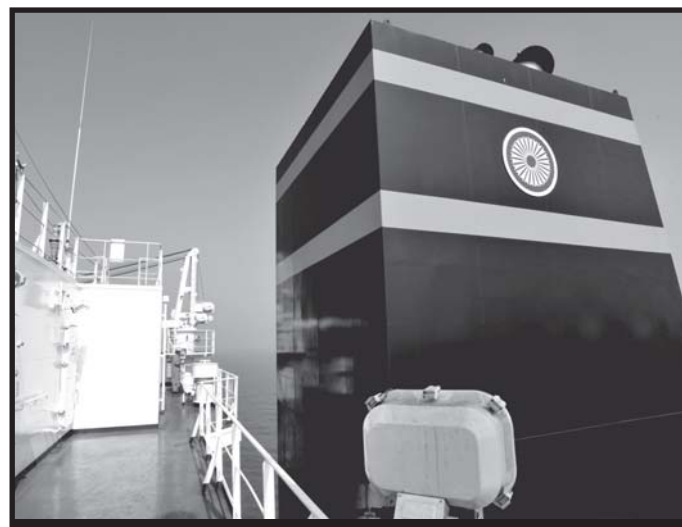
The year under report is the first year of the Country's Twelfth Five Year Plan. During the year under report, your company had not proposed any new acquisition due to the prevailing downturn in the shipping markets. However, SCI has been able to acquire one Suezmax tanker on resale basis during the year. The vessel has joined the SCI fleet during October 2012 and is named as M.T. Desh Shobha.

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 from time to time.

Some Accolades and appreciation received by your company during the last year:

- In the 7th Employer Branding Awards held by the World HRD Congress SCI got awards in:
 - “General Awards for Excellence in Training”
 - “Best of Best Award for Excellence in Training”
 - “7th Best Employer of the Year Award”



Chairman's Statement to Shareholders

- Best Shipping Line of the Year on 27.09.12 at 6th Express, Logistics & Supply Chain Awards
- BT STAR PSU Excellence Awards 2012 - in HR Management on 25.05.12
- Dun & Bradstreet : PSU Awards 2012 - in "Transport & Logistics Sector" on 28.05.2012
- "Tanker Operator of the Year" on 19.01.2012 at Gateway Awards of Excellence Port & Shipping 2012
- Appreciation letter dated 18.11.2012 received from ONGC, congratulating all members involved in the capping stack lowering operation on well G-1-9. They have also mentioned that this operation has been done first time in the oil industry in world and all the personnel of MSV "Samudra Sevak" & M.V. "SCI Kundan" are part of this success.
- The Government of India had decided to rehabilitate Kankasanturai (KKS) port located on northern coast of Sri Lanka as an aid. Your Company took up the project as "Project Managers" and successfully completed the project in 2012. Later, your Company earned appreciation in the excellent execution of this project.

WAY FORWARD

Though the present recession in the shipping has been quite a long one, I am confident we will come out of it soon. But even in the good days we have to remember that the next recession is near our door and be prepared for another recession or downturn - and that will be the real takeaway from our present experience.

Going beyond the various short term strategies to overcome the recession, as a going concern we need to go beyond the darkness and find ways to grow in the mid and long term. Our Company is in search of areas which can be added to the portfolio of business which will provide stability in the revenue. One such area is LNG transportation. We are the only Indian shipping company having experience in the LNG transportation. To capitalize further on this strength, our Company has signed a broad based MOU with GAIL to facilitate transportation of gas from USA to India. As per the plan, the transportation will start from 2016-17 onwards. Our Company is also exploring the possibility of entering into the area of dredging where there is enormous scope in the country and which can provide long term secured returns.

With the existing ship acquisition programme getting implemented, I am hopeful that we will achieve the 6 mn dwt mark in the near future with younger tonnage to augment the growth of the Indian shipping industry.

ACKNOWLEDGEMENT

I would like to express my gratitude to the Government of India for its support to your Company. I wish to thank the Hon'ble Union Minister of Shipping Shri G.K. Vasan 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 Milind Deora for his encouragement to your Company. I wish to also express my indebtedness towards Shri P.K. Sinha, former Secretary (Shipping) and Shri. Vishwapati Trivedi, present Secretary (Shipping) for their 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 would also like to 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. Finally, I wish to express my deep sense of gratitude towards all the shareholders, stakeholders, my colleagues on the Board of Directors and all the floating and shore employees for their continued support extended towards the corporation over the years and particularly during the present turbulent period.

Board of Directors Brief Profile of the Directors of the Company



01 Shri B. K. Mandal *Chairman & Managing Director / Director (Finance)*

Shri B. K. Mandal has been entrusted with the additional charge of C&MD of SCI w.e.f 1.1.2013 consequent to the superannuation of Mr. S. Hajara, ex-CMD. Shri B. K. Mandal is Director (Finance) since November 2005 and is a post graduate in Management from the Indian Institute of Management, Ahmedabad, and also a Fellow member of the Institute of Cost & Works Accountants of India. Shri Mandal was working in NTPC Ltd., Delhi, as General Manager (Finance) and has also worked with BHEL in the initial years of his career. Besides being on board of other Joint Venture companies, he is also a member in Investors' Grievance Committee.

02 Dr. (Ms) T. 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, an 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 Shri J. N. Das *Director*

Shri J. N. Das is Director (Liner & Passenger Services) since December 2007. He is a Marine Engineer from Marine Engineering Training College (DMET), Kolkata and possesses First Class Engineer (MOTOR) Certificate of Competency from MOT. He is a member of the Institute of Engineers (MIE India) and a fellow of Institute of Marine Engineers (FIME) India. He has vast experience in shipping management, bulk carriers, tankers, chemicals, LPG & LNG operations, new building and offshore services. Shri J.N. Das is also on board of other Joint Venture companies.

Board of Directors Brief Profile of the Directors of the Company



05 Shri Arun Kumar Gupta *Director*

Arun Kumar Gupta is the Director of Technical & Offshore Services Division since October 25, 2010. He holds a bachelors degree in Marine Engineering from Marine Engineering Training College, Kolkata and possesses First Class Engineer (MOTOR) Certificate of Competency from Ministry of Transport. He is a member of the Institute of Engineers, a Fellow Member of Institute of Marine Engineers & Narottam Morarjee Institute of Shipping. He has also served Irano-Hind Shipping Co., Tehran as Director Administration for a period of over three years. He has been a Trustee of Kandla Port and 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 this context he has chaired sessions and also presented papers in several technical meets. He has almost 34 years experience in all aspects of shipping management. Shri Arun Kumar Gupta is also on board of other Joint Venture companies.

06 Shri Sushil Kumar Roongta *Director*

Shri Sushil Kumar Roongta is a non-official part-time (Independent) Director inducted on the Board in October, 2010. He is a member of the Strategy Committee of our Company. He holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from the Birla Institute of Technology & Sciences and has a Post Graduate Diploma in Business Management-International Trade from the Indian Institute of Foreign Trade. He is also a fellow member of the All India Management Association. He has expertise in marketing, strategy and turnaround management. He was the executive Chairman of the Steel Authority of India Limited ("SAIL") from August 2006 to May 2010. He was also the first chairman of the International Coal Ventures Limited, a joint venture of five leading Public Sector units. He is presently the Chairman of the Panel of Experts on PSU reforms, constituted by the Planning Commission, Government of India. Presently, he is on the Board of Axis Bank Limited since July 2010 and Neyveli Lignite Corporation Limited since September 2010. He has also been appointed as Managing Director of Vedanta Aluminium from June 2011.

07 Capt. B.B. Sinha *Director*

Capt. B.B. Sinha is the Director of Personnel and Administration since 1st January, 2013. Capt. Sinha has served over 33 years at responsible executive level in Shipping Industry consisting of 16 years of sea service and 17 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 (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). He has also served as SCI's representative in New Jersey (USA).

08 Capt. Sunil Thapar *Director*

Capt. Sunil Thapar is the Director of Bulk Carriers and Tanker Division since January, 2011. He holds a Masters' 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. Capt. Sunil Thapar is also on board of other Joint Venture companies

Senior Management Team

Sr. No.	NAME	Title	DES	LOCATION	DIVN.	SUB DIV
1	BARMAN P. K.	Mr.	ED	MUM	B&T	SVC/PEC/RB&DD
2	ANAND P. D.	Mr.	ED	MUM	B&T	Tanker Comm
3	DIPANKAR HALDAR	Mr.	ED	MUM	BRD SECTT	Co-Secy & LA
4	JEJURIKAR U. D.	Ms.	Sr.VP	MUM	P&S	P&S
5	SARAIYA N. R.	Mr.	Sr.VP	MUM	IT	I/C IT & ERP
6	MANDAL S.	Mr.	Sr.VP	KOL	KOL	Reg SVP
7	DEVADAS K.	Capt.	Sr.VP	MUM	T&OS	OS
8	SADAWARTI S. G.	Mr.	Sr.VP	MUM	IT	ERP
9	MAJI S. K.	Mr.	Sr.VP	MUM	L&PS	Frnt & PO
10	GUPTA KAUSHALENDRA	Capt.	Sr.VP	MUM	B&T	BCT
11	BHAMBANI S. B.	Capt.	Sr.VP	MUM	ISM & ISPS	
12	NARULA S.	Capt.	Sr.VP	MUM	L&PS	Conops-O
13	JOARDAR D.	Mr.	Sr.VP	MUM	B&T	TC-PR
14	MIRANDA K. J.	Capt.	Sr.VP	MUM	P&A	MTI, P MTI
15	TANDON R. K.	Capt.	Sr.VP	MUM	L&PS	Strategic Planning, MIS, Plans & Bilateral
16	MITRA P. K.	Mr.	Sr.VP	MUM	B&T	CHARTERING
17	KUMAR VIJAY	Mr.	Sr.VP	MUM	F&A	Treasury

Notice of Meeting

NOTICE is hereby given that the 63rd 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 Tuesday, the 24th day of September 2013 to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013, 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 Shri Arun Kumar Gupta who retires at this meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Capt. Sunil Thapar 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. B. B. Sinha who under Article 125 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 holds office only upto 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. B. B. Sinha as Director of the Company.

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

Dipankar Haldar

Executive Director (Legal Affairs) & Company Secretary

Registered Office:

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

Dated : 14th August, 2013

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 17.09.2013 to 24.09.2013 (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 Section 205A of the Companies Act, 1956, 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 2006-2007 and onward. The investor may also visit www.shipindia.com. The dividend paid for the years 2004-2005 (Final) and 2005-2006 (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.**

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following explanatory statement sets out all the material facts relating to special business mentioned at Item No. 5 of the accompanying Notice dated 14th August, 2013 convening the 63rd Annual General Meeting of the Company.

Item No. 5 of the Notice

The Company has received a notice in writing dated 23rd November, 2012 from the Govt. of India, Ministry of Shipping, conveying the nomination of Capt. B. B. Sinha for appointment as Director, for a period of five years or until further orders, whichever is earlier. Accordingly, Capt. B. B. Sinha was appointed as Additional Director by the Board of Directors pursuant to the powers vested in it. In accordance with Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.

Capt. B. B. Sinha is the Director of Personnel and Administration since 1st January, 2013. Capt. Sinha has served over 33 years at responsible executive level in Shipping Industry consisting 16 years of sea service and 17 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 (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. B. B. Sinha is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Dipankar Haldar

Executive Director (Legal Affairs) & Company Secretary

Registered Office:

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

Dated : 14th August, 2013

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

Name of Directors	Arun Kumar Gupta	Capt. Sunil Thapar	Capt. B.B. Sinha
Date of Birth	26.12.1955	08.09.1955	01.01.1958
Date of Appointment	25.10.2010	11.01.2011	01.01.2013
Qualifications	<ul style="list-style-type: none"> • Marine Engineer from Marine Engineering Training College, Kolkata • Member of Institute of Engineers • Fellow Member of Institute of Marine Engineers • Fellow Member of Narottam Morarjee Institute of Shipping. 	<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" 	<ul style="list-style-type: none"> • Diploma in Shipping Management • Master (FG) • Life Member Company of Master Mariners
Expertise in Specific functional areas	Vast experience and knowledge in shipping management & technical execution of projects.	Vast shipping experience and commercial & technical knowledge of Bulk carriers, Tankers, Containers & Liners and Offshore vessels	Vast experience and knowledge in Shipping management, Bulk carrier, tankers, chemicals, LPG & LNG operations.

**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 the Director	Chairmanship / Directorship held in other public companies	Chairmanship / Membership held in Committees of such Boards
Shri Arun Kumar Gupta	SCI Forbes Ltd.	NIL
Capt. Sunil Thapar	NIL	NIL
Capt. B. B. Sinha	NIL	NIL

Salient Statistics 2012 / 2013

Authorised Capital	₹	1000.00	Crores
Subscribed and Paid-up Capital	₹	465.80	Crores
Depreciation Provision	₹	760.52	Crores
Gross Earnings	₹	4795.98	Crores
Gross Investment on Fleet	₹	17928.82	Crores
No. of Passengers carried (including managed vessels)		7066	
No. of Employees (including crew) (As on 1 st July, 2013)		2899	
Vessels Owned (As on 1 st June, 2013)			
Number		79	
Tonnage		3.35	Million GT
		5.96	Million DWT
Vessels on Order (As on 1 st June, 2013)			
Number		15	
Tonnage		0.68	Million GT
		1.11	Million DWT

Decade at a Glance

OPERATIONAL STATISTICS

(Figures in Crores of ₹)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*	2011-12	2012-13
Operating Earnings	3100.3	3396.1	3531.0	3703.4	3726.9	4166.6	3463.1	3543.4	3820.8	4152.5
Interest Income	60.7	80.2	172.1	219.7	227.7	272.7	218.2	191.4	183.4	107.3
Other Income	74.5	249.7	59.0	287.2	129.8	125.2	215.0	285.0	495.9	236.4
Total Earnings	3235.5	3726.0	3762.1	4210.3	4084.4	4564.5	3896.3	4019.8	4500.1	4496.2
Operating Expenses	2019.8	2033.7	2119.3	2567.7	2594.4	2815.7	2771.0	2254.5	3328.4	3273.7
Other Expenses	166.5	183.7	145.3	149.4	221.3	266.5	216.7	576.7	515.7	668.4
Interest Expenses	55.7	64.3	79.1	80.1	61.6	64.7	52.5	66.9	387.3	161.8
Depreciation	280.0	297.1	303.5	303.1	303.2	323.9	380.1	465.1	608.7	760.5
Exceptional items	0.0	0.0	0.0	0.0	0.0	39.1	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	0.0	-299.7
Tax Liability	86.5	22.8	72.8	95.5	90.0	113.9	99.1	89.3	88.2	45.8
Deffered Tax Provision written back	0.0	-295.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenses	2608.5	2306.1	2720.0	3195.8	3270.5	3623.8	3519.4	3452.5	4928.3	4610.5
Profit after Tax	627.0	1420.0	1042.2	1014.5	813.9	940.7	376.9	567.3	-428.2	-114.3

FINANCIAL HIGHLIGHTS:

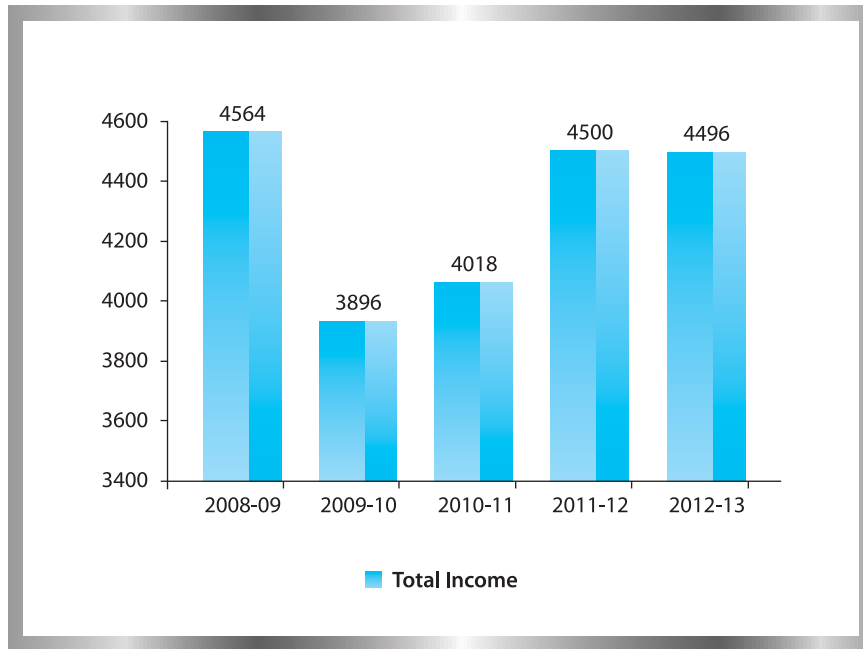
(Figures in Crores of ₹)

	31-03-04	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
WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	6073.8	6506.1	6818.9	6705.4	6737.1	8161.9	8893.2	11841.3	13334.4	16556.8
Less: Depreciation(Cum)	3092.0	3270.3	3559.4	3744.2	4047.2	4333.9	4386.4	4472.1	4421.6	5017.0
Net Block	2981.8	3235.8	3259.5	2961.2	2689.9	3828.0	4506.8	7369.2	8912.8	11539.8
Assets under Construction	385.7	122.5	237.3	762.5	2007.2	2099.9	1854.7	1790.4	1833.3	1572.5
Asset Retired from Operation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Working Capital	667.6	1618.6	2224.1	2596.7	2347.7	2640.9	2505.7	2431.0	2036.6	1550.1
Investments	0.5	1.5	8.9	24.0	41.5	111.5	166.7	292.7	274.6	117.7
	4035.6	4978.4	5729.8	6344.4	7086.3	8680.2	9033.9	11883.3	13057.3	14780.6
WHAT THE COMPANY OWED										
Long Term Funds:										
Bank Loans	1371.3	1402.7	1374.4	1244.7	1454.2	2471.7	2696.9	4715.2	6323.0	7707.4
Unsecured Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	457.0
	1371.3	1402.7	1374.4	1244.7	1454.2	2471.7	2696.9	4715.2	6323.0	8164.4
Deferred Tax Liability	295.5	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	282.3	423.5	423.5	465.8	465.8	465.8
Reserves & Surplus	2114.7	3309.8	4077.8	4817.4	5349.8	5785.0	5913.5	6702.3	6268.5	6150.4
Deferred Revenue										
Expenditure	(28.2)	(16.4)	(4.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	2368.8	3575.7	4355.4	5099.7	5632.1	6208.5	6337.0	7168.1	6734.3	6616.2
Dividend paid	479.9	197.6	239.9	239.9	239.9	275.2	211.7	256.2	0.0	0.0
Dividend %	170.0	70.0	85.0	85.0	85.0	65.0	50.0	55.0	0.0	0.0

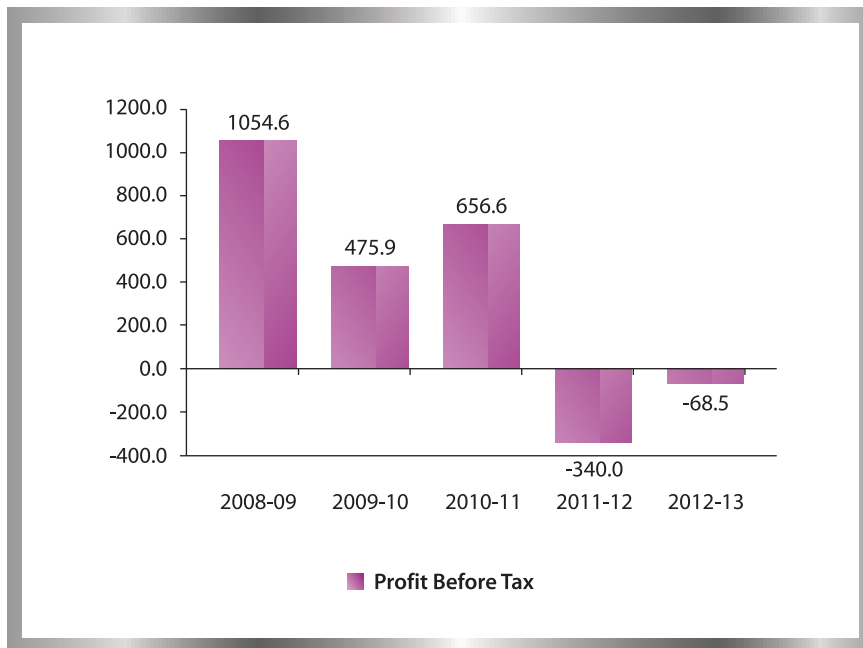
* Figures have been regrouped as per Revised Schedule VI

Graphs

Total Income (Amount in ₹ Crores)

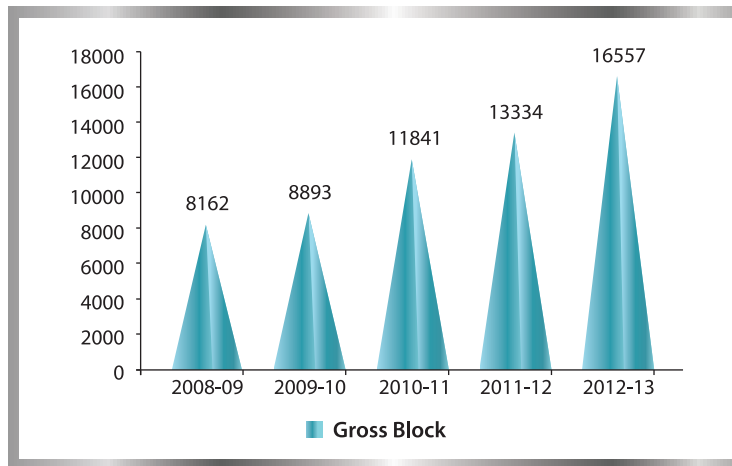


Profit Before Tax (Amount in ₹ Crores)

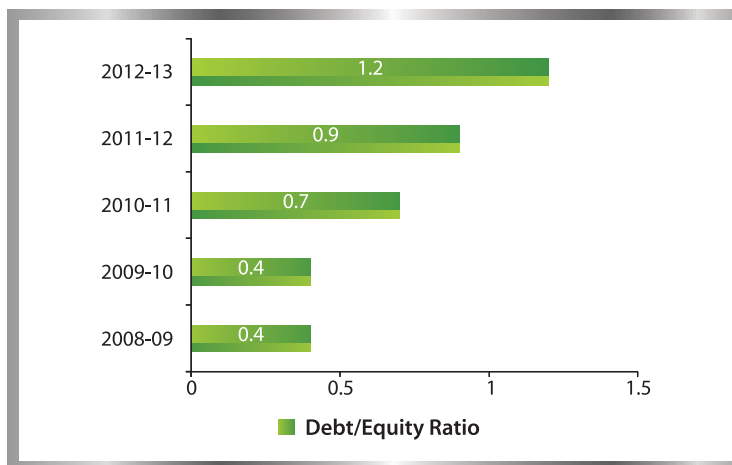


Graphs

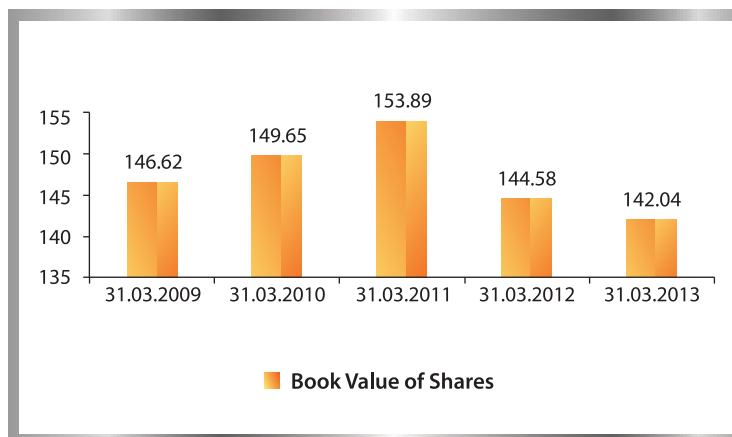
Gross Block (Amount in ₹ Crores)



Debt / Equity Ratio



Book Value of Shares (Value in ₹)



Directors' Report

To the Members,

Your Directors have pleasure in presenting the 63rd Annual Report on the working of your Company for the financial year ended 31st March, 2013.

Accounting Year

The year under report covers a period of 12 months ending on 31st March, 2013.

FINANCIAL PERFORMANCE

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

	(₹ In crores)			
	2012-13		2011-12	
Gross Earnings		4796		4500
Gross Profit (before interest, depreciation, items relating to earlier years, exceptional items & tax)		492		623
Less : Interest	162		387	
Depreciation	760	922	609	996
Profit before items relating to earlier years, exceptional items & tax		(430)		(373)
Prior year's adjustments		62		33
Profit before Extraordinary items & tax		(368)		(340)
Extraordinary items		300		-
Provision for Indian Taxation		(46)		(88)
Net Profit / Loss (-)		(114)		(428)

Appropriations :

The working results for your company for the year 2012-13 after considering prior period adjustments & extraordinary items show a loss of ₹ 114.31 crores.

After adding a sum of ₹ 161.71 crores (being balance profit and loss account brought forward from previous year), the amount available for disposal works out to 47.4 crores.

Your directors propose to make the following appropriations from this amount:

Staff Welfare Fund	1.2	crores
Total	<u>1.2</u>	crores

After the proposed appropriation, the sum available is ₹ 46.20 crores which is being carried forward to next year's accounts.

Brief Analysis of Financial Performance:

The financial performance of your Company was impacted by the adverse freight markets during the year. There has been an increase in the operating earnings due to induction of twelve new vessels during the year though freight rates were depressed. The Company also had extraordinary income of ₹ 300 crs being the reversal of borrowing cost (arising on account of exchange loss arising out of revaluation of the foreign currency loans) of earlier years. However, the same has been offset primarily by increase in depreciation, creation of provision for diminution in value of investments and higher interest cost due to the new vessels inducted.

Fleet Position during the Year:

During the year under report, 8 vessels aggregating to 287,460 DWT were phased out from the SCI fleet whereas 12 vessels comprising of six newbuilding bulk carriers, one resale Crude oil tanker and five new building offshore vessels aggregating to 630,172 DWT were added to SCI fleet. Thus, the overall fleet position, which was 76 ships at the beginning of the year, improved to 80 ships at the end of the year as shown in the following table:

FLEET PROFILE

Particulars	As on 1.4.2012		Additions		Deletions		As on 31.3.2013	
	No.	DWT	No.	DWT	No.	DWT	No.	DWT
1. a) Crude Oil Tanker	24	3,632,297	1	158,034	2	162,438	23	3,627,893
b) Product Tankers	15	952,728	-	-	-	-	15	952,728
c) Chemical Tankers	1	33,058	-	-	-	-	1	33,058
d) Gas Carriers	2	35,202	-	-	-	-	2	35,202
2. Bulk Carriers	14	681,554	6	459,931	3	121,272	17	1,020,214
3. Liner Ships	5	202,413	-	-	-	-	5	202,413
4. Offshore Supply VsIs.	13	24,031	5	12,207	2	3,587	16	32,650
5. Passenger-Cum-Cargo Vessels	2	5,303	-	-	1	163	1	5,140
Total	76	5,566,587	12	630,172	8	287,460	80	5,909,298

NEWBUILDING VESSELS DELIVERED DURING THE YEAR

Vessel Name	Type	Yard Built	DWT
SCI KUNDAN	AHTSV (120T Bollard Pull)	Cochin Shipyard	2,011
m.v. Vishva Diksha	Dry Bulk carrier	STX (Dalian) yard	57,132
m.v. Vishva Anand	Dry Bulk carrier	STX (Dalian) yard	80,204
m.v. Vishva Vinay	Dry Bulk carrier	STX (Dalian) yard	80,139
SCI Ahimsa	AHTSV (120T Bollard Pull)	Cochin Shipyard	2,005
SCI Nalanda	Platform Supply Vessel	Cochin Shipyard	3,093
m.t. Desh Shobha	Crude Oil Tanker	Hyundai Samho Heavy Industries	158,034
m.v. Vishva Vijay	Dry Bulk carrier	STX (Dalian) yard	80,312
m.v. Vishva Preeti	Dry Bulk Carrier	STX (Dalian) yard	80,250
SCI Yamuna	Platform Supply Vessel	Cochin Shipyard	3,095
m.v. Vishva Jyoti	Dry Bulk carrier	Jiangsu Eastern Heavy Industries	81,894
SCI Urja	AHTSV (120T Bollard Pull)	Cochin Shipyard	2,003
Total			630,172

VESSELS DISPOSED OF DURING THE YEAR

Vessel Name	Type	Year Built	DWT
m.v. Ramanujam	Passenger	1987	163
m.v. Dakshineswar	Dry Bulk carrier	1987	47,277
m.v. Gangasagar	Dry Bulk carrier	1987	47,281
m.t. Maharshi Karve	Crude Oil Tanker	1978	122,109
m.t. C.V. Raman	Crude Oil Tanker	1981	40,329
m.v. Lok Prem	Dry Bulk carrier	1990	26,714
SCI-01	AHTSV	1984	1,775
SCI-04	AHTSV	1984	1,812

VESSELS ON ORDER AT THE END OF THE YEAR

Type	No.	Shipyard	Total DWT
Anchor Handling, Towing & Supply Vessel (AHTSV) (80T BP)	1	Bharati Shipyard Ltd.	2,000
Kamsarmax bulk carrier	3	Jiangsu Eastern Heavy Industries Co. Ltd.	246,000
VLCC	2	Jiangsu Rongsheng Heavy Industries Co. Ltd.	634,000
6,500 teu Cellular Container vessel	3	STX (Dalian) Shipbuilding Co. Ltd.	256,800
3,500 teu Cellular Container vessel	1	Rongcheng Shenfei Shipbuilding Co. Ltd.	43,000
Anchor Handling, Towing & Supply Vessel (AHTSV) (80T BP)	6	ABG Shipyard Ltd.	12,000
	16		1,193,800

MANAGEMENT DISCUSSION AND ANALYSIS

Seaborne Trade Outlook

The Shipping industry by nature is a cyclical industry. It is also a truly global industry. Therefore the events happening in the global economy have direct impact on the health of the industry.

Global GDP

The Global GDP growth has been hovering near 3% in 2012 from 3.8% of 2011 and expected to remain around 3% in 2013. The drivers of world economic growth like China and India have slowed down substantially in 2012 and India's GDP growth has recorded its 10 year low of 5% in 2012-13 (Source: RBI's Database on Indian economy). North America's GDP in 2012 & 2011 were 2.2% and 2.0% respectively where as Europe GDP was 0% in 2012 against 2.0% in 2011. The projected global economic scenario does not give any rosy picture compared to the past. The global GDP growth deeply 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

The present recessionary trend in the shipping industry is further caused by the glut of the vessel across all segments of shipping. Though fresh ordering of the ships has been coming down in general and the number of scrapping has also gone up, it will take some more time for the industry to see the demand and supply equilibrium of ships.

Asset Prices

Apart from the very low operating margin, shipping companies are also experiencing drastically falling asset values which compounded with low profitability and margin has caused 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 remained at 2 billion tonnes almost at the same level of previous year. It is forecasted that the imports will remain almost static for the next 5 years. US domestic output is increasing and causing sharp drop in Crude imports and the same trend is expected to continue in the future. In anticipation of rising shale oil production if US lifts its ban on crude oil exports, there will be a shift in the global trade pattern. Product imports also fell down from 887 million tonnes in 2011 to 863 million tonnes during last year. There were deliveries of 28.5 mn dwt and 3.9 mn dwt for crude oil tanker and product tankers in 2012. For Crude oil tankers, the deliveries expected are 23 mn dwt and 15.6 mn dwt in 2013 and 2014 respectively. For Product Tanker, the respective figures are 4.8 mn dwt each. Taking into account the scrapping and new orders, the year on year growth will reduce for crude and product segments altogether from 3.9% in 2012 to 2.9 % and 1.6% in 2013 and 2014 respectively. Overall during the course of 2012, the tanker newbuilding prices plummeted by 5-10%. For Crude oil tankers the tonne-mile demand fell by striking 5% compared to the year earlier level. For the current year in volume terms as well as in tonnes-mile demand, the fall is expected to continue. For Product tankers the tonnes-mile demand was up by 6% over the previous year and recent upward trend

is likely to continue with emphasizing import gains in European, Chinese and Asia Pacific offsetting decline of North American and Japanese imports. The Spot rate of TD3 route of AG/East for VLCC was US\$22,000/day in 2012. The future market in this segment seems to be in the range of US\$10,000 to US\$15,000/day. One Year TC rate for VLCC was about US\$ 20,000/day in 2012 which is also not likely to change much in next 2 years. The Suezmax rate on West Africa/US route was in the range of \$ 13,000/day in 2012 which is not expected to improve in next 2 years. One year TC rate for Suezmax was \$16,300/day and seems to remain at same level for next 2 years. For Aframax, the spot rate on Caribs/US route was US\$ 12,600/day which is expected to remain around the same level in 2013. Taking a look on Product tankers, LR1 Spot rates on AG/East was US\$ 10,900/day in 2012 and expected to be US\$15,300/day in 2013. One year TC rate for LR1 was \$ 13,500/day and expected to be \$14,500/day in 2013 and 2014. In MR tankers on Caribs/US route the spot rate was also in tandem from US\$ 10,800/day to US\$ 11,800/day. One Year TC rate for MR was 13,000/day and expected to be around \$ 13,500/day for next 2 years.

Your VLCCs were mainly employed on Voyage Charter during FY 2012-13 and had been performing spot voyages, except MT Desh Ujaala which was on time charter with Indian Oil (IOCL) for about 2 months of the financial year and thereafter on Voyage Charter. Your **Suezmax** tankers were deployed with Indian oil industry and performed COA voyages, except occasionally performing spot voyages for Indian and foreign charterers. The COA earnings are based on AFRA which has been low. Your company also acquired a new Suezmax tanker MT Desh Shobha during this period.

Your **LR-II** tankers, M.T. Motilal Nehru and M.T. Jawaharlal Nehru are single hull and non-coiled tankers suitable for coastal crude oil movement only. There is no market average available for single hull tankers. The earnings compare well for this financial year compared to last year. Your tankers in the Swaraj Series & Tagore Series were all well employed with Indian charterers and their earnings compare well with the market average.

Your tankers in the Swarna series, i.e., 2 MR and 2 LR-II tankers were gainfully deployed in pool and their earnings compare well with the market. MT Swarna Pushp was employed with Indian charterers for the last quarter.

Earnings of your coiled / double hull **Aframax** tankers compares well with the market mainly on the back of triangulation voyages which minimize 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 was deployed under clean trade and another LR-I was deployed in spot market. The average earnings have been marginally higher on y-o-y basis, and also were higher compared with the market average.

Your **MR tanker**, M.T. C V Raman was deployed solely under coastal trade during the 1st quarter and there was a decrease in earnings y-o-y basis, and the vessel was scrapped during July 2012.

Your tanker, M.T. Maharshi Karve which was an old tanker of more than 30 years was deployed on time charter to ONGC for storage duties at the same levels of earning as last year. This tanker was scrapped during July 2012.

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 lone Acid carrier, MT Palanimalai was deployed on spot voyages and performed a few voyages on COA during the 4th quarter. The earnings have been marginally higher as compared to last financial year due to a buoyant market.

LNG Transportation

With India gearing up to build pipeline and delivery infrastructure of LNG, this sector could revolutionize the future of Indian energy needs. Your company is the first and only Indian shipping line engaged in transportation of LNG. SCI is a major shareholder in 3 LNG tankers through joint venture partnership on a long-term charter. SCI is also keen to participate in transportation of LNG of various upcoming new projects for securing the shipping requirements through past experience of operating and managing LNG vessels.

Your company has signed an MOU with Gas Authority of India Limited (GAIL) to cooperate for transportation of about 5.8 million metric tons of LNG from Sabine Pass, USA and Cove Point LNG liquification project at Lusby in the state of Maryland, USA. As per the MOU, SCI will assist GAIL in the process of tendering and post fixture management of 8 to 10 LNG tankers and will have a step-in-right for participating in the shipping project with up to 26% equity stake.

GAIL is India's leading company in the natural gas segment with an extensive infrastructure in the entire natural gas value chain and is the key market player in natural gas in India, with a pipeline network of over 7,500 km. Your company is the only Indian shipping Company with expertise in LNG Shipping and provides complete range of services including ship management, crew management and marine operation. Your Company has identified LNG shipping as a key growth area and with the participation in the shipping requirement for GAIL's project, it will have a sizeable stake holding in shipping of LNG which is projected to be an environmentally friendly source of energy.

RGPPL TERMINAL MANAGEMENT :

Your company has been awarded a 3 years 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 was incorporated under the Companies Act, 1956 on 8th July, 2005 and 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-gasified LNG facility of 5 million MT per annum at Dabhol.

The commissioning of the plant was completed on 10.01.2013 with LNGC "Pioneer". Four more spot cargoes were received till 30.04.2013. 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 been on a steep fall from 1424 during 2011-12 to 900 in 2012-13. The global imports of Dry bulk stood at 4.25 billion tonnes and grew by 5.6% over previous year. The dry bulk global import is expected to grow on an average at the same rate for next 3 years. The Steam Coal imports at 1,394 mn tonnes and Iron Ore imports at 1,121 mn tonnes have taken lead followed by Met coal and Grain imports at 255mn tonnes and 358 mn tonnes respectively. The other minor bulks have contributed towards the rest. Due to high International iron ore prices from September, 2012, Chinese iron ore import has been on a continuous fall till 2013 first quarter. In tonne-mile terms, the imports have risen slightly over the previous year as short-haul Indian supplies continue to fall. Chinese Met coal imports increased during 1st quarter of 2013 and Australia and Canada were leading suppliers to China in this segment. In the period ahead, steam coal holds the brightest outlook as new demand from coal fired power plants in India and China will increasingly source imported coal from Australia and Indonesia. India was the 2nd largest importer of steam coal in 2012 after Japan and is expected to overtake Japan in 2013 with about 12% increase in imports from 106 million tonnes in 2012 to 120 million tonnes 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 2012 were 98.4 mn dwt and fleet size jumped from 591.3 mn dwt mark to 665.3mn dwt crossing 600 mn dwt mark. It is also expected that at y-o-y growth rate of 7%, the fleet will also surpass 700mn dwt mark in this year itself taking into account scrapping and new orderbooking during this period. Thereafter, it is expected that y-o-y growth rate would be close to 4%. Over the year, the popular post-Panamax segment (80-110,000 dwt) saw the steepest increase, where the fleet grew by a whopping 28% to 71 million dwt, owing the huge delivery schedule in this modern class, while the smaller and increasingly out-dated Panamax class (60- 80,000 dwt) saw a small increase of about 2%, and the Handymax and Capesize fleets grew by about 18% and 8% respectively. There was no change in Handysize fleet over the year, with the high number of demolitions almost matching the deliveries.

Your Company owns 3 older Handymax bulk carriers (average age 15 yrs) of around 45,000 dwt, 8 modern Supramax dry carriers of around 57,000 dwt (which includes 1 newly delivered unit in FY12-13) and 5 modern Panamax / Kamsarmax dry carriers of around 80-82,000 dwt as on 31st March, 2013. During the financial year your company scrapped 2 older Handymax dry carriers (Daewoo Series). This has resulted in a significant improvement in the average age of dry bulk carriers in the fleet.

The dry bulk market endured the worst earnings in a 25 year period in 2012. Your company too 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. Added 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 the newer vessels had to be employed in the spot market which exposed us to the falling spot market rates. Normally, the charterers favour spot charter when charter market remains very low.

c) **Liner & Passenger Services**

The global containerized trade touched 2.6% growth rate in 2012 and is expected to rise to 4.8% in 2013 & 8.6% in 2014. Charter markets suffered as charter demand contracted and idle capacity increased towards end-2012. Newbuilding prices fell by almost 17% as shipbuilders cut prices to lure in investors. Liner operators resorted to capacity-trimming measures related to newbuilding deferrals, scrapping, disposal of charter capacity, repositioning of tonnage to other routes, slow steaming and idling of liner capacity. Adoption of capacity management tactics and multiple general rate increases in premier lanes helped propel spot freight rates. The weekly publication of the Shanghai Freight Index (SCFI) has been providing a unique tool to Liner operators in terms of gauging their immediate impact on the spot market and time their actions. This helps them in adapting and tuning to changing market development. The fleet growth was 5.6% in 2012 and expected to rise to 7.1% in the current year.

As per IPA, container throughput at India's major ports stayed flat in FY 2012-13 as compared to the previous year. Throughput at the 12 state-owned ports which accounted for majority of India's exports and imports of containerized goods was 7.7 million TEUs and about 120 million tonnes in terms of tonnage. JNPT handled 4.32 million TEUs accounting for around 55% of the country's total containerized traffic. Chennai, the second-largest container gateway handled 20% of the country's total containerized traffic. The quantum of Cargo Traffic at major ports declined by 2.5% in 2012-13 at 546 mn tonnes from 560 mn tonnes in 2011-12. The largest commodity group comprising the total traffic was POL with around 34% share followed by Container Traffic 22%, Other Cargo 20%, Iron Ore 5%, Coal 16% and Fertilizers Finished and Raw 3% respectively.

The decline in traffic was mainly due to a huge drop of 55% in the traffic at Mormugao followed by a 13% drop in traffic at Visakhapatnam and a decrease of 8% and 4% in Kolkata and Chennai respectively. In terms of commodities, the decline was mainly on account of a 55% contraction of iron-ore shipments followed by a 27% decline in fertilizers. In contrast, non-major ports in India registered a growth of 10.3% in cargo traffic in 2012-13 handling around 390 mn tonnes with a share of nearly 42% of the 935 mn tonnes total cargo handled by major and non-major ports. Non-major ports of Gujarat has contributed almost 3/4th share in cargo handled at non-major ports.

Your Company continues to be the only Indian mainline carrier providing services from India to some of the major global destinations including Far East / China, Europe, Middle-East / West Asia Gulf, East Africa etc. Your Company also caters to the US market. However, several international container majors continue to pose severe competition, offering direct services or calling Indian ports en route on the main East-West trade lane.

The profile of your Company's owned liner fleet having total container carrying capacity of 14,407 TEU is illustrated below:

Type of Ships	As on 1.03.2012		Addition		Scrapping		As on 31.03.2013	
	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 5 owned Container vessels: Approx. 14 years, out of which 2 vessels are around 5 years old.

As on 31.03.2013, 2 in-chartered container vessels having total dwt. of 1,33,000 mt and 10,100 TEUs were operated by your Company.

In addition to the above owned and in-chartered vessels, your Company also has cargo loading rights on 28 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 and NYK line of Japan, Wan Hai of Taiwan, Hanjin of Korea, Evergreen Lines of Taiwan and Xpress Lines (Seacon) of Singapore.

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 commenced in 1994 with your Company as a single operator operating 3 vessels with 1800 TEU capacity which was later upgraded to a fixed day weekly service with three partners operating 7 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 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.

Far Eastern Sector

India / Far East Cellular Service (INDFEX 1)

This service commenced in June, 2001 with 5 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, Korea, 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).

India / Far East Cellular Service-2 (INDFEX 2)

This service which had commenced in June 2002, connecting East coast of India to Shanghai in Central China, Korea, Hong Kong, Singapore and also linked North Chinese ports through feeder service from Korea was operated as a weekly direct service with 5 vessels having round voyage duration of 35 days. The service was suspended due to adverse market condition.

SCI Middle East India Liner Express (SMILE) Service

Your Company commenced this independent weekly service in March 2008 to the Gulf with its 3 owned vessels on a round voyage schedule of 21 days. The service is presently being operated with 2 owned vessels and also caters to the coastal trade between Mundra to Cochin and Tuticorin.

Asia - East Africa Service (AEF service)

In view of the developments taking place in the East Africa region (Kenya, Tanzania) where trade potential is very high, your Company commenced the AEF Service with 5 vessels w.e.f. 18th April, 2012 deploying 1 owned vessel in consortium with Evergreen Lines deploying 3 vessels and Xpress Lines (Seacon) 1 vessel. The service has a sailing frequency of 7 days with a round voyage duration of 35 days. The East Africa Service from the Indian Sub-Continent to East Africa (ISEAFR SERVICE) which was being operated on a Slot-Swap basis with MSC was suspended.

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 ZimLine and STX Line on their China-India service to have more extensive coverage of China market.

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.

Coastal Operations

Domestic Passenger-Cum-Cargo Service

In addition to International operations, your Company with its one 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

Your Company also manages / mans certain other types of (Coastal) Research vessels on behalf of Government agencies / departments viz. 3 vessels owned by Geological Survey of India under Ministry of Mines and one vessel of National Centre for Antarctic & Ocean Research, one vessel of Centre of Marine Living Resources and Ecology and three vessels of National Institute of Ocean Technology under Ministry of Earth Sciences.

Manned and Managed Vessels

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

Type of Ships	As on 31.03.2012			Addition Nos.	Scrap / Redelivered (Nos.)	As on 31.03.2013		
	Nos.	Pax. Cap.	Cargo Cap. (m.t)			Nos.	Pax. Cap.	Cargo Cap. (m.t.)
Pax-Cum-Cargo Ships	11	7724	6200	0	1	10	7066	6200
Other vessels	5	-	-	3	-	8	-	-
Total	16	7724	6200	3	1	18	7066	6200

The pattern of deployment of these vessels is as follows:

4 vessels for carrying passengers and cargo between the Mainland and A&N islands.

6 vessels for Inter-Islands run in A&N sector.

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) Technical & Offshore Services

OSVs owned by SCI

All 9 OSVs owned by your company, acquired in 1984-85, are on 5-years charter contract with ONGC w.e.f. 2007-08. Out of these 9 OSVs, m.v. C.P. Srivastava, m.v. Capt. F.M. Juvale, m.v.SCI-02, m.v.Feroze Gandhi, m.v. SCI-01 and m.v. SCI-04 have successfully completed their 5-years charter with ONGC. Out of these, m.v. SCI 01 & m.v. SCI 04 are disposed off. Further, m.v.SCI 05 is laid up for disposal and balance OSVs are operating in spot market.

New Offshore Acquisitions:

In the previous year (2011-12), your company had taken delivery of 4 Nos. new vessels and disposed off 1 vessel. During the current year (2012-13), your Company has taken over deliveries of 3 Nos. 120T Bollard Pull (BP) AHTSVs and 2 Nos. 3000 DWT Platform Supply Vessels (PSVs). With addition of these 5 Nos. vessels and disposal of 2 Nos. old vessels, your Company's offshore fleet has reached to total of 16 vessels. With the addition of new vessels, your Company could increase its clientele base by doing offshore business with many operators outside its traditional customer, viz; ONGC. The services were provided to: British Gas Exploration & Production India Limited (BGEPIL), Transocean Drilling Services Pvt. Ltd. (TDSPL), Adani Welspun Exploration Ltd. (AWEL), Resolve Fire & Salvage India Ltd., Supreme Hydro Engineering Pvt. Ltd., ABAN Offshore, Norscot Drilling Services Pvt. Ltd., Vision Project Technologies Ltd., KNK Ship Management, Greatship India Pvt. Ltd., EMAS Offshore Pte. Ltd., Deepwater Drilling Services Pvt. Ltd., Focus Energy Ltd., Boskalis International BV, Swiber Offshore, Tag Offshore, National Petroleum Construction Co. Abu Dhabi (NPCC) etc.

O&M of ONGC owned vessels

Samudrika series OSVs:

Your company has continued to Operate, Man and Manage ONGC's 15 Nos. SAMUDRIKA series Offshore Supply Vessels

on nomination basis under 'cost plus' arrangement. The existing contract was valid till 15.05.2013 and thereafter it was proposed to extend till the disposal of the vessels

Specialized vessels:

Your Company has continued the Operation & Maintenance management (O&M) of ONGC's two Multi Support Vessels (MSVs) ("Samudra Sevak" and "Samudra Prabha") and one Geotechnical Vessel ("Samudra Sarvekshak") on nomination basis under 'Cost plus' arrangement. The existing contracts expired on 23.03.2013, which are now extended upto 23.03.2014 and 31.03.2014 respectively.

Your Company has also continued the Operation & Maintenance management (O&M) of ONGC's Well Stimulation Vessel (WSV) "Samudra Nidhi" on 'cost plus basis' since the vessels delivery. The present contract is expiring on 31.03.2014.

Emergency Towing Vessel (ETV) 2012:

On request of Directorate General of Shipping (DGS), this year also your Company had In-Chartered one Emergency Towing Vessel (ETV) for safety and security on the Indian Coast for about 210 days. During this period the ETV had offered its services to "M.V. Nahide M." (vessel was disabled due to failure of engines), "M.V. Amsterdam Bridge" (a container vessel, met with fire accident), "M.T. Pratibha Cauvery" (vessel grounded off at Chennai in cyclone).

TECHNICAL CONSULTANCY SERVICES

During the year under report the Company continued to provide technical consultancy services to A&N Administration, UTL Administration, UTL Tourism Dept., Directorate of Light Houses & Light ships, Geological Survey of India, National Institute of Oceanography, National Centre for Antarctic & Ocean Research and other Government Departments for their various ship acquisition / retrofit projects.

Opportunities

Growth in long haul volumes from Caribbean to China and India, West African crude finding markets in India and China to compensate for the drop in demand in USA, recommencement of shipments from North Sudan coupled with the refinery growth in India and China have the potential of adding vital tonne-miles to the trade.

The scope of LNG transportation is very high considering that LNG accounts for 8% 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 6th largest importer of LNG in 2011 and clocked a growth of 7.7% in 2012. 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.

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 tonnes (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 tonnes of which approximately 200 million tonnes 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 and Africa. With these imports in pipeline, the shipping sector will stand to benefit from increased import cargoes.

The breakbulk sector continues to have good potential in respect of imports of Over-Dimensional Cargoes (ODC), Project cargoes, Heavy Lift cargoes etc. on account of the Government departments / PSUs and other commercial organisations as the Infrastructure sector in India continues to remain buoyant.

With more and more explorations projects coming up, the Offshore segment will flourish within India and provide a huge opportunity.

Threats

With Japan going in for a massive monetary restructuring of the currency with unprecedented consequences for capital flow and trade, Chinese growth fast slipping away from double digits and the Americas and Europe far from a definitive escape from financial and demand challenges, the demand for tankers will hinge on the direction the above factors take in the next 1-2 years.

Government policies, taxation regimes and currency fluctuations of different countries 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. 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 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.

Liner freight rates are expected to remain flat throughout the year and a recovery can only be expected by 2014 depending upon successful rate restoration, strong market fundamentals and restrained capacity expansions.

Strengths

- Years of vast experience in Shipping.
- Diversified presence in segments viz, Bulk Carriers, Tankers, Liner & Offshore etc.
- Younger age of Fleet with new acquisitions which has brought down average age from 18 years in 2007 to 10 years presently.

Risks & Concerns

Financial sector reforms in US and Europe, falling consumer demand amongst developed and emerging markets and falling economic growth has spilled over to emerging markets. The result is that the Chinese and Asian production hubs are witnessing decreased demand for export goods and also local demand which will negatively affect global trade 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 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 13 years and expected to go down further with new acquisition and scrapping of old vessels.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company's operational performance was severely impacted by the depressed world economic conditions coupled with the oversupply of tonnage. The bulk carriers' freight rates saw huge erosion due to low BDI during the year, where the BDI touched a new low (in the last 25 years). Similarly the tankers were also impacted due to sluggish demand

condition. The product tankers although a little insulated from world sluggish market conditions due to their focus on coastal business, suffered less but were not insulated totally. The performances of LPG vessels have been at par with market and were employed on time charter throughout the year. Although your company was able to register increase in the operating income over last year's level primarily due to delivery of new vessels, the profitability was much below expectation due to increase in depreciation due to the delivery of new vessels and bunker cost due to more vessels being on voyage charter. Also in the current year, the income from sale of ships was much lower, which further impacted the profitability.

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 extremely adverse market conditions with decline in freight rates. As a corrective measure, your Company discontinued two services, the INDFEX2 Service and the IMED Container Service to reduce losses and streamline the other services; however, the ports of call catered to by these discontinued services continue to be catered to through slot swap arrangement in the INDFEX1 service and through merger of the IMED service into the ISE service, respectively. The East Africa Container Service performed satisfactorily. In the Breakbulk 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. Direct operating expenses were curtailed by suspension of services which were not lucrative and this in turn led to an increase in the gross operating profit of the liner segment.

Offshore has improved its profitability substantially due to the addition of new vessels.

Compliance with Industry Requirements

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.

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 5 years. The renewal audit of ISO 9001:2008 has been successfully completed in the month of February 2013 and is valid till 7th May, 2016.

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 renewed in November 2012 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 12.02.2013 and is valid till 14.03.2016.

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.

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 fulfil 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.

The Integrated Management System (IMS) is in force across our entire Tanker Fleet since 2006. Key Performance Indicators (KPIs) as stated in TMSA (Tanker Management and Self Assessment) guidelines are being continuously monitored and the status is regularly updated on the website. Accordingly, the tankers are maintained to the highest standards and remain competitive and marketable.

TMSA compliance is the Oil Majors' requirement under OCIMF (Oil Companies International Marine Forum), without which the tankers are not accepted by Oil Terminals around the world. TMSA offers a standard of "Best Practice" framework for assessment of Ship Operators' Management system. M/s Exxon Mobil carried out the TMSA Review of SCI on 18/01/2011 and found our systems and standards meeting their requirements. The validity of this review is 3 years.

Indian Register Quality System, IRQS (IRS) audited the Integrated Management System in January 2012 and certified that the Tankers manned and operated by SCI continue to be compliant with ISO 9001 - 2008, EMS 14001 - 2004 and OHSAS 18001- 2007.

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 350 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.

Wage Agreement for petty officers and ratings, has been concluded under the aegis of NMB on 24.02.2012 for a period of five years from 01.04.2010 - 31.03.2015. However, one of the Crew unions, which were not happy with the agreement, has moved the High Court at Mumbai. The Court has directed the Central government to constitute a tribunal under Merchant Shipping Act, which has been constituted on 04.01.2013. However, the proceedings of the tribunal have been stayed by the Supreme Court on 15.03.2013 until the SLP filed by INSA are disposed. Industrial Relations are envisaged to be generally healthy.

Your company received NMDC Award for Most Compassionate Employer of Indian Seafarers Award on 05.04.2013.

Maritime Training Institute

Your Company's Training Centre at the Maritime Training Institute at Powai, Mumbai has conducted 302 Courses for 6503 participants and the total man-days trained during this year is 70019. These included 63091 man-days for SCI's personnel and 6928 man-days for personnel from other shipping companies. In addition to this, 114 of SCI's personnel were trained outside MTI and the additional man-days of training are 417. Every endeavour is made to ensure that our training institute is self sustaining.

Shore Personnel

The total manpower as on 01.05.2013 is 849 including CMD, five Functional Directors and CVO, out of which 703 are officers and 146 are staff members.

Various training programmes including General Management Training programme, 3 Tier Middle Management Programme and Stress Management Programme have been arranged for officers and staff during the year.

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. As on 31.3.2013, 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:

The pioneering works of your company in Human Resource have been acknowledged in the 7th Employer Branding Awards held by the World HRD Congress. Your company has been conferred the following awards during the year:

"General Awards for Excellence in Training"

"Best of Best Award for Excellence in Training"

"7th Best Employer of the Year Award"

Corporate Social Responsibility (CSR)

In pursuance of CSR policy framed in 2009 - 10 your company continues to undertake development initiatives as a responsible corporate citizen. The collaboration with Tata Institute of Social Sciences (TISS) for effective identification, monitoring, evaluation and reporting of CSR initiatives continues.

Your company continues to provide free pre - sea nautical training to Trainee Nautical Officer cadets belonging to SC / ST / BPL categories at our training institute and scholarships to the candidates belonging to these categories, pursuing marine engineering, nautical science and naval architecture at various campuses of IMU and IITs.

The Board is happy to report that our project of construction of public utility (Toilet Blocks) through Archaeological Survey of India (ASI) and National Culture Fund (NCF) at world heritage site of Mahabalipuram Temples, Tamilnadu, has been completed and opened for public use.

Your company has been awarded with the prestigious "CSR - Most Caring 50 Companies of India Award" instituted by World CSR Congress and CSR Leadership Award.

Your company has also identified projects for sustainable development during which revival, maintenance and upkeep of natural water bodies at our training institute were identified. Your company has also initiated pilot project on solar energy based heating and lighting system at MTI, Powai.

JOINT VENTURE COMPANIES**Irano- Hind Shipping Company**

Your joint venture company in Iran is operating under challenging circumstances and during the Iranian year ended 20.03.2013 (Iranian year 1391) company (standalone results) incurred net loss of Iranian Riyals 160,083 Millions (USD 13.057 Millions) (Previous year (adjusted and restated) Net Profit after tax of Iranian Riyals 244,095 Millions equal to USD 23.552 Millions).

The consolidated net loss of your joint venture company and its subsidiaries for the Iranian year ended 20.03.2013 stood at Iranian Riyals 328762 Millions (USD 26.815 Million) (Loss for previous year (adjusted and restated) Iran Riyals 39581 equal to USD 3.819 Millions) The fleet owned by your joint venture company together with its subsidiaries as at 20.03.2013 stood at six vessels with an aggregate of 0.501 million dwt. (Previous year 7 vessels - 0.66 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.

Government of India in meeting of cabinet held on 02.04.2013 approved the proposal for Dissolution of IHSC.

SCI's Joint Venture in LNG (Liquefied Natural Gas) vessels**India LNG Transport Company No 1 & 2 Ltd.**

As on 31st March, 2013, both vessels, SS Disha and SS Raahi have carried about 346 cargoes and 313 cargoes of LNG each from the inception of the two Joint Venture Companies (JVC) in May, 2001, namely India LNG Transport Companies No. 1 & 2 Ltd. The vessels have delivered 75 cargoes equivalent to 4.94 MMTPA in the financial year 2012-13.

Your company had extended Shareholders' loan to the two companies and during the year 2012-13 the joint venture company has repaid an amount of US\$ 0.15 million towards Shareholders loan and US\$ 0.62 million as interest on Shareholders' loan, to your company. As per provisions under the Loan Agreement, the distribution of Shareholders Loan and interest to the shareholders is withheld until re-financing of the syndicate loan to the lenders. The process of re-financing the syndicate loan has been initiated and would be completed before March 2014. The outstanding amount of Shareholders' loan as on 31st March, 2013 is US\$ 25.23 million. Your company is managing these 2 LNG tankers independently from 24.12.08 for SS Raahi and 29.12.08 for SS Disha. Your company has been paid US\$ 1.31 million towards Management Fee & Accounting fee during the year 2012-13 by the joint venture company.

India LNG Transport Company No 3 Ltd.

The third JVC, India LNG Transport Company No. 3 Ltd, set up to service the Dahej Expansion Project was formed on 21.02.2006. The vessel has delivered 37 cargoes in the financial year 2012-13. As on 31st March, 2013, M.T. Aseem has carried about 123 cargoes of LNG from the inception. During the year 2012-13, the Joint venture company has repaid an amount of US \$ 0.65 million towards interest during the year 2012-13. AS on 31st March, 2013, the outstanding Shareholders' loan with the JVC is US\$ 23.49 million. Your company has taken over the management of Aseem from 27th March, 2013, 2 years ahead of the period provided in the Time charter Agreement. This would be the third LNG Tanker managed by your company and SCI will receive a management fee of US \$ 600,000/- per year for this vessel.

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 which were delivered in August 2009, October 2009, March 2010 and May 2010 respectively. The global economic downturn has impacted the shipping industry. SCI Forbes operations too were hampered as the charter rates and value of vessels steeply decreased. Your company has made provision for diminutions in Investment in the Joint Venture to the tune of Rs 45 Crores. SCI Board during its meeting held on 14.02.2013 reviewed various options available to SCI and decided to exit from the JVC.

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 primary objective of providing various shipping related services to SAIL for importing coking coal and other bulk material from various countries to feed its steel plants located in India. The JVC was incorporated on 19th May, 2010. Currently, SSSPL is deliberating on acquisition of a suitable bulk carrier, which will cater to SAIL's cargo. Acquisition of Capesize Bulk carrier is under consideration.

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. 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.

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 "Good" for the year 2011-12. SCI has signed the MOU for the financial year 2013-14 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 Quality Management, Customer Satisfaction, Modernization of fleet in terms of compliances with regulations ensuring energy efficiency, Corporate Social Responsibility, etc. Moreover, activities under other parameters viz. 'Human Resource Management', 'Sustainable Development', 'Corporate Governance' and certain additional parameters as per the DPE requirements have also been incorporated in the MOU for achieving sustained overall growth.

Sustainable Development

Sustainable Development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs and it involves an enduring and balanced approach to economic activity, social progress and environmental Responsibility. A Committee comprising of four members had been constituted

on 28.9.2012, as required under the Sustainable Development Guidelines, to oversee the projects chosen by SCI from among the activities specified therein. SCI had identified 3 projects for 2012-13 viz. (i) Revival, Maintenance and Upkeep of the Pond (Natural Water Body) at Maritime Training Institute, (ii) Project for heating / lighting using solar energy under renewable / Cleaner / Alternative Energy Use and (iii) Installation of 'Optimum Trim' software / facility on board SCI's existing container ships of 4400 TEU capacity as an initiative for emission reduction of Green House Gases (GHG). Two meetings of the Committee were held during 2012-13 where the progress of the projects was evaluated.

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, 2013, which is forming part of the Annual Accounts.

Internal Control Systems and their adequacy

Internal Control systems in your company are adequate and commensurate with the nature and size of the operations. For constant testing of these controls, extensive internal audits are carried out by a firm of Chartered Accountants, viz., M/s. P.C. Ghadiali & Co. through an annual Audit Plan. The audits are conducted on quarterly basis and audit recommendations and compliances thereof are frequently reviewed by the Audit Committee of the Board.

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.

SET - IT Project

SCI has gone live with a large scale integrated SAP ERP implementation project to bring Enterprise wide transformation using state of the art technology and the same is stabilized. e- Tendering module of SAP has also been implemented to enable on line tendering process. SCI also has initiated a project on building a Disaster recovery site at Kolkata office to ensure business continuity during any emergency.

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 totally corruption-free.

During the year under review, the Vigilance Division continued its normal activities viz. Preventive vigilance, Punitive vigilance, Surveillance & detection, Proactive vigilance and Predictive vigilance.

The Vigilance Study Circle, Mumbai Chapter was installed to spread Vigilance awareness and develop the knowledge and skills of Vigilance Professionals and providing an ideal platform for the Chief Vigilance Officers to meet and exchange their views / experiences, etc. on a regular basis. On 16-8-2012 Mumbai Chapter of Vigilance Study Circle successfully completed its 2nd year as a forum for meaningful interaction between the CVOs of the Mumbai region. Informatively one of the Vigilance Officers was awarded the Vigilance Excellence Award on the basis of papers sent to the VSC, Mumbai Chapter by an internal committee of VSC, Mumbai Chapter.

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. The renewal audit of the Vigilance Division was conducted in March 2013 and the ISO 9001:2008 certification has been renewed for three years.

Integrity Pact in the Shipping Corporation of India Ltd.

SCI has signed a Memorandum of Understanding (MoU) with Transparency International India (TII) 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 domestic goods and service contracts is Rs 1 crore and above. The implementation of the Integrity Pact is monitored by a panel of 3 eminent Independent External Monitors (IEM)s. The tenure of the three

empanelled IEMs was for a period of three years only. The tenure of IEMs has been extended for a period of two more years after the same was approved by the CVC.

Vigilance Division also organized on the behalf of TII, a National Conference on "Making Integrity Work for Business" on 19th December, 2012. About 160 participants from the Government, Public Sector, Private Sector and NGOs participated.

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, their protection and 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 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:

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.

Paint applied on the underwater portion of the hull is tin free.

Fuel oil tanks are protected on the sides to avoid direct contact in case of accident.

Vessels engines are being designed to burn very low sulphur fuel to minimize pollution.

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 actions 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.

Implementation of Official Language Policy

With a view to implement Government of India's Language Policy, Constitutional provisions, Official Language Act, 1963, Official Language Rules, 1976, and Presidential Orders on the recommendations of Parliamentary Committee on Official Language, your Company renewed its commitment during the year under report to spread the usage of Hindi language.

In this endeavor, your Company continued to organize various Hindi promotional programmes besides conducting all India Seminars, Unicode computer training, Hindi workshops, Orientation lectures to new recruits, Hindi implementation committee meetings, Hindi inspections Hindi Competitions, Rajbhasha Maah, etc.

Under the guidance of Ministry of Shipping, an all-India Official Language conference was organised in October 2012 at Regional Office, Kolkata in which participants from various PSUs, educational institutions and Government Offices attended the programme in large number.

Your Company also organized a Hindi Talk on "Business Ethics & Corporate Culture" in June 2012 and a Hindi Seminar on "Managing Organizational Change" in February 2013 in Mumbai. During the year under report, your Company conducted 12 one-day training workshops and imparted Hindi unicode and bilingual software training to shore employees.

In recognition of your company's initiatives to further the cause of Hindi, Ministry of Shipping awarded your company 2nd prize for Hindi implementation. This award was given to your company second year in succession.

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:

- Foreign exchange earned and saved including deemed earned and saved ₹ 4258.93 crores.
- Foreign exchange used including deemed used ₹ 4332.55 crores.

Expenses on Entertainment, Foreign tours etc.

During the year under report your Company spent ₹ 56 lakhs on entertainment, ₹ 270 lakhs on publicity & advertisements and ₹ 293 lakhs on foreign tours of Company's executives.

Board of Directors

During the year under review, the Ministry of Shipping appointed Shri Sunil Kohli, Joint Secretary & Financial Advisor (JS&FA) as Non-Executive Director (ex-officio) on the Board of SCI w.e.f. 21.09.2012 in place of Shri Vijay Chibber who had relinquished his charge as Additional Secretary & Financial Advisor (Shipping). Subsequently, on relinquishment of the additional charge of JS&FA (Shipping) by Shri Sunil Kohli on 25.11.2012, the Ministry of Shipping appointed Dr. (Ms.) T. Kumar as Additional Secretary & Financial Advisor (Shipping) as Non-Executive Director (ex-officio) and her appointment on the SCI Board took effect on 26.11.2012.

Shri Kailash Gupta, Director (P&A) and Shri S. Hajara, Chairman & Managing Director (CMD) ceased to be directors on the Board of SCI due to superannuation w.e.f. 31.12.2012. Capt. B. B. Sinha was appointed Director (P&A) w.e.f. 1.1.2013. Shri B.K. Mandal, Director (Finance), Shipping Corporation of India (SCI) Ltd., holds additional charge of the post of Chairman & Managing Director (CMD), SCI w.e.f. 01.01.2013 to 31.3.2013 or until further orders of the Ministry, whichever is earlier. The tenure of Shri B K Mandal as CMD has been extended from time to time by the Ministry of Shipping. Prof. Sushil Khanna (Independent Director) tendered his resignation vide his email on 25.03.2013. The said resignation is under process at Ministry level. The tenure of Independent Directors has come to a close on 10th August, 2013. Ministry of Shipping is taking necessary action to fill up the vacant positions of Independent Directors.

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 claim 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 31.03.2013	0	0
3	Number of shareholders to whom shares were transferred from suspense account till 31.03.2013	0	0
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31.03.2013	4	436
5	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 10.06.2013	4	436

Auditors' Report

The auditors in their audit report for the year ended 31st March, 2013 have brought out that;

The Company has not complied with the requirements of AS - 28 - Impairment of Assets, issued by ICAI, the effect of which is unascertainable.

The accuracy of exchange gain / loss in respect of customer reconciliation / advances received from customers / trade payables recognized on revaluation as per accounting standard-11- "The effects of changes in foreign exchange rates" remains unverifiable and unascertainable.

The Company is unable to provide confirmation for accounts receivable, accounts of agents. In the absence of the reasonable audit evidence, the effect of the same remains unascertainable /unverifiable on the statement of profit and loss account and balance sheet.

We draw attention towards the direct access of the Accounting Software provided to the Agents for accounting of expenses relating to the port and 83% of the same are yet to be verified by the Company, the consequential effect of the same on the statement of profit and loss remains unascertainable.

The management's views on the abovementioned points are as below:

The management has tested its assets for impairment and has computed the recoverable value for all the ships owned by the company following AS 28. The methodology adopted by the company has been consistent over the last 3 years. As per the calculations, there is no impairment on the assets hence provision for impairment is not considered necessary.

The company has developed software to match the collectibles and collections related to customers. Substantial progress has been achieved in this regard upto 31st March, 2013.

In case of vendors, the expenditure incurred by the agents is prefunded through Proforma Disbursement Account after scrutiny of the prefunding claims. The final claims for the expenditure booked by the agent are received through Final Disbursement Account which is verified after the physical documents are received from the agent. This process takes time due to the nature of the business.

We do not expect any material impact on the profit / loss due to this.

We have sent letters seeking confirmation of balances to all our major debtors. However; the confirmations have not been received. This does not have material impact on the accounts of the company.

SCI has a worldwide network of agents. As per the system adopted by the company, port related expenses are booked by the agents. The same are subsequently verified by an external firm. About 45% of the expenses have been verified by the company and the balance is in process. From our past experience it has been observed that relatively minor amount of expenses are disallowed by the company subsequently.

The audited accounts has been reviewed by the Comptroller & Auditor General of India (CAG) and the certificate of CAG is also annexed to this report.

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, 2013, 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 judgements 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, 2013 on a "going concern" basis.

Acknowledgements

Your Directors extend their gratitude to Shri G. K. Vasan, Hon'ble Minister for Shipping, and look forward to his continued support and guidance. Your Directors also welcome Shri Milind Deora, Minister of State for Shipping and Shri Vishwapati Trivedi, Secretary to the Government of India, Ministry of Shipping, and look forward to their support and guidance in managing the affairs of the Company.

Your Directors also take this opportunity to express their gratitude and thanks to Shri Pradeep K. Sinha, former Secretary to the Government of India, Ministry of Shipping for the support and guidance extended to your Company during his tenure. Your Directors also wish to express their thanks to the officials in the Ministry of Shipping, 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 unstinted 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.

For and on behalf of the
Board of Directors

Place : Mumbai
Dated : 8th August, 2013

B.K.Mandal
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. The 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 5 executive (including Chairman & Managing Director) and 9 non-executive Directors. Of the 9 non-executive Directors, 2 Government Directors represent the Promoters i.e. Government of India and 7 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, the Ministry of Shipping appointed Shri Sunil Kohli, Joint Secretary & Financial Advisor (JS&FA) as Non-Executive Director (ex-officio) on the Board of SCI w.e.f. 21.09.2012 in place of Shri Vijay Chibber who had relinquished his charge as Special Secretary & Financial Advisor (Shipping). Subsequently, on relinquishment of the additional charge of JS&FA (Shipping) by Shri Sunil Kohli on 25.11.2012, the Ministry of Shipping appointed Dr. (Ms.) T. Kumar as Additional Secretary & Financial Advisor (Shipping) as Non-Executive Director (ex-officio) and her appointment on the SCI Board took effect on 26.11.2012.

Shri Kailash Gupta, Director (P&A) and Shri S. Hajara, Chairman & Managing Director (CMD) ceased to be directors on the Board of SCI due to superannuation w.e.f. 31.12.2012. Capt. B. B. Sinha was appointed Director (P&A) w.e.f. 1.1.2013. Shri B. K. Mandal, Director (Finance), Shipping Corporation of India (SCI) Ltd., holds additional charge of the post of Chairman & Managing Director (CMD), SCI w.e.f. 01.01.2013 to 30.09.2013 or until further orders of the Ministry, whichever is earlier. The tenure of Shri B K Mandal has been extended from time to time by the Ministry of Shipping. Prof. Sushil Khanna (Independent Director) tendered his resignation on 25.03.2013.

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, 2013 are set out below:

Name	Designation	No. of Directorships and committee memberships / chairmanships		
		Directorships in other public limited companies**	Committee memberships**	Committee chairmanships**
<i>Executive Directors (Whole-Time)</i>				
Shri B. K. Mandal	Chairman & Managing Director and Director (Finance)	01	NIL	NIL
Shri J. N. Das	Director (Liner & Passenger Services)	01	NIL	NIL

Report of the Directors on Corporate Governance

Name	Designation	No. of Directorships and committee memberships / chairmanships		
		Directorships in other public limited companies**	Committee memberships**	Committee chairmanships**
Shri A. K. Gupta	Director (Technical & Off-Shore Services)	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
<i>Non-Executive Director (Part-Time Ex-Officio)</i>				
Shri M C Jauhari	Joint Secretary	02	NIL	NIL
Dr. (Ms.) T. Kumar	Addl. Secretary and Financial Advisor	NIL	NIL	NIL
<i>Non-Executive Directors (Part-Time Independent)</i>				
Shri T.S. Ganeshan	Director	NIL	NIL	NIL
Shri Arun Ramanathan	Director	04	04	02
Shri Arun K. Verma	Director	NIL	NIL	NIL
Shri S.K. Roongta	Director	08	04	01
Shri U. Sundararajan	Director	NIL	NIL	NIL
Shri Nasser Munjee	Director	15	04	05
Shri S.C. Tripathi	Director	08	07	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 have been excluded. Similarly, in terms of the above Clause, membership / chairmanship of the Audit Committee and Shareholders' / Investors' Grievance Committee of all Public Limited Companies has been considered.

Board Meetings / Annual General Meeting

During the financial year 2012-2013, 10 Board Meetings were held, the dates being 03.04.2012, 29.05.2012, 13.07.2012, 10.08.2012, 24.09.2012, 08.11.2012, 28.12.2012, 28.01.2013, 14.02.2013 and 22.03.2013.

The details about attendance of the Directors at the Board Meetings and at the 62nd Annual General Meeting (AGM) held on 24.09.2012 are given below:

Name of the Director	No. of Meetings		Attendance at the last AGM held on 24.09.2012
	Held during the tenure of Directors	Attended	
Shri S. Hajara *	07	07	Yes
Shri B.K. Mandal	10	10	Yes
Shri Vijay Chhibber *	04	04	-
Shri Sunil Kohli #*	02	02	No
Dr. (Ms.) T. Kumar #	04	03	-
Shri M.C. Jauhari	10	08	No

Report of the Directors on Corporate Governance

Name of the Director	No. of Meetings		Attendance at the last AGM held on 24.09.2012
	held during the tenure of Directors	attended	
Shri J.N. Das	10	09	Yes
Shri Kailash Gupta *	07	06	Yes
Shri A.K. Gupta	10	10	Yes
Capt. S. Thapar	10	10	Yes
Capt. B.B. Sinha #	03	02	-
Shri Nasser Munjee	10	03	No
Shri U. Sundararajan	10	Nil	No
Shri S.C. Tripathi	10	09	Yes
Shri T.S. Ganeshan	10	06	Yes
Shri Arun Ramanathan	10	08	Yes
Prof. Sushil Khanna *	10	08	Yes
Shri Arun K. Verma	10	10	Yes
Shri S.K. Roongta	10	03	No

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

Shri Sunil Kohli	21.09.2012
Dr.(Ms.) T. Kumar	26.11.2012
Capt. B.B. Sinha	01.01.2013

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

Shri Vijay Chhibber	21.09.2012
Shri Sunil Kohli	25.11.2012
Shri S. Hajara	31.12.2012
Shri Kailash Gupta	31.12.2012
Prof. Sushil Khanna	25.03.2013

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.:

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, 3 (three) meetings of the Contracts Committee of the Board were held.

Sub Committee of the Board for raising finances

This Committee of the Board was formed on 24.11.2008 for the purpose of raising finances from the Banks / other Financial Institutions, with Shri Nasser Munjee as Chairman and Shri U. Sundararajan and Shri B.K. Mandal, Director (Finance), as its other two members. Shri Nasser Munjee and Shri U. Sundararajan are independent Directors. The total amount which the Committee can authorize to borrow is upto US\$ 500 million per transaction either in Indian Rupees or in foreign exchange or partly in one or partly in others. During the year under review, 5 (five) meetings of the Sub Committee of the Board for raising finances were held.

Strategy Committee of the Board

This Committee of the Board was constituted on 11.08.2010 with Shri S.C. Tripathi as Chairman, Shri Nasser Munjee, Shri U. Sundararajan, Shri T.S. Ganeshan, Shri S.K. Roongta, one of the Government Directors, as its members. The terms of reference of the Committee include looking into the strategic decisions of our Company. During the year under review, 2 (two) meetings of the Strategy Committee of the Board were held.

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 periodical review of grading with the Directors, Shri T.S. Ganeshan as Chairman and Shri A.K. Gupta and other officers as its members. The Committee met six times during the year 2012-13.

Ship Acquisition Committee (SAC) of the Board:

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. Shri 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 did not meet during the year 2012-13. However, thereafter the Committee met three times till July, 2013.

Ship Disposal Guidelines Sub-Committee (SDC)

This Committee was constituted on 13.08.2011 and comprises the Independent Directors viz. Shri Arun K. Verma and Shri T. S. Ganeshan, to review the Ship Disposal Guidelines and submit its recommendations on amendments thereof to the Board and to look into the Techno-economic study (TES) of the disposal proposals and make its observations thereon for the purpose of recommending amendments to the Ship Disposal Guidelines. The Committee has met 8 times during the year 2012-13.

Sub-Committee of the Board for reviewing the progress of implementation of SET IT project (SAP Committee)

This Committee was constituted on 14.11.2011 to look into the issues relating to implementation of SET IT project and comprises Shri U. Sundararajan as Chairman and Shri A. K. Verma and Shri Arun Ramanathan as its members. The Committee has met 1 (one) time during the year.

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 comprises of Shri S C Tripathi as Chairman and Shri Arun Kumar Verma as its member. Prof Sushil Khanna ceased to be member of the Committee consequent to his resignation dt. 25.03.2013. The Committee has met 1 (one) time during the year.

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 Shri T. S. Ganeshan as its members. The Committee has met 1 (one) time during the year.

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 U Sundararajan was the Chairman of this Committee till 12.08.2011. The Audit Committee was reconstituted on 13.08.2011 with Shri Arun Ramanathan, as Chairman, and Shri Sushil Tripathi, Shri U Sundararajan and Shri Arun K. Verma as its members. All are independent Directors. All the members of the Committee are 'financially literate' and have accounting and financial management expertise.

Report of the Directors on Corporate Governance

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	08
Shri S.C.Tripathi	10	08
Shri Arun K. Verma	10	10
Shri U. Sundararajan	10	01

The Chairman of Audit Committee was present at the Annual General Meeting of the Company held on 24.09.2012.

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.

Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee of the Board met four times during the financial year 2012-13 i.e. on, 28.05.2012, 09.08.2012, 08.11.2012 and 28.01.2013. The Committee consists of Shri Arun Ramanathan as Chairman, and Shri Arun K. Verma and Shri B. K. Mandal as its members. Shri Arun Ramanathan and Shri Arun K. Verma are independent directors. The meetings were attended by all its members except the meeting held on 08.11.2012 wherein Shri Arun Ramanathan was not present.

- **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	06	06	NIL
Stock Exchanges	04	04	NIL
Other than SEBI	-	-	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 Halder, 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

Report of the Directors on Corporate Governance

Investors can lodge their complaints, if any, on shippingcorp@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
2006-07 (Interim)	17.03.2007	14.04.2014
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 Final Dividend 2004-05 and Interim Dividend 2005-06 accounts 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 held are given below:

General Meetings	Date	Time	Venue
60 th AGM (FY 2009-10)	29.09.2010	1630 hrs.	Registered Office of the Company, Mumbai
61 st AGM (FY 2010-11)	23.09.2011	1530 hrs.	Y. B. Chavan Auditorium, Jagannath Bhosale
62 nd AGM (FY 2011-12)	24.09.2012	1530 hrs.	Marg, Near Mantralaya, Mumbai - 400 021

60th Annual General Meeting: At this meeting, one special resolution was proposed viz. for issue of fresh equity shares to the persons other than shareholders of the Company.

61st Annual General Meeting: At this meeting, two special resolutions were proposed for (i) Amendment in Articles of Association and (ii) Grant of ESOPs.

62nd Annual General Meeting: At this meeting, no special resolution was proposed.

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.
Quarterly Results published in newspapers	Yes, the newspapers being: For Quarter ended June 2012 a. Business Standard - Mumbai, Ahmedabad, New Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneshwar b. Pudhari - Mumbai For Quarter ended September 2012 a. Business Standard - Mumbai, Ahmedabad, New Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneshwar b. Pudhari - Mumbai

Report of the Directors on Corporate Governance

	<p><i>For Quarter ended December 2012</i></p> <p>a. Business Standard - Mumbai, Ahmedabad, New Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneswar</p> <p>b. Pudhari - Mumbai</p> <p><i>For Year ended March 2013</i></p> <p>a. Business Standard - Mumbai, New Delhi, Hyderabad, Chennai</p> <p>b. Pudhari - Mumbai</p>
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	<p>The following con-calls were held by the Company for investors :-</p> <p>For the Q1 results of FY 2012-13 - on 13.08.2012.</p> <p>For the Q2 results of FY 2012-13 - on 09.11.2012.</p> <p>For the Q3 results of FY 2012-13 - on 15.02.2013.</p> <p>For the Q4 results of FY 2012-13 - on 29.05.2013.</p>
Whether Management Discussion and Analysis is a part of Annual Report or not	Yes.

General Shareholder Information

Annual General Meeting - Date, Time & Venue	24 th September, 2013 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, 2012 to 31st March, 2013 • First Quarter Results - July, 2012. • Second Quarter Results - November, 2012. • Third Quarter Results - February, 2013. • Audited Results in lieu of Fourth Quarter Results - May, 2013 	
Date of Book Closure	17.09.2013 to 24.09.2013 (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, 5 th 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 2012-2013 to the aforesaid Stock Exchanges within the stipulated time.	

Report of the Directors on Corporate Governance

Stock Code	The Stock Exchange, Mumbai - 523598 National Stock Exchange of India Limited - SCI Demat-ISIN Number for NSDL & CDSL - INE 109 A 01011		
Monthly high and low quotation of shares on the BSE and NSE during the financial year 2012-2013	Please see ANNEXURE - 'A' .		
Stock Performance in comparison to BSE Sensex	Please see ANNEXURE - 'B' .		
Registrar and Transfer Agents	M/s. Sharepro Services (India) Pvt. Ltd.		
	Regd. Office: Samhita Warehousing Complex, 13 A/B, 2 nd 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 31 st March, 2013.		
Distribution of Shareholding as on 31st March, 2013	Please see ANNEXURE - 'C' .		
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 31 st March, 2013, 99.90% of the paid-up equity share capital, representing 465354022 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.		
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	Not issued.		
Plant locations	The Company has no Plant.		
Address for Correspondence	Shareholders' correspondences should be addressed to the Company's Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd. at their addresses mentioned above.		

ANNEXURE - 'A'

Monthly high and low quotation of shares on the BSE and NSE during the financial year 2012-2013.

Month	Share Price on BSE		Share Price on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	65.85	58.80	65.7	59.05
May 2012	62.85	50.65	62.7	46.55
June 2012	57.70	49.25	57.6	49.2

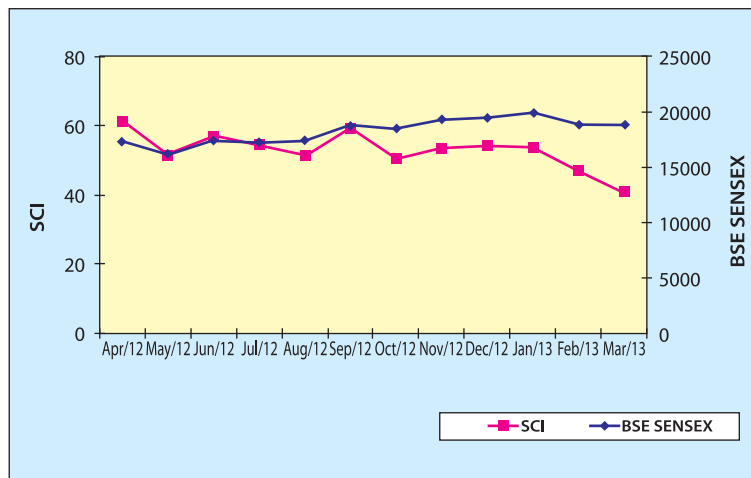
Month	Share Price on BSE		Share Price on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2012	61.65	51.15	68.00	50.85
August 2012	57.70	50.10	57.7	50.00
September 2012	60.15	48.70	60.15	48.00
October 2012	60.90	49.95	61.00	50.00
November 2012	55.50	50.55	55.5	50.15
December 2012	57.45	52.65	57.5	53.05
January 2013	60.95	52.30	60.85	52.35
February 2013	55.10	46.80	55.1	46.65
March 2013	50.20	39.00	50.15	39.4

'ANNEXURE - B'

Stock Performance in comparison to BSE Sensex

Month	SCI's Closing Price (₹)	BSE Sensex
April 2012	61.50	17,318.81
May 2012	51.30	16,218.53
June 2012	56.80	17,429.98
July 2012	54.60	17,236.18
August 2012	51.35	17,429.56
September 2012	59.35	18,762.74
October 2012	50.55	18,505.38
November 2012	53.35	19,339.90
December 2012	54.35	19,426.71
January 2013	53.90	19,894.98
February 2013	47.00	18,861.54
March 2013	40.60	18,835.77

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



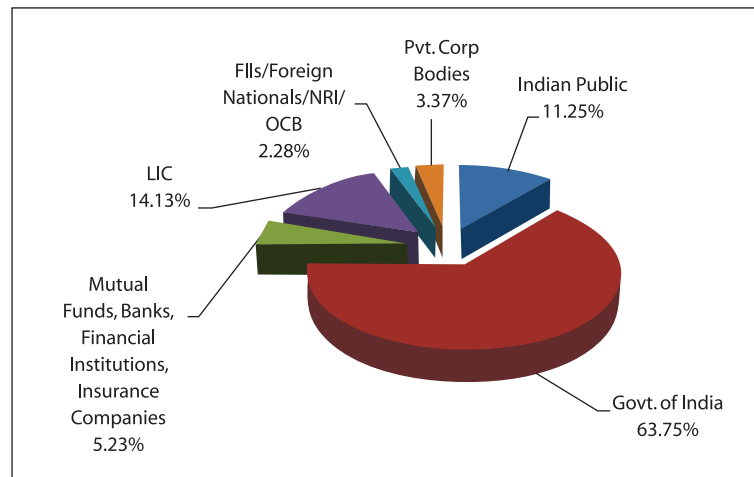
ANNEXURE - 'C'

Distribution of Shareholding as on 31st March, 2013*

	DEMAT		PHYSICAL		TOTAL		%TO	
	FOLIOS	SHARES	FOLIOS	SHARES	FOLIO	SHARES	FOLIOS	SHARES
1 - 500	191559	24324383	142	23713	191701	24348096	93.23	5.23
501 - 1000	7385	5685831	8	6450	7393	5692281	3.60	1.22
1001 - 2000	3447	5073624	1	1200	3448	5074824	1.68	1.09
2001 - 3000	1117	2810657	1	2400	1118	2813057	0.54	0.60
3001 - 4000	485	1734674	0	0	485	1734674	0.24	0.37
4001 - 5000	363	1698368	0	0	363	1698368	0.18	0.36
5001 - 10000	538	3877074	1	6000	539	3883074	0.26	0.83
10000 & above	561	420149786	6	404850	567	420554636	0.28	90.29
TOTAL	205455	465354397	159	444613	205614	465799010	100.00	100.00

*The figures are rounded off, wherever necessary.

Distribution of Shareholding by percentage of ownership as on 31st March 2013



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
<i>Executive Directors (Whole time)</i>					
Shri B. K. Mandal	2,235,928/-	503,531/-	1,524,179/-	-	4,263,638/-
Shri J. N. Das	1,824,645/-	420,073/-	1,380,064/-	-	3,624,782/-
Shri A. K. Gupta	1,853,204/-	415,557/-	851,914/-	-	3,120,675/-
Capt. Sunil Thapar	1,959,345/-	507,403/-	715,737/-	-	3,182,485/-

Report of the Directors on Corporate Governance

Name of the Director	Consolidated Salary (Note No. 1)	Perquisites, Allowances & Other Benefits	Performance Linked Incentives (Note No. 2)	Sitting Fees	Total
Capt. B. B. Sinha	496,469/-	172,955/-	-	-	669,424/-
Shri S. Hajara	1,951,842/-	402,021/-	2,103,730/-	-	4,457,593/-
Shri Kailash Gupta	3,442,977/-	667,780/-	1,541,092/-	-	5,651,849/-
<i>Non-Executive Directors (Part-Time Ex-Officio)</i>					
Dr. (Ms.) T. Kumar	-	-	-	-	-
Shri M. C. Jauhari	-	-	-	-	-
Shri Vijay Chhibber	-	-	-	-	-
Shri Sunil Kohli	-	-	-	-	-
<i>Non-Executive Directors (Part-Time Independent)</i>					
Shri U. Sundararajan	-	-	-	60,000/-	60,000/-
Shri Nasser Munjee	-	-	-	180,000/-	180,000/-
Shri S. C. Tripathi	-	-	-	400,000/-	400,000/-
Shri T. S. Ganeshan	-	-	-	480,000/-	480,000/-
Shri Arun Ramanathan	-	-	-	420,000/-	420,000/-
Prof Sushil Khanna	-	-	-	220,000/-	220,000/-
Shri Arun K. Verma	-	-	-	740,000/-	740,000/-
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

- i. SCI, being a Government Company, the remuneration of the Executive Directors (whole-time), who are Government appointees, is decided by the Government of India.
- ii. The part-time official Government Directors do not receive any remuneration from the company.
- iii. 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	Shri Kailash Gupta *	1
8	Shri A. K. Gupta	1

* The shares held by Shri S Hajara, Shri Rajeev Gupta, Shri Vijay Chhibber and Shri Kailash Gupta, erstwhile Director, are in the process of being transferred in the name of Shri B. K. Mandal, Shri M. C. Jauhari, Dr. (Ms.) T. Kumar and Capt B. B. Sinha, 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 had appointed M/s. Ernst & Young (E&Y) to undertake an analysis of risk assessment and minimization procedures. M/s. E&Y had reviewed the mechanism and submitted their report to the Audit Committee and the Board, which was thereafter adopted by the Board in the year 2007. 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 and later presented to the Audit Committee and the Board. M/s. T.R. Chadha & Co., Chartered Accountants, have been appointed to undertake an independent review of the risk management activity in the SCI.

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

In the Financial Year 2012-2013, there was no Public Issue, Rights Issue, Preferential Issue, etc.

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.

Remuneration Committee

SCI, being a Government Company, the remuneration of the Executive Directors, who are Government appointees, is decided by the Government and hence, the Company has not constituted a Directors' Remuneration Committee.

However, a 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. The Committee is headed by an independent Director. Rear Admiral (Retd.) T.S. Ganeshan is Chairman of the Committee and Shri Nasser Munjee is its member. Prof. Sushil Khanna ceased to be a member of the Committee on account of his resignation from the Board. During the year under review, 1 (one) meeting of the Remuneration Committee of the Board was held.

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, a workshop on Corporate Governance, organized by IIM, Kolkata (sponsored by DPE) was attended by available Independent Directors and Whole-time 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.

Report of the Directors on Corporate Governance

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 4.47% in FY 2012-13 as against 4.12% in FY 2011-12. The finance expenses as a percentage of total expenses is 3.33% in FY 2012-13 as against 8% in FY 2011-12.

For the Shipping Corporation of India Ltd.

B. K. Mandal

Chairman & Managing Director

Place : Mumbai

Dated : 8th August, 2013

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 2012-13 and a confirmation to this effect has been obtained from the Directors & Senior Management personnel.

For the Shipping Corporation of India Ltd.

B. K. Mandal

Chairman & Managing Director

Place : Mumbai

Dated : 16th May, 2013

Auditors' Certificate on Corporate Governance

M/s PSD & Associates
Chartered Accountants
324. Ganpati Plaza
M.I. Road, Jaipur - 302 001

M/s Sarda & Pareek,
Chartered Accountants,
Mahavir Apts, 3rd Floor,
598, M G Road,
Near Suncity Cinema,
Vile Parle (E) - 400 057

To,

The Members.

**The Shipping Corporation of India Ltd,
Mumbai**

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 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges 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 31st March, 2013 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

For
PSD & ASSOCIATES
Chartered Accountants
FRN 004501C

Prakash Sharma
Partner
Membership No.072332

Place : Mumbai

Date : 8th August, 2013

Auditors' Report

P.S.D. & ASSOCIATES
Chartered Accountants

SARDA & PAREEK
Chartered Accountants

Auditors' 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, 2013, 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 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. 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

The company has not complied with the requirements of AS 28 - Impairment of Assets, issued by ICAI the effect of which is unascertainable.

The Accuracy of Exchange Gain / Loss in respect of Customer reconciliation / Advance received from Customers / Trade Payable recognized on revaluation as per AS 11 - The Effects of Changes In Foreign Exchange Rates remains unverifiable and unascertainable.

The Company is unable to provide confirmation for accounts receivable, accounts of agents. In absence of the reasonable audit evidence, the effect of the same remains unascertainable / unverifiable on the Statement of Profit and Loss and Balance Sheet.

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 83% of the same are yet to be verified by the Company, 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, 2013;
- (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 non-adjustment of the debits and credit transactions related to the customers and vendors that might require adjustment to the Statement of Profit and Loss and Balance Sheet.

We draw attention to the failures to correct significant weaknesses in the internal control system built in the Softwares of the Corporation for timely recording of the transactions of income / expenses.

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

For SARDA & PAREEK
Chartered Accountants
FRN 109262W

Durga Dutt Dadhich
Partner
Membership No. 071909

Gaurav Sarda
Partner
Membership No. 110208

Place : Mumbai
Date : May 28th 2013

Annexure to the Auditors' Report

(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 not been physically verified by the Management which, in our opinion, is not 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 there are failures to correct weaknesses in the internal control systems. Further no system audit was carried out for interface from functional subsystems to 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 not have an internal audit system commensurate with its size and the nature of its business.

- 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, 2013 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	417
2.	Income Tax Act,1961	Tax u/s.143(3) & 147	ITAT Mumbai	2005 - 06 to 2006 - 07	2500
3.	Income Tax Act,1961	Tax u/s.143(3)	ITAT Mumbai	2007 - 08	717
4.	Income Tax Act,1961	Tax u/s.143(3)	ITAT Mumbai	2008 - 09	521
5.	Finance Act,1994	Service Tax	CIT(A) Mumbai	2002 - 03 to 2007 - 08	5539
	Total				9694

- x) The Company neither has any accumulated losses as on 31st March, 2013, nor it has 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) As represented to us by the management and based on our examination of the books and records of the company in accordance with the generally accepted auditing practices in India, we have neither come across any material fraud on or by the Company 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

For SARDA & PAREEK
Chartered Accountants
FRN 109262W

Durga Dutt Dadhich
Partner
Membership No. 071909

Gaurav Sarada
Partner
Membership No. 110208

Place : Mumbai

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 2013

The preparation of financial statements of The Shipping Corporation of India Limited for the year ended 31 March 2013 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 Auditing and Assurance Standards 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 28 May 2013.

I, on the 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 2013. 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
(Parama Sen)

Place : Mumbai
Date : 12 July 2013

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-I, Mumbai

Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds:			
a) Share Capital	1	46580	46580
b) Reserves and Surplus	2	615035	626852
2) Non-current liabilities			
a) Long-term borrowings	3	682264	552578
b) Other Long-term Liabilities	4	841	1002
c) Long-term provisions	5	10899	7744
3) Current liabilities			
a) Short term Borrowings	6	45704	0
b) Trade payables	7	80358	60376
c) Other current Liabilities	8	120323	102003
d) Short-term provisions	9	7616	6680
TOTAL		1609620	1403815
II. ASSETS			
1) Non-current assets			
a) Fixed Assets			
i) Tangible assets	10	1150651	887160
ii) Intangible assets	11	3327	4115
iii) Assets Retired from Active use (Prev. Yr. 0.10 lakhs)		47	0
iv) Capital work-in-progress	12	18945	36199
b) Non-current investments	13	17	19236
d) Long-term loans and advances	14	167185	170501
e) Other non-current assets	15	511	500
2) Current assets			
a) Current investments	16	11769	8231
b) Inventories	17	18346	17745
c) Trade receivables	18	88641	78593
d) Cash and Bank Balances	19	126478	144241
e) Short-term loans and advances	20	15468	19703
f) Other current assets	21	8235	17591
TOTAL		1609620	1403815

See accompanying Significant Accounting Policies & Note No. 1 to 39 to the financial statements

As per our report of even date attached hereto.

For P.S.D. & ASSOCIATES,
Chartered Accountants
FR. No. 004501C

For SARDA & PAREEK
Chartered Accountants
FR. No. 109262W

For and on behalf of the Board of Directors,

DURGA DUTT DADHICH
Partner
Membership No. 071909

GAURAV SARDA
Partner
Membership No. 110208

DIPANKAR HALDAR
ED (LA) &
Company Secretary

B. K. MANDAL
Chairman &
Managing Director/
Director (Finance)

J. N. DAS
Director
(Liner & PS)

Mumbai,
Dated the 28th May, 2013.

Mumbai,
Dated the 28th May, 2013.

Statement of Profit & Loss for the Year Ended 31st March, 2013

Particulars	Note No.	Year ended 31.03.2013 (₹ in lakhs)	Year ended 31.03.2012 (₹ in lakhs)
I. Revenue from operations	22	415251	382080
II. Other Operating Revenue	23	4553	4675
III. Other Income	24	23622	59936
Total Revenue		443426	446691
IV. Expenses:			
Cost of Services Rendered	25	327366	332844
Employees Benefit Expenses	26	44426	41386
Other expenses	27	22417	10161
Finance costs	28	16182	38730
Depreciation and Amortisation on :			
a) Fixed Assets	10	74936	59556
b) Intangible Assets	11	1116	1316
Total expenses		76052	60872
V. Profit (Loss) before Prior Period, Exceptional and Extraordinary items and tax (III-IV)		(43017)	(37302)
VI. Income / (Expenses) pertaining to Prior Years (Net)	29	6198	3300
VII. Profit before extraordinary items and tax (V+VI)		(36819)	(34002)
VIII. Extraordinary items	30	29974	0
IX. Profit before tax (VII+VIII)		(6845)	(34002)
X. Tax expense:			
Current tax		4676	8819
Mat Credit adjusted		(90)	0
		4586	8819
XI. Profit / (Loss) for the period		(11431)	(42821)
XII. Earning per equity share of Face Value of ₹ 10 each:			
Basic & Diluted (Including extraordinary items)		(2.45)	(9.19)
Basic & Diluted (Excluding extraordinary items net of tax)		(8.89)	(9.19)

See accompanying Significant Accounting Policies & Note No. 1 to 39 to the financial statements

As per our report of even date attached hereto.

For P.S.D. & ASSOCIATES,
Chartered Accountants
FR. No. 004501C

For SARDA & PAREEK
Chartered Accountants
FR. No. 109262W

For and on behalf of the Board of Directors,

DURGA DUTT DADHICH
Partner
Membership No. 071909

GAURAV SARDA
Partner
Membership No. 110208

DIPANKAR HALDAR
ED (LA) &
Company Secretary

B. K. MANDAL
Chairman &
Managing Director/
Director (Finance)

J.N. DAS
Director
(Liner & PS)

Mumbai,
Dated the 28th May, 2013.

Mumbai,
Dated the 28th May, 2013.

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 1 : SHARE CAPITAL

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
A. Authorised:		
1,00,00,00,000 Equity Shares of ₹ 10 each	100000	100000
B. Issued Subscribed and Paid Up:		
46,57,99,010 Equity Shares of ₹ 10 each fully paid up	46580	46580
TOTAL	46580	46580
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	465799010	465799010
Add : Bonus Shares Issued During the Year	0	0
Add : Shares Issued on Follow on Public Offer	0	0
Closing Balance	465799010	465799010

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	Note No.	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
1. Capital Reserve :			
As per last Account	14298		14298
Add : Transfer from Appropriation	-		-
		14298	14298
2. Securities Premium Account :			
As per last Account	52177		52366
Less: Share Issue Expenses	-		189
		52177	52177
3. General Reserve :			
As per last Account	403982		282482
Add : Transfer from Appropriation	-		-
Add : Transferred from Special Reserve Utilised	-		121500
		403982	403982

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 2 : RESERVES & SURPLUS (CONTD.)

Particulars	Note No.	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
4. Special Reserve under section 33AC of Income Tax Act, 1961 (utilised)	A		
As per last Account		-	121500
Add : Transfer from Appropriation		-	-
Less : Transfer to Appropriation		-	-
Less : Transfer to General Reserve		-	121500
		-	-
5. Tonnage Tax Reserve	B		
As per last Account		-	39400
Add : Transfer from Appropriation		-	-
Less : Transferred to Utilised Account		-	39400
		-	-
6. Tonnage Tax Reserve (Utilised)	C		
As per last Account		138900	99500
Add : Transfer from Tonnage Tax reserve		-	39400
		138900	138900
7. Corporate Social Responsibility Reserve	D		
As per last Account		943	1423
Add : Transferred from Appropriation		-	-
Less : Transfer to Allocated Corporate Social Responsibility Reserve		-	344
Less : Expenses incurred		228	136
		715	943
8. Allocated Corporate Social Responsibility Reserve	E		
As per last Account		296	95
Add : Transferred from Corporate Social Responsibility Reserve		-	344
Less : Expenses incurred		84	143
		212	296
9. Staff Welfare Fund	F		
As per last Account		85	125
Add : Transferred from Appropriation		120	50
Add : Interest Earned		12	12
Less : Expenses incurred		86	102
		131	85
10. Balance of Profit and Loss			
Balance Bought Forward from Last Year's Account		16171	59042
Add : Profit / (Loss) for the Year		(11431)	(42821)

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 2 : RESERVES & SURPLUS (CONTD.)

Particulars	Note No.	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
Less : APPROPRIATIONS:			
Interim Dividend	-		-
Final Dividend (Proposed)	-		-
Corporate Dividend Tax on:	-		-
Interim Dividend	-		-
Final Dividend (Proposed)	-		-
Capital Reserve	-		-
General Reserve	-		-
Tonnage Tax Reserve	-		-
Corporate Social Responsibility Reserve	-		-
Staff Welfare Fund	120		50
Balance carried forward to next year's account		4620	16171
TOTAL		615035	626852

Notes:

A. Special Reserve under section 33AC of Income Tax Act, 1961 (Utilised):

Special reserve [Statutory Reserve, as per requirement of section 33AC of the Income tax Act, 1961] which has been utilised but awaiting transfer to General Reserve.

B. 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.

C. Tonnage Tax Reserve

This reserve is a statutory reserve as per requirement of section 115VT of the Income Tax Act, 1961 for the purpose of complying with the conditions for applicability of tonnage tax scheme.

D. 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.

E. Allocated Corporate Social Responsibility Reserve

Of the corporate social responsibility reserve, this amount has been allocated to specific schemes for the welfare of the society.

F. Staff Welfare Fund

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

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 3 : LONG-TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2012	
	Non-Current (₹ In lakhs)	Current* (₹ In lakhs)	Non-Current (₹ In lakhs)	Current* (₹ In lakhs)
Secured Loans				
Indian Banks (in INR) A	50150	1729	35778	2839
Indian Banks (in foreign currency) B	143333	5617	34317	5279
Foreign Banks (In Foreign Currency) C	488781	81130	482483	71595
TOTAL D	682264	88476	552578	79715

A. Secured by Fleet having Net block of ₹ 126504 lakhs (Prev. Yr. ₹ 28974 lakhs)
Pending creation of security for loan of ₹ 44100 lakhs (Prev. Yr. ₹ 28000 lakhs)

B. Secured by Fleet having Net block of ₹ 134149 lakhs (Prev. Yr. ₹ 55093 lakhs)
Secured by Vessel under construction ₹ 14962 lakhs (Prev. Yr. Nil)

C. Secured by Fleet having Net block of ₹ 853582 lakhs (Prev. Yr. ₹ 732459 lakhs)
Secured by Vessel under construction ₹ 34782 lakhs (Prev. Yr. ₹ 35863 lakhs)
Pending creation of security for loan Nil (Prev. Yr. ₹ 10893 lakhs)

D. Maturity Profile

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Secured Loans	99547	108295	108295	366128

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

NOTE 4 : OTHER LONG TERM LIABILITIES

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
1. Trade Payables		
- other than Micro Enterprises and Small Enterprises	787	970
2. Security Deposits	54	32
TOTAL	841	1002

NOTE 5 : LONG TERM PROVISIONS

Provision for Employee Benefits	10899	7744
TOTAL	10899	7744
<u>Long term provisions:</u>		
As at 31 st March, 2012	7744	
Provided during the year	3155	
Utilised during the year	-	
Amount reversed	-	
As at 31 st March, 2013	10899	

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 6 : SHORT-TERM BORROWINGS

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
Unsecured		
Loans from Banks Repayable on demand	45704	0
Total Unsecured Loans	<u>45704</u>	<u>0</u>

NOTE 7 : TRADE PAYABLES

Trade Payables

i. Total Outstanding Dues of Micro Enterprises and Small Enterprises	67	94
ii. Total Dues of creditors other than Micro Enterprises and Small Enterprises	80291	60282
TOTAL	<u>80358</u>	<u>60376</u>

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	67	94
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

Current maturities of long-term debt	88476	79715
Interest accrued but not due on borrowings	3675	2932
Unfinished Voyages	5510	6476
Investor Education & Protection Fund to be credited on the due dates:		
- Unpaid Dividend	59	69
Advances and Deposits	1457	1549
Security Deposits	760	716
Other Liabilities		
- Employee related	3282	2366
- Statutory Liabilities	1048	1136
- Payable to Related Party	14047	0
- Others	2009	7044
	<u>20386</u>	<u>10546</u>
TOTAL	<u>120323</u>	<u>102003</u>

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 9 : SHORT TERM PROVISIONS

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
Provision for Employee Benefits	815	757
Provision for Foreign Taxation	2193	2301
Provision for Insurance, Cargo & Offhire Claims	4201	3563
Provision for Losses on Unfinished Voyage	407	59
TOTAL	7616	6680

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

Short term provision	As at 31st March 2012	Provided during the year	Utilised during the year	Amount reversed	As at 31st March 2013
Provision for Employee Benefits	757	1342	1284	-	815
Provision for Foreign Taxation	2301	96	0	204	2193
Provision for Insurance, Cargo & Offhire Claims	3563	1575	626	311	4201
Provision for Losses on Unfinished Voyage	59	407	-	59	407
	6680	3420	1910	574	7616

NOTE 10 : TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31-03-2012	Additions	Deductions/ Adjustments	Cost as at 31-03-2013	Upto 31-03-2012	Provided during the period	Deductions/ Adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31-03-2012
Fleet	1,314,006	338,289	16,162	1,636,133	429,675	74,428	16,149	487,954	1,148,179	884,331
Ownership Containers	4,505	-	362	4,143	3,979	70	323	3,726	417	526
Freehold Land	271	-	-	271	-	-	-	-	271	271
Buildings	1,313	-	-	1,313	820	24	-	844	469	493
Ownership Flats and Residential Buildings	318	-	-	318	245	4	-	249	69	73
Furniture, Fittings & Equipments etc.	6,613	194	41	6,766	5,162	406	37	5,531	1,235	1,451
Motor Vehicles	92	-	-	92	77	4	-	81	11	15
Total	1,327,118	338,483	16,565	1,649,036	439,958	74,936	16,509	498,385	1,150,651	887,160
Previous Year's Total	888,260	327,674	37,980	1,177,954	438,104	46,154	37,934	446,324	731,630	

Notes:

1. Additions to Fleet include ₹ 44098 lakhs (Prev. Yr. ₹ 34867 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 ₹ 5635 lakhs (Prev. year ₹ 4060 lakhs).
3. Additions to Fleet include ₹ 29974 lakhs (Prev. Yr. Nil) on account of change in Accounting policy as per note no. 30

Notes on Financial Statements for the year ended 31st March, 2013

4. 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.
5. 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).
6. During the year, the Company has reviewed its fixed assets for impairment loss as required by Accounting Standards 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 31-03-2012	Additions	Deductions/ Adjustments	Cost as at 31-03-2013	Upto 31-03-2012	Provided during the period	Deductions/ Adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31-03-2012
Intangible Assets										
Computer Software	6,316	328	-	6,644	2,201	1,116	-	3,317	3,327	4,115
Total	6,316	328	-	6,644	2,201	1,116	-	3,317	3,327	4,115
Previous Year's Total	1,062	5,112	-	6,174	537	348	-	885	5,289	

NOTE 12 : CAPITAL WORK IN PROGRESS

Particulars		As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
1. Construction Work in Progress - Fixed Assets			
Assets under Construction excluding advance	15454		31173
Less : Provision for Capital Losses / Impairment	0		0
		15454	31173
2. Construction Period Expenses pending allocation:			
a. Interest	1617		2595
b. Other directly attributable expenses	1379		250
c. Exchange fluctuation	495		2181
		3491	5026
TOTAL		18945	36199
NOTE 13 : NON - CURRENT INVESTMENTS			
Trade Investments			
A. Investments in Equity Instruments			
Unquoted			
Other non-current investments			
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)	-		-
		-	-

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 13 : NON - CURRENT INVESTMENTS (CONTD.)

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
In Joint Venture		
343,00,000 (Prev. Yr. 343,00,000) Registered Shares of Rials 5,000 each of Irano Hind Shipping Co. Ltd., Tehran, Fully paid (including 244,93,385 Bonus Shares)*	0	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.)	-	-
16 shares (Prev. Yr. 16) of 1 USD each fully paid up of BISS Maritime (Shares are received as gift from Irano-Hind Shipping Co. (P.J.S)**	-	-
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)	-	-
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
8,00,00,000 (Prev. Yr. 8,00,00,000) Ordinary Shares of ₹ 10 each fully paid up of SCI Forbes Ltd.	-	8000
Less : Provision for dimunition in value of investment	-	-
	-	8000
1,00,000 (Prev. Yr. 1,00,000) Shares of ₹ 10 each of SAIL SCI Shipping Company Ltd.	10	10
Others		
5,00,00,000 (Prev. Yr. 5,00,00,000) Ordinary Shares of ₹ 10 each fully paid of Sethusamudram Corp. Ltd.	5000	5000
Less : Provision for dimunition in value of investment	5000	-
	-	5000
	17	13056
B. Investments 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.	-	6180
TOTAL	17	19236
Total unquoted investments	17	19236
Total dimunition on unquoted investments	5000	-

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

** 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.

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 13 : NON - CURRENT INVESTMENTS (CONTD.)

- 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. Consequently, the investment has been transferred from "Non current investments" to "Current investments" during Fy 2012-13.
- 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 has provided for dimunition towards the investment and the same is shown at "Nil" Value.
- C SCI Forbes Ltd. is a joint venture between SCI, Forbes & Co. & Sterling Investment Pvt. Ltd. where SCI has a 50% shareholding. The company has a positive networth as on 31st March, 2013. The Management has provided ₹ 4460 lakhs towards dimunition in the value of the investment in SCI Forbes Ltd. on the basis of pro rata reduction in the networth of the company.

NOTE 14 : LONG TERM LOANS & ADVANCES

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
1. Advance for Capital Expenditure		
Unsecured, Considered Good	138295	147128
2. Loans & Advances to Related Parties		
Unsecured, Considered Good	27518	22489
3. Other Loans and Advances		
Secured, Considered Good		
Loans to Employees	1372	884
TOTAL	167185	170501

NOTE 15 : OTHER NON CURRENT ASSETS

Accrued interest on loans to employees	511	500
Secured, considered good		
TOTAL	511	500

Includes due from Directors - ₹ Nil Prev. Yr. 0.60 lakhs

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 16 : CURRENT INVESTMENTS

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
A. Investments in Mutual Funds		
Un-Quoted		
162033.15 Units of Canara Robeco Treasury Advantage Fund - Daily Dividend Plan - Reinvestment (Valued at Net Asset Value)	2010	8231
In Joint Venture		
B. Investment in Equity Instruments		
Unquoted		
343,00,000 (Prev. Yr. 343,00,000) Registered Shares of Rials 5,000 each of Irano Hind Shipping Co. Ltd., Tehran, Fully paid (including 244,93,385 Bonus Shares)*	39	-
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.	8000	-
Less : Provision for diminution in value of investment	4460	-
	3540	-
C. Investment in Preference shares		
Unquoted		
6,18,00,000 (Prev. Yr. 6,18,00,000) 0% Redeemable Preference Shares of ₹ 10 each fully paid up of SCI Forbes Ltd.	6180	-
TOTAL	11769	8231
Total Quoted investments	2010	8231
Total Unquoted investments	9759	0
 NOTE 17 : INVENTORIES		
(As per inventory taken, valued & certified by the management)		
Fuel Oil	18080	17621
Stores, Spares etc.	266	163
	18346	17784
Less : Adjustment made towards consumption	-	39
TOTAL	18346	17745

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 18 : TRADE RECEIVABLES

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
1. Over Six Months:		
i) Unsecured, Considered Good	23490	5467
ii) Unsecured, Considered Doubtful	9690	7576
	<u>33180</u>	<u>13043</u>
2. Other Debts:		
i) Unsecured, Considered Good	65151	73126
ii) Unsecured, Considered Doubtful	-	0
	<u>65151</u>	<u>73126</u>
Total	98331	86169
Less : Provision for Doubtful Debts	9690	7576
TOTAL	88641	78593

NOTE 19 : CASH & BANK BALANCES

A. CASH AND CASH EQUIVALENT

1. Bank Balances		
Current Account	2454	8649
Fixed Deposit Account	4839	30114
	<u>7293</u>	<u>38763</u>
2. Cash Balances, Including Imprest	8	15
3. Earmarked Balance with Bank towards unpaid dividend	59	69
4. Earmarked Balance with Bank	-	-
B. OTHER BALANCES		
1. Other Fixed Deposit maturing within 12 months	118969	105257
2. Staff Welfare fund Balances		
In Saving Bank Account	1	7
In deposit Account	148	130
	<u>149</u>	<u>137</u>
TOTAL	126478	144241

NOTE 20 : SHORT TERM LOANS & ADVANCES

1. Advance recoverable in cash or in kind or for value to be received:		
a) From Related Parties*		
Unsecured, Considered Good	49	37
b) From Employees		
i) Secured, Considered Good	138	321
ii) Unsecured, Considered Good	1060	2949
	<u>1198</u>	<u>3270</u>

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 20 : SHORT TERM LOANS & ADVANCES (CONTD.)

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ in lakhs)
c) From Other		
i) Unsecured, Considered Good	3505	5322
ii) Unsecured, Considered Doubtful	953	1320
	4458	6642
Less : Provision for Doubtful Advances	953	1320
	3505	5322
2. Balance with Customs, Port Trust and Excise Authorities:		
Unsecured, Considered Good	483	404
3. Other recoverable / adjustable		
Unsecured, Considered Good		
a) CENVAT Credit on Service Tax / VAT etc	169	2731
b) Prepaid Expenses	607	969
c) Other	5043	5365
	5819	9065
4. Advance Tax (Net)	4217	811
5. MAT Credit	90	0
MAT Credit Availed	-90	0
	-	0
6. Sundry Deposits		
Unsecured, Considered Good	197	794
TOTAL	15468	19703
* Includes due from Directors - ₹ Nil lakhs Prev. Yr. 0.04 lakhs		
<u>NOTE 21 : OTHER CURRENT ASSETS</u>		
Interest Accrued on Investments / Bank Deposits	2202	2013
Interest Accrued on Loans to employees	32	57
Unfinished Voyages Expenses	3630	12573
Course Fee Receivable	-	9
Claim Recoverable	2316	2912
Bunker Cost recoverable	55	27
TOTAL	8235	17591
A. Includes due from Directors - ₹ Nil lakhs Prev. Yr. 0.50 lakhs		

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 22 : REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2013 (₹ in lakhs)	Year ended 31.03.2012 (₹ in lakhs)
Freight	311237	293505
Charter Hire	85138	71272
Demurrage	12081	10356
Revenue from Managed Vessels		
Remuneration	3232	3829
Reimbursement of Overheads	3248	3118
	<u>6480</u>	<u>6947</u>
Revenue from Port & Marine Operations	315	-
TOTAL	<u>415251</u>	<u>382080</u>

NOTE 23 : OTHER OPERATING REVENUES

Training & Consultancy fee	599	545
Profit on sale of bunker	260	811
Sundry Receipts (Core)	846	235
Sundry Receipts (Incidental)	198	62
Excess Provisions & Unclaimed credit Written Back	1503	1908
Recovery of Insurance & PI Claims	1147	1114
TOTAL	<u>4553</u>	<u>4675</u>

NOTE 24 : OTHER INCOME

1. Profit on Sale of Fixed Assets		
a) Sale of Ships (Net of Expenses)	12101	27518
b) Sale of Other Fixed Assets	(4)	28
	<u>12097</u>	<u>27546</u>
2. Interest on:		
a) Fixed Deposits with Banks / Institution	8158	15986
b) From Related Parties - Joint Venture	2466	1631
c) Loans to Employees	53	93
d) Others	52	634
	<u>10729</u>	<u>18344</u>
3. Dividend:		
From Companies / Mutual Fund	783	592
4. Other Misc. Income	13	10
5. Net gain on Foreign Currency Transaction / Translation	0	13444
TOTAL	<u>23622</u>	<u>59936</u>

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 25 : COST OF SERVICES RENDERED

Particulars	Year ended 31.03.2013 (₹ in lakhs)	Year ended 31.03.2012 (₹ in lakhs)
Direct Operating Expenses:		
Agency Fees	2782	2655
Brokerage	3957	3203
Commission	5343	4938
Stevedoring, Dunnage, Cargo Expenses Etc. & Slot Expenses On Joint Sector Container Services (Net)	22088	32060
Marine, Light And Canal Dues	38680	42517
Fuel Oil (Net)	158158	156034
Water Charges	322	336
Hire Of Chartered Steamers	44372	40207
Other Indirect Operating Expenses		
Victualling, Transfer And Repatriation And Other Benefits Etc.	5360	6188
Stores & Spares	18003	18523
Sundry Steamer Expenses	2000	2556
Repairs And Maintenance, Survey Expenses Etc.	18106	14356
Insurance And Protection, Indemnity Club Fees & Insurance Franchise Etc.	8195	9271
TOTAL	327366	332844

NOTE 26 : EMPLOYEES BENEFIT EXPENSES

A. Floating staff		
Wages, Bonus And Other Expenses On Floating Staff	28919	28665
Gratuity	272	337
Contribution To Provident Fund	354	416
B. Shore Staff		
Salaries, Wages, Bonus etc	13622	10126
Contribution to Provident & Other Funds	917	1491
Gratuity	92	62
C. Remuneration to Directors	250	289
TOTAL	44426	41386

NOTE 27 : OTHER EXPENSES

Other Expenses		
Power & Fuel	546	431
Rent	454	640
Repairs and Maintenance	2335	1586
Insurance	21	22
Rates and Taxes	128	202
Auditors' Remuneration*	71	83
Establishment Charges	1684	2528
Advertisement & Publicity	270	356

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 27 : OTHER EXPENSES (CONTD.)

Particulars	Year ended 31.03.2013 (₹ in lakhs)	Year ended 31.03.2012 (₹ in lakhs)
Legal & Professional	446	623
Postage, Telephone Telegram Telex	229	364
Printing & stationery	158	127
Training, Seminar & Conference Fee	28	22
Travel & Conveyance	327	925
Directors' Sitting Fees	25	28
Directors' Travel Expenses	119	31
Net loss on Foreign Currency Transaction / Translation	2365	-
Debts / Advances written off	1	11
Provisions		
Provision for Off Hire Etc.	1391	414
Provision for Doubtful Debts and Advances	1803	561
Foreign Taxation	208	1148
Provision for loss on unfinished voyage	348	59
Provision for diminution in value of investment	9460	-
TOTAL	22417	10161
*Auditors' Remuneration includes:		
Audit Fees (including service tax)**	25	29**
Certification Work	23	22
Travelling & Out of Pocket Expenses	23	32
TOTAL	71	83
NOTE 28 : FINANCE COST		
1 Interest Payments on:		
Rupee Term Loan from Banks / Financial Institutions / Others	2127	1198
Foreign Currency Term Loan from Banks / Financial Institutions / Others	13660	7745
Interest Expenses - Other	100	30
	15887	8973
2 Other Borrowing Cost	295	84
3 Net Loss on Foreign Currency Transactions and Translation regarded as interest cost	-	29673
TOTAL	16182	38730

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 29 : INCOME / EXPENSES RELATING TO PREVIOUS YEARS

Particulars	Year ended 31.03.2013 (₹ in lakhs)	Year ended 31.03.2012 (₹ in lakhs)
Income:		
Currency Exchange Difference	(1)	4049
Bunker Recovery	(619)	523
Charter Hire	(787)	(101)
Course Fees	56	181
Freight	(802)	(1402)
Port Claims & Bunker	-	(373)
Demurrage	(419)	(282)
Recovery of container related cost	11082	(71)
Remuneration from managed vessels	70	-
Depreciation	-	13
Others	22	235
Total Income	8602	2772
Expenditure:		
Stevedoring charges	4245	652
Brokerage & commission	69	25
Agency fees	336	114
Fuel oil	12	0
Wages, bonus & other exp on floating staff	-	109
Charter hire payments	16	0
Sundry steamer charges	-	12
Currency Exchange Difference	(81)	(1452)
Bank Guarantee Fees	-	(66)
Stores, Repairs and Maintenance	(275)	140
Marine, light & canal dues	366	402
Interest on Loan	0	49
Insurance & P&I	(47)	84
Demurrage	-	25
Service Tax	(1965)	(613)
Provision for doubtful advances	(250)	-
Others	(22)	(9)
Total Expenses	2404	(528)
NET INCOME / (EXPENDITURE)	6198	3300

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 30 : EXTRAORDINARY ITEMS

Particulars	Year ended 31.03.2013 (₹ in lakhs)	Year ended 31.03.2012 (₹ in lakhs)
Capitalisation of interest costs	29974	0

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, have now been adjusted in the cost of related assets. As a result, profit for the year ended March 31, 2013 and fixed assets as on March 31, 2013, is higher by ₹ 27879 lakhs and depreciation is higher by ₹ 2095 lakhs.

NOTE 31 : CONTINGENT LIABILITIES & COMMITMENTS

Particulars	As at 31.03.2013 (₹ in lakhs)	As at 31.03.2012 (₹ 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	4225	4225
B Cargo Loss, Freight, Demurrage, Slot Payments, Fuel Cost, other operational claims and Custom duty disputed demand. (As certified by the Management)	5890	8204
C Disputed demand of Statutory Dues (As certified by the Management)	13566	12392
a) Income Tax	8027	5874
b) Service Tax	5539	6518
ii Guarantees given by the Banks		
A on behalf of the Company	3453	3436
B on behalf of the Joint Venture to the extent of the Company's share.	3896	3661
iii Undertaking cum Indemnity given by Company	1000	1000
iv Cargo Claims not covered by P&I Club	89	66
v Bonds / Undertakings given by the Company to Customs Authorities.	23330	8686
vi Corporate Guarantees / Undertakings		
A In respect of Joint Ventures	Not Ascertainable	Not Ascertainable
B Others	6405	5617
Commitments:		
i 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)	230475	410101
ii Commitment towards subscription of shares	NIL	40

Notes on Financial Statements for the year ended 31st March, 2013

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. SCI Forbes Ltd.
6. SAIL SCI Shipping Pvt. Ltd.

Key Management Personnel:

Functional Directors

1. Shri S. Hajara, CMD (up to 31.12.2012)
2. Shri B. K. Mandal, Director (Finance) and CMD (w.e.f. 01.01.2013)
3. Shri Kailash Gupta (up to 31.12.2012)
4. Shri. J. N. Das
5. Shri. A. K. Gupta
6. Shri.S.Thapar
7. Shri. B. B. Sinha (w.e.f. 01.01.2013)

The following transactions were carried out with related parties:

i. Joint Venture Companies	For the Year ended 31.03.2013 (₹ in lakhs)	For the Year ended 31.03.2012 (₹ in lakhs)
1. Investments made during the period	NIL	NIL
2. Dividends Received	NIL	214
3. Interest Income	2466	1634
4. Expenses Reimbursed by JVs	39	220
5. Loans / Advances given / adj. during the period	NIL	NIL
6. Loans / Advances realised / adj. during the period	14130	1612
7. Charter Hire expenditure	NIL	1003
8. Management and Accounting Fees earned	682	588
9. Manning Agent Fees earned	51	29
10. Guarantee Fees Received	32	65
11. Receivables at the end of the period	27567	24166
ii. Key Management Personnel		
1. Remuneration	250	289
2. Loans recovered during the period	1	1
3. Loan amounts due as at the end of the period	1	1
4. Maximum amount due during the period	2	2

Notes on Financial Statements for the year ended 31st March, 2013

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

Sr. No.	Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 31.03.13 (As on 31.03.12)	Other Venturers Share 31.03.13 (As on 31.03.12)
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%), *Qship 20.00% (20.00%), PLL 3.00% (3.00%)
5.	SCI Forbes Ltd.	Equity	India	50% (50.00%)	*Forbes 25.00% (25.00%), SICPL 25.00% (25.00%)
6.	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.

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.	19-03-2012	65559	36317	19-03-2012	8429	8753
2	India LNG Transport Company (No. 1) Ltd.	31-12-2012	25776	27088	31-12-2012	5023	3698
3	India LNG Transport Company (No. 2) Ltd.	31-12-2012	26613	28089	31-12-2012	4788	3690
4	India LNG Transport Company (No. 3) Ltd.	31-12-2012	35238	42039	31-12-2012	3554	4272
5	SCI Forbes Ltd.	31-03-2013	20359	10639	31-03-2013	2667	6226
6	SAIL SCI Shipping Pvt. Ltd. (Unaudited)	31-03-2013	7	0.22	31-03-2013	1	3

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 34 : EARNINGS PER SHARE

Particulars	For the Year ended 31.03.2013 (₹ in lakhs)	For the Year ended 31.03.2012 (₹ in lakhs)
A Profit / (-) Loss after tax (₹ in lakhs)	(-)11431	(-)42821
B Weighted average number of Equity Shares (Nos.)	465799010	465799010
C Basic & Diluted Earnings per Share (in ₹) before Extraordinary Items	(-)8.89	(-)9.19
D Basic & Diluted Earnings per Share (in ₹) after Extraordinary Items	(-)2.45	(-)9.19
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.	Particulars	For the Year ended 31.03.2013 (₹ in lakhs)	For the Year ended 31.03.2012 (₹ in lakhs)
1	<i>Segment Revenue</i>		
	i) Liner Segment	115689	117441
	ii) Bulk Segment	279900	290072
	iii) Others	40471	23255
	iv) Unallocated Revenue	32725	907
	Total	468785	431674
2	<i>Segment Results</i>		
	<i>Profit / (Loss) before tax & interest</i>		
	i) Liner Segment	(3157)	(31166)
	ii) Bulk Segment	(36774)	6789
	iii) Others	15597	10035
	Total	(24334)	(14342)
	Less : Unallocated Expenditure (Net of income)	22941	(726)
	Add : Interest (Net)	(5452)	(20386)
	Total Profit before tax	(6845)	(34002)
	Segment Assets		
	Liner Segment	163961	127091
	Bulk Segment	979733	837061
	Others	132284	89317
	Total	1275978	1053469
	Unallocable Corporate Assets	333642	349720
	Total	1609620	1403189

Notes on Financial Statements for the year ended 31st March, 2013

NOTE 35 : SEGMENT REPORTING (CONTD.)

Sr.	Particulars	For the Year ended 31.03.2013 (₹ in lakhs)	For the Year ended 31.03.2012 (₹ in lakhs)
	Segment Liabilities		
	Liner Segment	62568	44756
	Bulk Segment	33363	46783
	Others	38552	28383
	Total	134483	119922
	Unallocable Corporate Liabilities	813522	609836
	Total	948005	729758
	Capital Expenditure during the period		
	Liner Segment	4295	2075
	Bulk Segment	259533	179124
	Others	74461	34191
	Unallocated	522	210
	Total	338811	215600
	Depreciation		
	Liner Segment	6262	5990
	Bulk Segment	65514	54071
	Others	4276	811
	Total	76052	60872

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.

Notes on Financial Statements for the year ended 31st March, 2013

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	<p>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.</p> <p>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.</p>
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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
As at						
Status	Funded	Funded	Unfunded	Unfunded	Unfunded	Unfunded
At the beginning of the period	11088	11780	5007	5307	3494	3108
Current service cost	1342	1400	952	829	266	214
Interest Cost	914	954	399	402	303	272
Actuarial (gains) and losses (including for prior years)	(435)	(1048)	(46)	(326)	295	88
Curtailment Period				(189)		
Benefits Paid	(1857)	(1998)	(1088)	(1015)	(196)	(188)
At the end of the period	11052	11088	5224	5007	4162	3494

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

(₹ In lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
Total Amount of defined benefit obligation	20438	19589
Amount of funded Defined benefit obligation	11052	11088
Percentage of funded defined benefit obligation	54.07	56.60
Percentage of defined benefit obligation not funded	45.93	43.40

Notes on Financial Statements for the year ended 31st March, 2013

D Movement in Fair Value of plan assets:

(₹ In lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
For the period ended on						
Opening value of fair value of plan assets	16419	17424	NIL	NIL	NIL	NIL
Expected Return on plan assets	1285	1506	NIL	NIL	NIL	NIL
Benefits Paid	(1857)	(1998)	NIL	NIL	NIL	NIL
Actuarial gain / (loss) on plan assets	234	(513)	NIL	NIL	NIL	NIL
Closing value of fair value of plan assets	16081	16419	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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
For the period ended on						
Present value of obligations at the end of the period	11052	11088	5224	5007	4162	3494
Less: fair value of assets as the balance sheet date	16081	16419	NIL	NIL	NIL	NIL
Net Liability / (Asset) disclosed in the balance sheet	(5029)	(5331)	5224	5007	4162	3494

F Total Expense recognized in the profit and loss account:

(₹ In lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
For the period ended on						
Current Service Cost	1342	1400	952	829	266	214
Interest Cost	914	954	399	402	304	272
Expected return on plan assets	(1285)	(1506)	Nil	Nil	Nil	Nil
Actuarial (gains) and losses	(435)	(1048)	(46)	(326)	295	88
Past Service Cost	Nil	Nil	Nil	Nil	Nil	Nil
Losses (gains) on curtailments and settlements	Nil	Nil	Nil	(189)	Nil	Nil
Benefits Paid*	Nil	Nil	(1088)	(1015)	(196)	(187)
Actuarial (gains) / loss on plan assets	(234)	513	Nil	Nil	Nil	Nil
Charged to profit and loss	302	313	217	(300)	669	386

* 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.

Notes on Financial Statements for the year ended 31st March, 2013

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

(₹ In lakhs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Fair Value	% of Total	Fair Value	% of Total
Investment in Government securities	6937	43.41	8748	53.28
Investment in Bonds	3907	24.30	2799	17.05
Investment in deposits including bank balances	4874	30.31	4408	26.85
Other Assets including accrued interest	363	2.26	668	4.07
Total	16081		16419	

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 ₹ 1519 lakh. (Prev. period ₹ 993 lakhs)

K. Principal actuarial assumptions at the balance sheet date:

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Discount rate at the end of the period	8.14%	8.81%	8.14%	8.81%	8.14%	8.81%
Expected return on plan assets at the end of the period	8.00%	9.00%	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					16%	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	31/03/2009	31/03/2010	31/03/2011	31/03/2012	31/03/2013
Present value of defined benefit obligation	11532	12828	11780	11088	11052
Fair value of Plan Assets	17309	17891	17424	16419	16081
Surplus / (Deficit)	(5777)	(5063)	(5644)	(5331)	(5029)
Experience adjustment on Plan Liability (Gain) / Loss	(3685)	743	(1158)	(659)	(121)
Experience adjustment on Plan Asset (Loss) / Gain	(354)	(95)	(136)	(246)	124

Notes on Financial Statements for the year ended 31st March, 2013

- 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)

Particulars	Post Retirement Medical Benefit Scheme			
	Aggregate of the current service cost and interest cost		Accumulated post-employment benefit obligation for medical costs	
	2012-13	2011-12	2012-13	2011-12
Effect of one percentage up	16	13	346	286
Effect of one percentage down	(14)	(11)	(316)	(262)

- 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

- 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 38

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 39

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.

SIGNIFICANT ACCOUNTING POLICIES

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.

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 Insurance and P&I risks is made as under:-
 - (i) In respect of claims falling under Hull & Machinery Insurance, which are estimated to be above the deductible limit, to the extent of deductible limit.
 - (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.
- (b) All types of claims settled and paid above the deductible limits are shown as recoverable from Hull Underwriters / P&I Clubs until these are finally accepted by them as per the conditions of insurance policy and / or P&I cover. Adjustments, if any of revenue nature are made after statement of claims are received from the Average Adjusters.
- (c) 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

	2012-13 (₹ in lakhs)	2011-12 (₹ in lakhs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax, extraordinary items & prior period adjustments	(43017)	(37302)
ADJUSTMENTS FOR:		
Depreciation	76052	60872
Interest Income	(10729)	(18344)
Interest expense	16182	38730
Dividend Received	(783)	(592)
Surplus / Loss on sale of Fixed Assets (other than ships)	4	(28)
Surplus on Sale of Ships	(12101)	(27518)
Provision for doubtful debts & Advances (Net)	1803	561
Debts & Advances written off	1	11
Provision for diminution in value of investment	9460	0
Excess provisions written back	(1503)	-
	<hr/>	<hr/>
Operating profit before working capital changes	78386	53692
Adjustments for : Increase in working capital	(i)	16390
(a) Trade & other receivables	13654	(48468)
(b) Inventories	(601)	(3095)
(c) Trade payables	34241	(3618)
	<hr/>	<hr/>
Cash generated from operations	47294	(55181)
Tax paid (Net of Refunds)	(ii)	82663
Cash flow before prior period adjustments	(7992)	(9413)
Prior period adjustments (Net)	74671	(48204)
Net Cash From Operating Activities	6198	3287
	<hr/>	<hr/>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Acquisition of Fixed Assets (including Assets under construction)	(291630)	(218892)
Sale of Fixed Assets	12153	27931
Income from Investments	3249	592
Interest Received	8088	22630
Sale / Purchase of Investments	6221	1800
Advances to Joint Venture Companies	(5029)	(428)
Net cash used in investing activities	(B)	(266948)
	<hr/>	<hr/>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	-	-
Share Premium	-	-
Share issue expenses	0	(189)
Loans Borrowed (Net of Repayments)	184151	160780
Dividends Paid (Incl. Dividend Tax)	(10)	(13540)
Interest Charges	(15439)	(37828)
Staff Welfare Activities (Net)	(74)	(90)
Corporate Social Responsibility Activities	(312)	(280)
Net cash flow from financing activities	(C)	168316
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(A+B+C)	(17763)
Cash & Cash Bank Balances at the Beginning of the Year	144241	246672
Cash & Cash Bank Balances at the end of the Year.	126478	144241
Closing Cash & Bank Balances includes:		
Cash & Cash equivalents	7360	38847
Other bank balances	119118	105394
Cash & Cash Bank Balances at the end of the Year.	<hr/>	<hr/>
	126478	144241

As per our report of even date attached hereto.

For P.S.D. & ASSOCIATES,
Chartered Accountants
FR. No. 004501C

For SARDA & PAREEK
Chartered Accountants
FR. No. 109262W

For and on behalf of the Board of Directors,

DURGA DUTT DADHICH
Partner
Membership No. 071909

GAURAV SARDA
Partner
Membership No. 110208

DIPANKAR HALDAR
ED (LA) &
Company Secretary

B. K. MANDAL
Chairman &
Managing Director/
Director (Finance)

J. N. DAS
Director
(Liner & PS)

Mumbai,
Dated the 28th May, 2013.

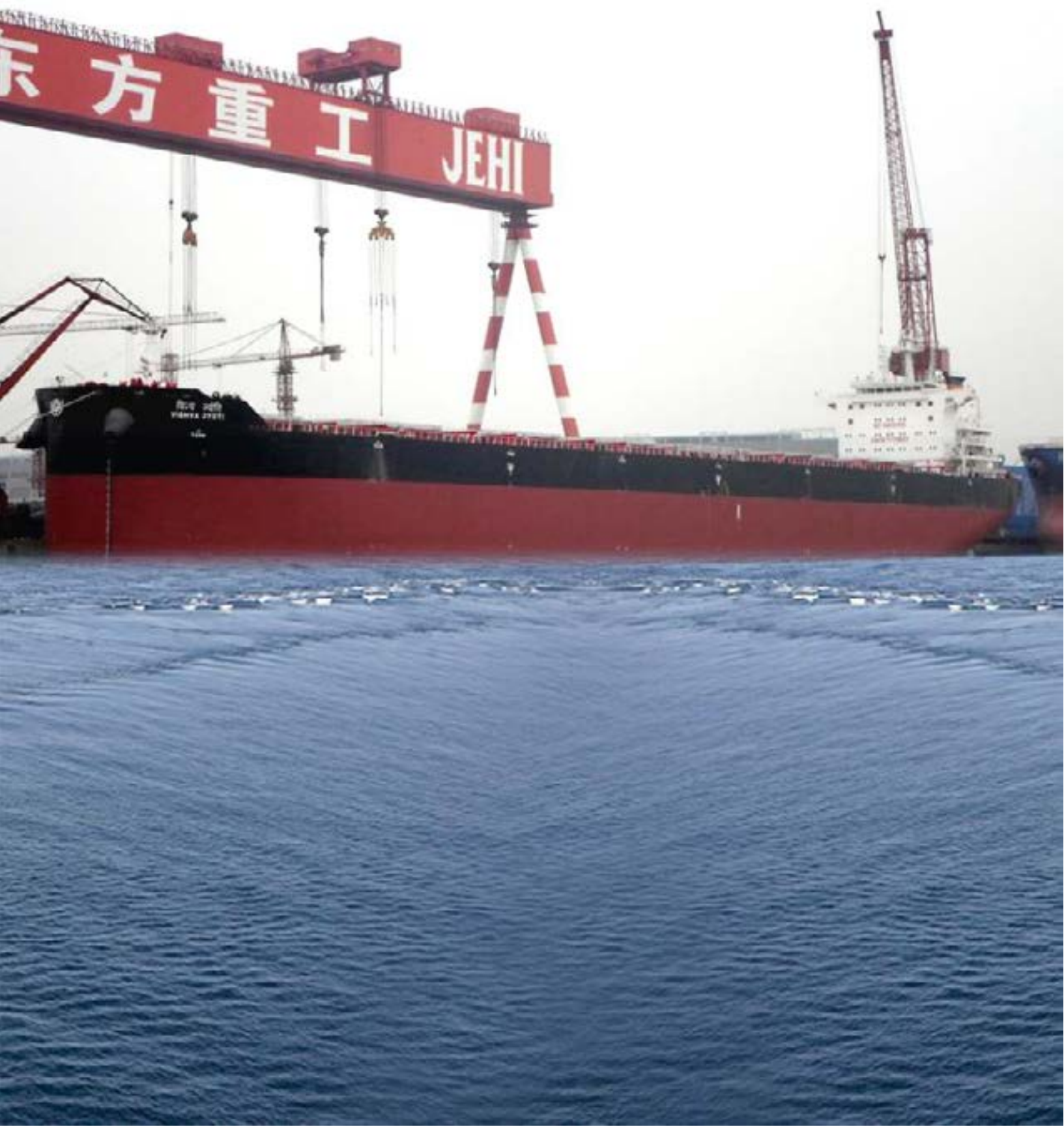
Mumbai,
Dated the 28th May, 2013.

Glossary

Aframax	A Tanker measuring between 80,000-1,20,000 MT in DWT 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 Kaisha 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, Adl Shankercherye Marg, Opp. Powel Lake, Powel, Mumbai - 400 072, India.

ACCREDITED BY THE RvA



INDIAN REGISTER
OF SHIPPING (IRS)

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*

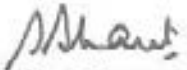
This Approval is subject to continued satisfactory maintenance of the Quality Management System of the Organization to the above Standard, which will be monitored by IRQS

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

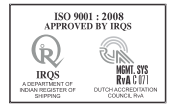
Current Certificate Expiry: 7th May 2016


S. Bharat
Senior Vice President



The Shipping Corporation Of India Ltd.

(A Government of India Enterprise)
Regd. Office : Shipping House, 245, Madame Cama Road, Mumbai - 400 021.



ATTENDANCE SLIP

(Duly signed to be handed over at the entrance of the meeting hall)
63rd Annual General Meeting - 24th September, 2013

DP. ID No.*		No. of Shares held:
CLIENT ID No.*		
Reg. Folio No.:		
Name:		

I hereby record my presence at the 63rd ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company, Shipping House, 245, Madame Cama Road, Mumbai - 400 021 at 1530 hrs. on Tuesday, the 24th September, 2013.

If signed by Proxy, his/her full name (in BLOCK LETTERS)	_____
Member's / Proxy's Signature	_____

Note: **Shareholder / Proxyholder attending the meeting may bring his / her copy of the Annual Report for reference at the meeting.**

***Applicable for investors holding shares in electronic form**



The Shipping Corporation Of India Ltd.

(A Government of India Enterprise)
Regd. Office : Shipping House, 245, Madame Cama Road, Mumbai - 400 021.

PROXY FORM

I/We _____ of _____
being a Member/Members of The Shipping Corporation of India Ltd. hereby appoint _____
of _____ or failing him/her _____ of _____
_____ as my / our Proxy to vote for me / us on my / our
behalf at the 63rd ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 24th September, 2013 or
at any adjournment thereof.

Signed this _____ day of _____ 2013

DP. ID No.:
Client ID No.:
Reg. Folio No.:

Signature

Revenue
Stamp

No. of Shares held:

Note: **This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.**

CORPORATE SOCIAL RESPONSIBILITY



एस सी आई



SCI



भारतीय नौवहन निगम लिमिटेड
The Shipping Corporation Of India Ltd.

शिपिंग हाउस, २४५, मैडम कामा रोड, मुंबई - ४०००२१

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

