61st Annual Report 2010-2011




भारतीय नौवहन निगम लिमिटेड

The Shipping Corporation Of India Ltd.

Transporting Goods. Transforming Lives.

Glimpses of Golden Jubilee Celebration at New Delhi, on 2nd October, 2010.

THE SHIPPING CORPORATION OF INDIA LTD.

50 GLORIOUS YEARS

Among the many milestones on the voyage which Shipping Corporation of India commenced on October 2, 1961- the date of its incorporation - the year which just passed has been especially momentous. It has witnessed the completion of its first half-century as India's premier shipping company, and its embarkation on its next.

Through these years, SCI has remained true to its guiding stars, namely the mission and objectives with which it has been charged: to serve India's overseas and coastal seaborne trade as its primary flag carrier, and be an important player in the field of global maritime transportation, as well as in diverse fields like Offshore and other marine transport infrastructure.

In discharging these responsibilities, SCI has proven itself, time and again, as a reliable, economical and efficient provider of shipping services to a diversified global clientele. It has demonstrated its agility and alertness in adapting to change, and swiftly responding to the shifting winds and currents of emergent conditions and opportunities. It has fostered professional and personal growth in its people, while also enlarging its fleet in scope, scale and variety. It has fanned out into a diversified array of segments and sectors, crafting services uniquely suited to their needs.

This is a record of achievement which propels SCI into its next half-century of even more dedicated service and distinguished performance.

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Corporate Information

BOARD OF DIRECTORS

Shri S. Hajara
Chairman & Managing Director

Shri Vijay Chhibber
Government Director

Shri Rajeev Gupta
Government Director

Shri J.N. Das
Director

**Rear Admiral (Retd.)
T.S. Ganeshan**
Director

Shri Arun Kumar Gupta
Director

Shri Kailash Gupta
Director

Prof. Sushil Khanna
Director

Shri B.K. Mandal
Director

Shri Nasser Munjee
Director

Shri Arun Ramanathan
Director

Shri Sushil Kumar Roongta
Director

Shri U. Sundararajan
Director

Capt. Sunil Thapar
Director

Shri S.C. Tripathi
Director

Shri Arun Kumar Verma
Director

COMPANY SECRETARY

Shri Dipankar Haldar
Sr. Vice President (Legal Affairs)

AUDITORS

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

SOLICITORS

Messrs. Mulla & Mulla Craigie Blunt & Caroe

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 S. Hajara, Vijay Chhibber and Rajeev Gupta) appear in alphabetical oder of Surnames

Chairman's Statement to Shareholders

Shri S. Hajara
Chairman &
Managing Director

Dear Shareholders, Ladies and Gentlemen,

On behalf of the Board of Directors and on my personal behalf, I extend very warm greetings to all of you. May I also compliment all the esteemed shareholders on the occasion of the Golden Jubilee of your Company. The Directors' Report describes, in detail, the working of your Company for the financial year ended March 31, 2011. I would like to share with you the important highlights of your Company's performance in the backdrop of the conditions prevailing in the shipping industry.

SHIPPING SCENARIO

The dry bulk market started the period under review on a bullish note. However, slowdown of the global economy and continuously pouring in newbuilding deliveries suppressed the market. Despite a healthy global tonne-mile demand growth, the dry bulk market remained subdued with the BDI falling to 1,040 - its lowest level in two years - in the first week of February, 2011. Although, the index climbed to nearly 1,550 in March 2011, it was still down nearly 50% compared to its year-earlier level.

Tanker market strengthened in the first quarter of 2010 and remained firm in the second quarter 2010. However, market hit a soft patch in July 2010 and by the end of August, 2010 rates on many routes were hovering close to operating cost levels. Declining trade demand as well as combination of reduced floating storage and continued fleet growth created conditions for a depressed market and relatively low rates persisted throughout the remainder of 2010. The rates on nearly all routes collapsed in April, 2011 with very little relief in May, 2011. Product tanker freight rates experienced a modest dip in the second quarter 2010 and thereafter increased in the third quarter 2010. The product tanker market experienced much less volatility than the crude tanker market in the second half of 2010. By historical measures, however, product rates were very depressed.

At the start of 2010, the containerized trade volumes were seen picking up and freight rates were on rise, mainly due to increase in the Asia-Europe Westbound and the Transpacific Eastbound trades. However, the scenario drastically changed by end 2010, with vessel utilization in these lanes declining and spot freight rates falling 30 percent below their July, 2010 peaks. Even though box-rates saw some minimal gain at the start of 2011, the rates resumed their downward trend by the end of January 2011.

FINANCIALS

I am happy to share your Company's financial performance during the financial year 2010-11. Your Company recorded the Gross Earning of ₹ 4,019.8 crore as against ₹ 3,902.7

crore in the previous financial year. The Net Profit after Tax earned for the review period stood at ₹ 567.4 crore, which is higher by 50.5 percent compared to ₹ 376.9 crore for the same period last year. The Earning Per Share of ₹ 13.01 for FY11 is higher by 46.2 percent compared to that for FY10. At the overall level, the Net Worth saw 13.1 per cent annual increase and stood at an impressive ₹ 7,168.13 crore at the end of the period under review. A shipping company's financial performance mirrors the conditions prevailing in the global shipping markets and all of you will appreciate that your Company's performance is certainly laudable as it comes in the midst of slowdown in the shipping industry.

OPERATIONS

The tankers and dry bulk carriers were deployed in a judicious mix of gainful employments. Your Company's container services as well as break-bulk services were operated with specific thrust on increasing marketing effort and cost optimization so as to maximise the yield. In offshore sector, your Company's OSVs continued to be

gainfully employed under long term time charter arrangement. For the managed vessels also, your Company's performance has been to the complete satisfaction of its customers, which will help us further strengthen relations with the valued clientele.

The crude oil carriers constitute over 60 percent of your Company's fleet and I would like to mention that in this segment, being an integrated tanker operator has greatly helped your Company tide over the difficult market conditions because of the flexibility for deploying its tonnage. Your Company has managed to retain COA arrangements with Indian oil industry, which has ensured gainful employment of tankers in subdued market conditions. Your company also deployed a few tankers in cross trades, which accounted for about 15 percent of the total crude carried by your Company. Your Company took steps to improve the marketability of its tankers, particularly in respect of the crew matrix and onboard maintenance.

In the container sector, your Company's focus was on reducing the overall system cost. In addition to the route rationalization, which is an on-going activity, your Company also placed considerable emphasis on reducing the fuel consumption by its ships. Your Company's effort in increasing the geographic coverage of its services has also positively impacted the equipment cost. I would like to particularly mention that the commencement of the East Africa service on slot-swap agreement was done without any additional cost on hardware.

I report with a sense of satisfaction that your Company has continued its tradition of efficient, safe and environment-friendly onboard operations. A particular emphasis was

laid on Port State Control and Flag State Control performance with the result that your Company has recorded a satisfactory performance in inspections by the Flag State Administration as well as at various ports of call overseas. Having said that, I must also submit that improvement is a continual process and your Company would continue to further enhance its performance in this respect.

Success of the shipping operations requires joint effort from ships and shore. Shore support in technical matter to the ship was ensured through effective co-ordination with ships and ship visits of the shore-based technical superintendents. In addition to this, regular briefing and debriefing session with the senior fleet officers is an important checkpoint in your Company's operations.

The international shipping industry is deeply concerned about the problem of piracy. I would also like to mention that your Company has adopted adequate measures in this regard and would also like to assure the shareholders that your Company shall spare no effort in ensuring the safety and security of its personnel and assets.

SHIP ACQUISITION PROGRAMME

Your Company had planned acquisition of 62 newbuilding vessels during the Eleventh Five Year Plan period i.e. 2007 to 2012 and the year under report is fourth year of this Plan period. During the first four years of this Plan period, your Company placed orders for 35 newbuildings - including 11 during the period under review. I am also happy to share with all of you that thereafter during April 2011, your Company has placed order for acquisition of 2 resale Supramax bulk carriers and during July, 2011 signed contract for 1 newbuilding Cellular Container vessel of 3,500 TEU capacity.

OTHER CORPORATE DEVELOPMENTS

In November, 2010, your Company came out with a Further Public Issue of 84,690,730 equity shares - including sale of 10% of the existing equity out of the Government shareholding and issue of fresh equity of 10%. I am happy to share with all of you that this equity issue was oversubscribed 4.8 times. Your Company garnered an amount of ₹ 582.45 crore through the sale of additional equity, which would be utilized for the Company's capacity enhancement plans.

I would like to mention another quite significant development regarding your Company's Information Technology integration project - "SET-IT". Your Company has achieved the project go-live. Considering the complexity and scope of the entire project, this is an important achievement for the Company.

You Company carried out with zeal its corporate social responsibility activities, which are in the areas such as support to the socially disadvantaged and physically handicapped, public health, preservation of cultural heritage and assistance to the victims of natural disaster. Your Company has always emphasised development of seafaring talent and welfare of seafarers, and during the period under review, this focus was duly maintained.

I am happy to share with all of you the following accolades received by your Company -

- "Leadership Builders Award" at Asia Pacific HRM Congress in September, 2010.
- "Ship Owner of the Year - India" Award at Maritime and Logistics Awards 2010 in September, 2010.
- "Gold Award in Transport Category" at India Pride Awards 2010.
- "Indian Shipping Company With Highest Growth Of Indian Vessels" trophy on 48th National Maritime Day held on April 05, 2011.
- "Dun & Bradstreet - Rolta Corporate Awards 2010" in Shipping sector.
- "Outstanding Contribution to the Seafaring Community Award" on the occasion of 'Day of the Seafarer' on June 25, 2011.

CORPORATE GOVERNANCE

The Report of Directors on Corporate Governance placed in the Directors' Report comprehensively describes the structure and practice of Corporate Governance of your Company. As a salient feature for the year under review, I would like to inform that in addition to complying with the requirements of Corporate Governance emanating from various statutes, rules and regulations, your Company has also adopted the guidelines issued by the Department of Public Enterprises in 2010 on Corporate Governance. I may also add that the Corporate Governance issues are kept in constant focus by the Board of Directors of your Company and your Company complies with the applicable guidelines both in letter and spirit.

DIVIDEND

I am happy to share with you that the Board of Directors of your Company has recommended a final dividend of 25 percent, which will be in addition to 30 percent interim dividend already paid to the shareholders. You may also like to note that the total dividend of 55 percent for the financial year 2010-11 is on the enhanced equity capital base, post FPO.

GLORIOUS FIFTY YEARS

Your Company came into existence on October 2, 1961 with the merger of two existing shipping companies. From a small shipping line with predominantly liner fleet to becoming a highly diversified and the largest Indian shipping company with a distinct global standing, your Company has been through a remarkable journey over the past fifty years. I would seek your indulgence in noting that today your Company's fleet stands at 5.8 million deadweight tonnage as against mere 0.2 million deadweight tonnage at the Company's inception in 1961. In this all-round growth, your Company has not only facilitated India's seaborne trade and contributed to the national economy; but has also developed and nurtured maritime culture in the country.

WAY FORWARD

In the coming months, high oil prices are likely to act as a drag on the world economy. In tanker segment, while tonnage demand is anticipated to grow at a steady rate, tonnage supply is forecast to expand at a much more rapid pace. Further decline in floating storage over the next few months is also expected to increase the tonnage supply. This is likely to maintain downward pressure on freight rates in the near future. In the dry bulk sector, while global iron ore and coal demand is expected to increase, the market outlook remains sluggish in the near to medium term, particularly due to tonnage oversupply. In container sector, there remains some uncertainty regarding future trade developments. At the same time, the sector will have to accommodate an influx of mega-ships in the coming months.

Your Company would continue its effort to optimise its operations through various means such as judicious deployment of fleet, effective cost control and other performance improvement initiatives. I seek your continued support in these endeavours.

ACKNOWLEDGEMENT

I would like to express my gratitude to the Government of India for their 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 Mukul Roy for his encouragement to your Company. I wish to also express my indebtedness towards Shri K. Mohandas, Secretary, Shipping for 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. It is with a deep sense of gratitude that I put on record my sincere appreciation towards my colleagues on the Board of Directors of your Company. I also wish to express my sincere appreciation towards all the floating and shore employees of your Company. Finally, I express my gratitude to all the esteemed shareholders as well as all the customers and patrons for their valued patronage.

Shri S. Hajara
Chairman & Managing Director

Board of Directors

Brief Profile of the Directors of the Company

Shri S. Hajara
Chairman & Managing Director

Shri S. Hajara is Chairman & Managing Director since September 2005 before which he held the post of Director (Personnel & Administration). He holds a Bachelor's degree in Science - Chemistry and a Post Graduate Diploma in Management from IIM, Kolkata. He also holds a degree in Law, diploma in Professional Ship Management, Norwegian Shipping Academy, Oslo. He is also experienced in marketing, chartering, import operations, liner conference / bilateral matters, commercial operations in liner, bulk and tanker.

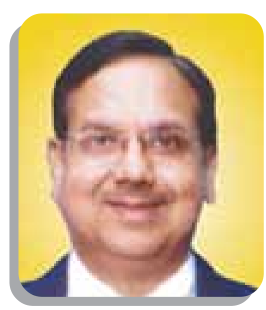
Shri Vijay Chhibber
Government Director

Shri Vijay Chhibber is Additional Secretary and Financial Advisor, Ministry of Shipping, an ex-officio part-time Director of the Company was appointed on Board of Directors in December 2008. Shri Chhibber, an I.A.S. Officer of the Manipur Tripura cadre, holds a Graduate and Post Graduate Degree in History from St. Stephen's College, University of Delhi. He held several posts in both the State and Central Governments and was the Under Secretary and Deputy Secretary in the Department of Commerce, Deputy Director in AIIMS, Director in Cabinet Secretariat and Joint Secretary in Department of Fertilizers. He has also worked as Deputy and Joint Secretary in the Departments of Energy, Public Works, as Director in Department of Industries and Secretary to the Chief Minister Manipur. He was also a District Magistrate of Ukhrul District in Manipur. He has held the post of Principal Secretary / Commissioner, Government of Manipur with responsibilities relating to Finance, Health, Education, Public Health & Engineering, Social Welfare, Tribal Welfare, Elections, etc. He has also been the Chief Election Officer of the State of Manipur. He is also an alumni of the National Defence College.

Shri Rajeev Gupta,
Government Director

Shri Rajeev Gupta is Joint Secretary (Shipping), Ministry of Shipping, an exofficio part-time Director of the Company, was appointed on the Board of Directors in June 2007. He is also a member of the Strategy Committee and the Ship Acquisition Committee (SAC) which considers vessel acquisition proposals before the same are put up for final approval of the Board. Shri Rajeev Gupta, an I.R.S.M.E. Officer, is a graduate in both Mechanical and Electrical Engineering. He has had experience in shipping, inland waterways, chartering, enterprise planning, vigilance, human resource management among other subjects. He has held several posts in Central Governments and was in the Railway Board and was involved in formulating the Tenth Five Year Plan for Railways.

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.

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

Rear Admlral (Retd.) T.S. Ganeshan is a part-time non-official Director inducted on the Board in August 2010 and is the Chairman of the Remuneration Committee and the Ship Acquisition / Building Committee (SASC). He is also a member of the Strategy Committee and the Ship Acquisition Committee which considers vessel acquisition proposals before the same are put up for final approval of the Board. He is an electrical engineer. He has served in the Indian Navy for over three decades. He has held various posts including that of Director (Ship Production), Director (Naval Design) at Naval Headquarters and Project Director (Electronics, Weapons & IT) for the nuclear submarine project (ATV). He has vast experience in naval shipbuilding and management of Public Sector Undertaking. He is the receipient of Nao Sena & Vishisht Seva medals and is an alumni of the National Defence College. He has been the Chairman & Managing Director of GRSE (Garden Reach Shipbuilders and Engineers Ltd.), Kolkata, a Defence PSU, from May 2005 to April 2008.

Shri Kailash Gupta
Director

Shri Kallash Gupta is Director (Personnel & Administration) since July 2006. He is a post graduate in Personnel Management from XLRI, Jamshedpur, and also has degree in law from the University of Delhi. Shri Gupta has also worked with NALCO Ltd. as General Manager (HRD & Administration) for over six years prior to joining SCI.

Prof. Sushil Khanna
Director

Prof. Sushil Khanna is a part-time non-official Director inducted on the Board in August 2010 and is a member of the Remuneration Committee and Strategy Committee. He is B.Sc. (major in Physics) and is a fellow member of Indian Institute of Management, Kolkata and has a post graduate diploma in management from IIM, Kolkata. He is a professor of Strategic Management and Economics at the Indian Institute of Management Kolkata. He has three decades of experience; first, as an investment banker, and then as an academic in the areas of corporate strategy, organisational restructuring, finance and general management. He has also served as a consultant and advisor for large number of public and private sector companies in India and Bangladesh.

Shri B.K. Mandal
Director

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 he is also a member in Investor Grievance Committee.

Shri Nasser Munjee
Director

Shri Nasser Munjee is a part-time non-official Director inducted on the Board in August 2007 and reappointed in August 2010 based on the fresh nomination received from the Ministry of Shipping. He is the Chairman of the Sub-Committee of the Board for raising finance and is also a member of the Remuneration Committee and Strategy Committee. He is presently the Chairman of Development Credit Bank (DCB) and was the former Managing Director & CEO of the IDFC. He holds a Master's degree from the London School of Economics, U.K. His journey in creating financial institutions began with the HDFC (which he has been assisting since its inception in 1978) and he joined the Board as an Executive Director in 1993 with primary responsibility for resource mobilization, research, publications, training, communication and managing the Centre for Housing Finance. He has deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes. Shri Munjee is also a Technical Advisor on the various Funds of the World Bank and the memberships held by him include that of the Goa Planning Board, Managing Committee of the Bombay Chamber of Commerce & Industry and CII, Western Region. He is also on the Board of Governors of the NMIMS and a Member and Honorary Distinguished Professor at IIT, Kanpur. He continues to be on the Board of HDFC and the Board of other companies and several other institutions as Chairman, Member of the Board or as a Trustee.

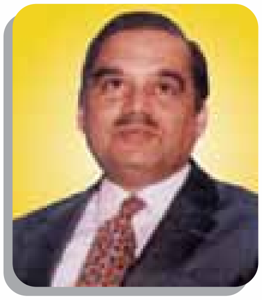
Shri Arun Ramanathan
Director

Shri Arun Ramanathan is a part-time non-official Director inducted on the Board in August 2010. He is the Chairman of the Audit Committee and the Shareholders' / Investors' Grievance Committee. He joined the IAS in July 1973. Apart from holding post graduate degrees in Nuclear Physics, Business Administration and Development Economics, he is also an Associate Member of the Institute of Cost and Works Accountants of India. In the IAS, he has held several assignments in Industry, Finance, Food, Consumer Protection, Transport and General Administration. In the Government of India, he was Secretary (Chemicals & Petrochemicals), Secretary (Financial Services) and finally the Union Finance Secretary. Shri Ramanathan was the Finance Secretary at the time of the global financial crisis and was nominated by the Prime Minister to chair the Group of Secretaries to recommend measures needed to counter the meltdown in the financial and industrial sectors.

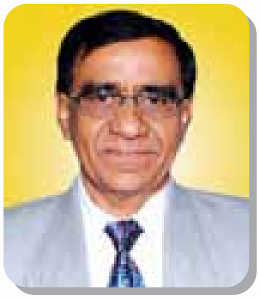
Shri U. Sundararajan
Director

Shri U. Sundararajan is a part-time non-official Director inducted on the Board in July 2007 and reappointed in August 2010 based on the fresh nomination received from the Ministry of Shipping. He is also a member of the Audit Committee, Strategy Committee and Sub-Committee of the Board for raising finance. He was the former Chairman and Managing Director of BPCL. He is a Cost Accountant and has vast experience and knowledge in financial management and general management. He has also served as part time External Director on the Board of several companies which include Gujarat State Petronet Ltd. and Larsen & Toubro Ltd.

Shri S.C. Tripathi
Director



Shri S. C. Tripathi is a part-time non-official Director inducted on the Board in December 2007 and reappointed in August 2010 based on the fresh nomination received from the Ministry of Shipping. He is the Chairman of the Strategy Committee and member of the Audit Committee of the Board. He is an IAS and was the former Secretary to Government of India and had rich experience in finance, economics and in petroleum sector. Shri Tripathi, an M.Sc. (Physics-Specialisation in Electronics), LL.B., PG Diploma in Development Studies (Cantab.), AIMA Diploma in Management, started his career as Lecturer in Physics in 1964 and joined the Indian Administrative Service in 1968 (Second Rank in the country). He spent nearly 20 years in Finance and Industry sectors at Chief Executive / Secretary levels at the State and Central Government and in repre sentative capacity at international levels. Shri Tripathi retired as Secretary, Ministry of Petroleum and Natural Gas in the Government of India in December 2005.



Shri Arun Kumar Verma
Director

Shri Arun Kumar Verma is a part-time non-official Director inducted on the Board in August 2010 and he is a member of the Audit Committee and Shareholders' / Investors' Grievance Committee. He is a practicing Chartered Accountant from Bhubaneshwar. He is also a Law Graduate. He has vast experience in areas concerning Accounts, Audit, Finance and Law.

Shri Arun Kumar Gupta
Director

Shri 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 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 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 and Ship Acquisition Committee which considers vessel acquisition proposals before the same are put up for final approval of the Board. 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 Neyveli Lignite Corporation Limited, HPCL Ltd., ACC Ltd. and Jubiliant Indutries Ltd. He has also been appointed as Managing Director of Vedanta Aluminium Ltd. from June, 2011.

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.

Notice of Meeting

NOTICE is hereby given that the 61st Annual General Meeting of The Shipping Corporation of India Ltd. will be held at the Y. B. Chavan Auditoriun, Jagannath Bhosale Marg, Near Mantralaya, Mumbai - 400 021 at 1530 hrs. on Friday, the 23rd day of September 2011 to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011, Profit & Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri B.K. Mandal who retires at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J.N. Das who retires at this meeting and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Nasser Munjee who retires at this meeting and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri S.C. Tripathi who retires at this meeting and being eligible, offers himself for re-appointment.
7. To fix remuneration of auditors.

SPECIAL BUSINESS BY ORDINARY RESOLUTION

8. To appoint a Director in place of Shri Arun Kumar Gupta 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 from whom the Company has received a notice in writing signifying his candidature to the office of Director and who is eligible for appointment.
9. To appoint a Director in place of Capt. Sunil Thapar 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 from whom the Company has received a notice in writing signifying his candidature to the office of Director and who is eligible for appointment.
10. To appoint a Director in place of Shri S. K. Roongta 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 Shri. S. K. Roongta as Director of the Company.

BY SPECIAL RESOLUTION

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

    "RESOLVED THAT pursuant to section 31 of the Companies Act, 1956, and all other applicable provisions, if any, (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time), the Articles of Association of the company be altered in the following manner :

    "RESOLVED THAT a new Article 4A be inserted in the Articles of Association after Article 4 as detailed below:

    "4A. The Company in General meeting upon the recommendation of the Board may consider offering shares of the Company to its employees including whole-time functional directors under Employees Stock Option Plan directly or through a Committee, appointed by the Board. The allotment of such shares under this plan shall be in terms of the extant provisions in the Companies Act, 1956, Rules, Regulation and Guidelines of all the applicable Statutes, from time to time."

12. **To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines,1999 ("the ESOP Guidelines") {including any statutory modification(s) or re-enactment of the Act or the ESOP Guidelines for the time being in force}, the Listing Agreement entered into with the Stock Exchanges where the shares of the Company are listed or any amendment thereof from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications which may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration Committee to exercise its powers including the powers, conferred by this resolution), the Board be and is hereby authorized to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in employment of the Company and its subsidiaries, including Directors of the Company, whether working in India or abroad or otherwise, except the Promoter Directors, under the SCI Employee Stock Option Scheme (hereinafter referred to as the "SCI ESOP Scheme"), such number of equity shares as on the date of grant of option(s) at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board / Committee from time to time.

FURTHER RESOLVED THAT such shares may be granted / allotted to such employees including functional / executive directors of the Company in accordance with the SCI ESOP Scheme to be framed directly or through a Trust which may be set up by the Board / Committee of Directors of the Company in any permissible manner.

FURTHER RESOLVED THAT the issue of such shares to any non-resident employee(s) shall be subject to such approvals, permissions or consents as may be necessary from Reserve Bank of India or any other relevant authority in this regard.

FURTHER RESOLVED THAT such shares to be issued and allotted by the Company in the manner aforesaid shall rank pari-passu in all respects with the existing equity shares of the Company.

FURTHER RESOLVED THAT the Company shall conform to the accounting policies prescribed from time to time under the ESOP Guidelines.

FURTHER RESOLVED THAT the Board be and is hereby authorized to take necessary steps for listing of such shares, allotted upon exercise under ESOP Scheme Scheme with the Stock Exchanges where the Company's shares are listed as per the terms and conditions of the Listing Agreement entered into with the Stock Exchanges and other applicable guidelines, rules and regulations or any amendments thereof from time to time.

FURTHER RESOLVED THAT for the purpose of giving effect to any creation, offer, issue or allotment or listing of such shares under SCI ESOP Scheme either directly or through trust, the Board / Committee be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect and make any modifications, changes, variations, alterations or revisions in the SCI ESOP Scheme, or to suspend, withdraw or revive the SCI ESOP Scheme from time to time as per the discretion of the Board / Committee and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board / Committee to secure any further consent or approval of the shareholders of the Company"

By Order of the Board of Directors
for **The Shipping Corporation of India Ltd.**
Dipankar Haldar
Senior Vice President (Legal Affairs) & Company Secretary

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

Dated : 13th August 2011

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) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 8 to 10 of the Notice set out above is annexed hereto.

c) The Register of Members and the Share Transfer Books of the Company will remain closed from 16.09.2011 to 23.09.2011 (both days inclusive).

d) 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 - 400072.

e) 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 2004-2005 and onward. The investor may also visit www.shipindia.com. The dividend paid for the years 2000-01(Interim), 2000-01(Final), 2001-02(Interim), 2002-03 (Interim) and 2003-04 (Special Interim) and remaining unclaimed / unpaid has already been transferred to the IEPF.

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 Nos. 8 to 12 of the accompanying Notice dated 13th August, 2011, convening the 61st Annual General Meeting of the Company.

Item No. 8 of the Notice

The Company has received a notice in writing dated 25th October, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri Arun Kumar Gupta for appointment as Director, for a period of five years with effect from the date of assumption of charge of the post i.e. 25th October, 2010 or till the date of his superannuation or until further orders, whichever is earlier. Accordingly, Shri Arun Kumar Gupta 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.

Shri Arun Kumar Gupta is a Marine Engineer from Marine Engineering College (DMET), 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) with additional charge of Safety & Quality Dept. for a period of over three years. He has been a Trustee of Kandla Port & on V.O. Chidambaranar Port Trust, Tuticorin. He was also the Vice President of Institute of Marine Engineers (India). He has been on the Governing Council of both, Institute of Marine Engineers as well as Narottam Morarjee Institute of Shipping. In context he has chaired sessions and also presented papers in several technical meets. He has almost 34 years of experience in shipping with track record of successfully completing challenging projects & assignments in various Divisions of SCI. He is a member of Technical Committees for IRS, BV, GL, LRS, ABS and also closely associated with other professional bodies like BIS, CIMAC, ISRO & NMSR (Coast Guard). It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri A. K. Gupta is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 9 of the Notice

The Company has received a notice in writing dated 11th January, 2011 from the Govt. of India, Ministry of Shipping conveying the nomination of Capt. Sunil Thapar for appointment as Director, for a period of five years with effect from the date of assumption of charge of the post i.e. 11th January, 2011 or till the date of his superannuation or until further orders, whichever is earlier. Accordingly, Capt. Sunil Thapar 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. Sunil Thapar 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. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Capt. Sunil Thapar is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 10 of the Notice

The Company has received a notice in writing dated 25th October, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri S. K. Roongta for appointment as Director, for a period of three years with effect from the date of assumption of charge of the post or until further orders, whichever is earlier. Accordingly, Shri S. K. Roongta was appointed as Additional Director by the Board of Directors. In accordance with Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.

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 and Ship Acquisition Committee of the 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 Neyveli Lignite Corporation Limited, HPCL Ltd., ACC Ltd. and Jubiliant Industries Ltd. He has also been appointed as the Managing Director of Vedanta Aluminium Ltd. since June, 2011. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri S. K. Roongta is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item Nos. 11 & 12 of the Notice

The DPE Guidelines dated 26th November 2008, OM No. 2(70)/08-DPE (WC) - GL - XVI/08, provide that all CPSEs would formulate Employee Stock Option Plan (ESOP) and 10% to 25% of the Performance Related Pay should be paid as ESOPs to the Board Level Employees, Below Board Level Executives and Non- unionised Supervisors. The Company's Articles of Association do not contain any provision on offer of shares to the employees of your Company under ESOP. A new Article No. 4A is proposed to be inserted in the Articles of Association of the Company after Article 4 of the Articles of Association enabling the Company to offer shares to the employees of the Company under ESOP every year as per the Government Guidelines. None of the Directors except the whole time Directors of the Company are, in any way, concerned with the said resolution.

Dipankar Haldar

Senior Vice President (Legal Affairs) & Company Secretary

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

Dated : 13th August, 2011.

Details of the Directors Seeking Re-Appointment / Appointment at the Forthcoming Annual General Meeting

Name of the Director	Shri B. K. Mandal	Shri J. N. Das
Date of Birth	09.05.1954	24.04.1954
Date of Appointment	11.11.2005	24.12.2007
Qualifications	• B. Com (Hons) • Post Graduate Diploma in • Management (MBA) from IIM, Ahmedabad • FICWA	• Graduation from Directorate of Marine Engineering Training (DMET) • 1st Class Engineer (MOTOR) Certificate of Competency from MOT • Member of Institute of Engineers (MIE, India) • Fellow Member of Institute of Marine Engineers (F.I.M.E) - India
Expertise in specific functional areas	Vast experience in Financial, Accounting and General Management area.	Vast experience in shipping management, Bulk carrier, tankers, chemicals, LPG & LNG operations, New Building & Offshore services.

Name of the Director	Shri Nasser Munjee	Shri S. C. Tripathi
Date of Birth	18.11.1952	01.01.1946
Date of Appointment	11.08.2010	11.08.2010
Qualifications	• Master's degree from the London School of Economics, UK	• M. Sc. (Physics) • LL.B. • Diploma in Development Studies (Cantab.) • AIMA Diploma in Management • Fellow Member of Energy Institute (UK) • Fellow Member of Institution of Electronic & Telecom Engineers. • Professional Member All India Management Association • Member Computer Society of India • Life Member Indian Institute of Public Administration.
Expertise in specific functional areas	Vast experience in housing finance and is deeply interested in rural development, urban issues, specially the development of modern cities and humanitarian causes.	Vast experience in Public Administration and has held important positions in Governments of Uttar Pradesh and India, nearly 20 years' experience in Finance and Industry sector.

Name of the Director	Shri A. K. Gupta	Capt. Sunil Thapar	Shri S. K. Roongta
Date of Birth	26.12.1955	08.09.1955	09.05.1950
Date of Appointment	25.10.2010	11.01.2011	29.10.2010
Qualifications	• Marine Engineer from Marine Engineering Training College, Kolkata. • Member of Institute of Engineers • Fellow Member of Institute of Marine Engineers	• Master (FG) Certificate of Competency • Masters in Shipping Management from World Maritime University • Life Member of "Company of Master Mariners"	• Bachelor of Engineering • Post graduate Diploma in Business Management-International Trade • Fellow Member of the All India Management Association.
Qualifications	• Fellow Member of Narottam Morarjee Institute of Shipping.		
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 in Marketing, Strategy and Turnaround Management.

Equity Shares Held by the Non-Executive Directors Seeking Re-Appointment / Appointment at the Forthcoming Annual General Meeting

Sr. No.	Name of non-executive Director	No. of Shares held
1.	Shri Nasser Munjee	Nil
2.	Shri S.C. Tripathi	Nil
3.	Shri S. K. Roongta	Nil

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 Nasser Munjee	1. ABB Ltd. 2. Britannia Industries Ltd 3. Bharati AXA Life Insurance Co.Ltd. 4. Cummins India Ltd. 5. Tata Chemicals Ltd. 6. Unichem Laboratories Ltd. 7. Voltas Ltd. 8. Tata Motors Ltd. 9. HUDCO Ltd. 10. Development Credit Bank Ltd. 11. HDFC Ltd. 12. Ambuja Cements Ltd. 13. Bharati AXA General Insurance Co.Ltd. 14. Reid & Taylor (India) Ltd.	1. Chairman - Audit Committee 2. Member - Audit Committee 3. Member - Audit Committee 4. Chairman - Audit Committee 5. Chairman - Audit Committee 6. Member - Audit Committee 7. Member - Audit Committee 8. Chairman - Audit Committee 9. Member - Audit Committee
Shri S.C. Tripathi	1. IL&FS Infrastructure Development Corporation Ltd. 2. Indusind Bank Ltd. 3. IL&FS Energy Development Corporation Ltd. 4. Gammon Infrastructure Projects Ltd. 5. Reliance Capital Asset Management Co. Ltd.	1. Member - Audit Committee 2. Member - Audit Committee 3. Member - Audit Committee 4. Member - Audit Committee
Capt. Sunil Thapar	NIL	NIL
Shri Arun Kumar Gupta	NIL	NIL
Shri S. K. Roongta	1. HPCL Ltd. 2. Jubliant Industries Ltd. 3. ACC Ltd. 4. Vedanta Aluminium Ltd. 5. Neyveli Lignite Corporation Ltd.	1. Member - Audit Committee Member - Shareholders' Grievance Committee 2. Chairman - Shareholders' Grievance Committee Member - Audit Committee 3. Member - Audit Committee

Salient Statistics 2010 / 2011

Authorised Capital	₹ 1000.00	Crores
Subscribed and Paid-up Capital	₹ 465.80	Crores
Depreciation Provision	₹ 465.10	Crores
Gross Earnings	₹ 4019.77	Crores
Gross Investment on Fleet	₹ 13434.21	Crores
No. of Voyages made	397	
No. of Passengers carried (including managed vessels)	1,69,427	
No. of Employees (including crew) (As on 1st August, 2011)	3232	
Vessels Owned (As on 15th August, 2011)		
Number	80	
Tonnage	3.30 5.81	Million GRT Million DWT
Vessels on Order		
Number	30	
Tonnage	1.15 1.95	Million GRT Million DWT

The Shipping Corporation of India Ltd.
Decade at a Glance

OPERATIONAL STATISTICS

(FIGURES IN CRORES OF ₹)

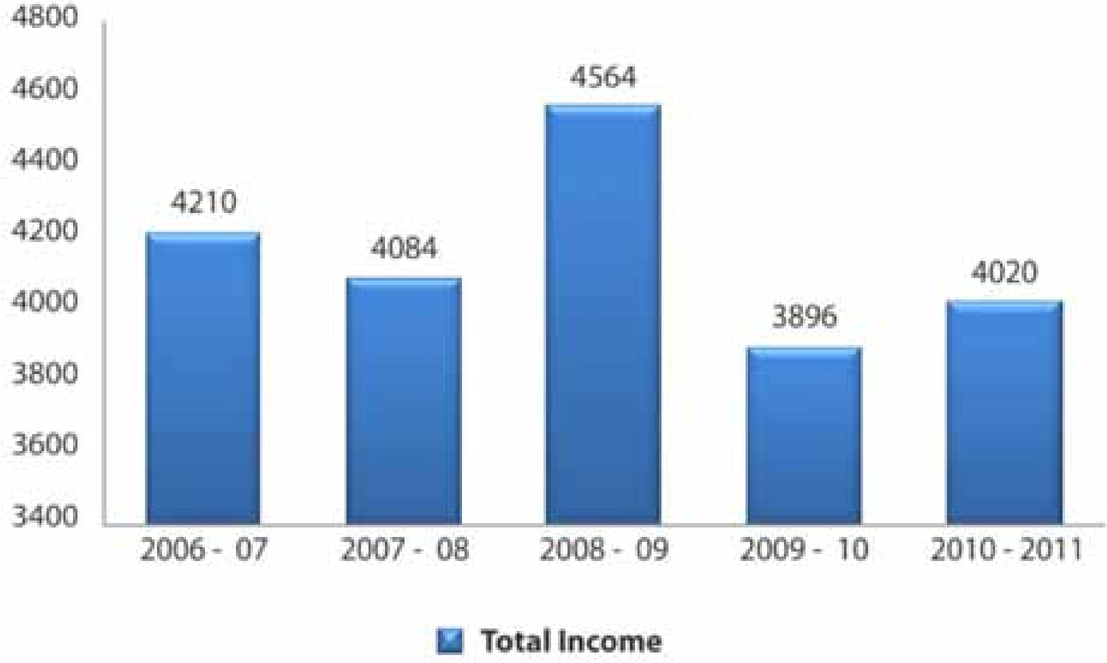
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Operating Earnings	2784.70	2376.50	3100.30	3396.10	3531.00	3703.40	3726.90	4166.60	3463.10	3543.42
Interest Income	54.12	35.31	60.68	80.23	172.12	219.69	227.68	272.71	218.20	191.41
Other Income	121.50	66.90	74.50	249.70	59.00	287.20	129.80	125.20	215.04	284.94
Total Earnings	2960.32	2478.71	3235.48	3726.03	3762.12	4210.29	4084.38	4564.51	3896.34	4019.77
Operating Expenses	1982.30	1826.10	2019.80	2033.73	2119.30	2567.70	2594.40	2815.69	2771.00	2608.04
Other Expenses	256.80	156.90	166.50	183.68	145.30	149.40	221.30	266.54	216.71	225.63
Interest Expenses	76.71	49.08	55.72	64.25	79.06	80.13	61.60	64.67	52.50	64.36
Depreciation	265.20	257.80	280.00	297.10	303.50	303.10	303.20	323.88	380.10	465.10
Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39.08	0.00	0.00
Tax Liability	137.70	-86.00	86.50	22.80	72.80	95.50	90.00	113.90	99.10	89.29
Deffered Tax Provision written back	0.00	0.00	0.00	-295.50	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	2718.71	2203.88	2608.52	2306.06	2719.96	3195.83	3270.50	3623.76	3519.41	3452.42
Profit after Tax	241.61	274.83	626.96	1419.97	1042.16	1014.46	813.88	940.70	376.88	567.35

FINANCIAL HIGHLIGHTS:

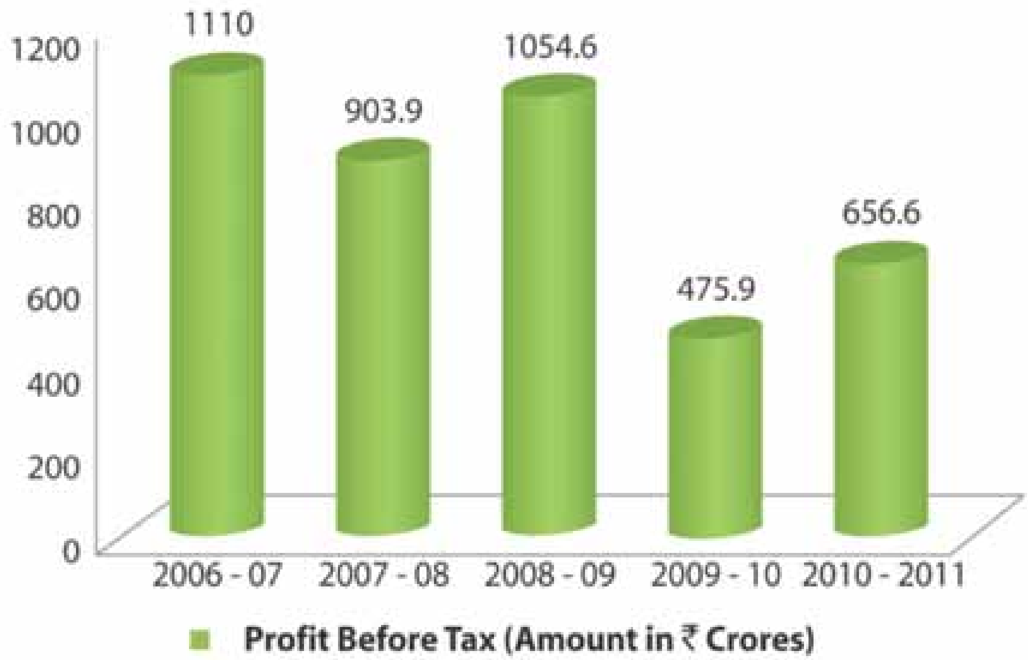
(Figures in Crores of ₹)

	31-3-02	31-3-03	31-3-04	31-03-05	31-03-06	31-03-07	31-03-08	31-03-09	31-03-10	31-03-11
WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	5142.00	5243.20	6073.80	6506.10	6818.90	6705.40	6737.10	8161.90	8893.20	11841.28
Less:Depreciation(Cum)	2679.40	2871.40	3092.00	3270.30	3559.40	3744.20	4047.20	4333.93	4386.40	4472.09
Net Block	2462.60	2371.80	2981.80	3235.80	3259.50	2961.20	2689.90	3827.97	4506.80	7369.19
Assets under Construction	432.30	681.30	385.70	122.50	237.30	762.50	2007.20	2099.85	1854.70	1790.36
Asset Retired from Operation	4.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Working Capital	402.00	561.30	667.60	1618.60	2224.10	2596.70	2347.70	2640.88	2505.70	2431.04
Investments	51.00	0.50	0.50	1.45	8.90	24.00	41.50	111.46	166.70	292.67
	3352.80	3614.90	4035.60	4978.35	5729.80	6344.40	7086.30	8680.16	9033.90	11883.28
WHAT THE COMPANY OWED										
Long Term Funds:										
SDFC/Govt. Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Loans	1031.60	1112.10	1371.30	1402.65	1374.40	1244.70	1454.20	2471.67	2696.90	4715.15
Unsecured Loans	6.90	6.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1038.50	1119.00	1371.30	1402.65	1374.40	1244.70	1454.20	2471.67	2696.90	4715.15
Deferred Tax Liability	218.70	233.00	295.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET WORTH OF THE COMPANY										
Share Capital	282.30	282.30	282.30	282.30	282.30	282.30	282.30	423.45	423.45	465.80
Reserves & Surplus	1852.10	2029.60	2114.70	3309.81	4077.80	4817.40	5349.80	5785.00	5913.50	6702.33
Deferred Revenue Expenditure	-38.80	-49.00	-28.20	-16.43	-4.70	0.00	0.00	0.00	0.00	0.00
	2095.60	2262.90	2368.80	3575.68	4355.40	5099.70	5632.10	6208.45	6336.95	7168.13
Dividend paid	98.80	84.70	479.90	197.60	239.90	239.90	239.90	275.24	211.70	256.19
Dividend %	35.00	30.00	170.00	70.00	85.00	85.00	85.00	65.00	50.00	55.00

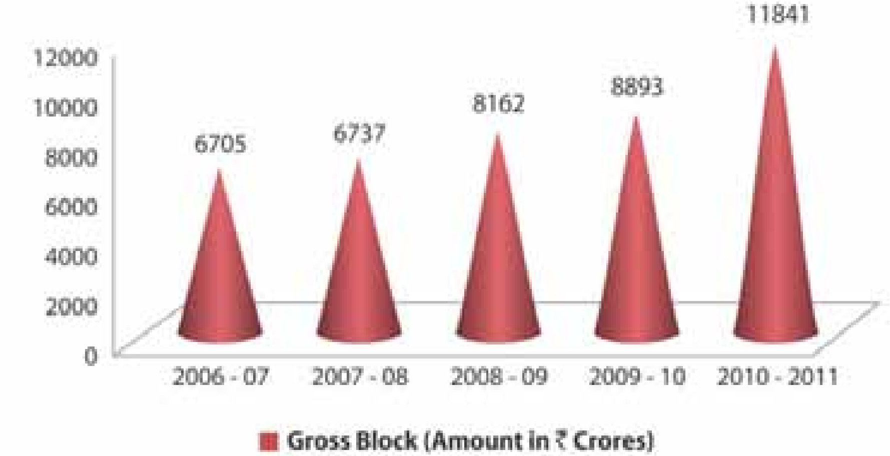
Total Income (Amount in ₹ Crores)



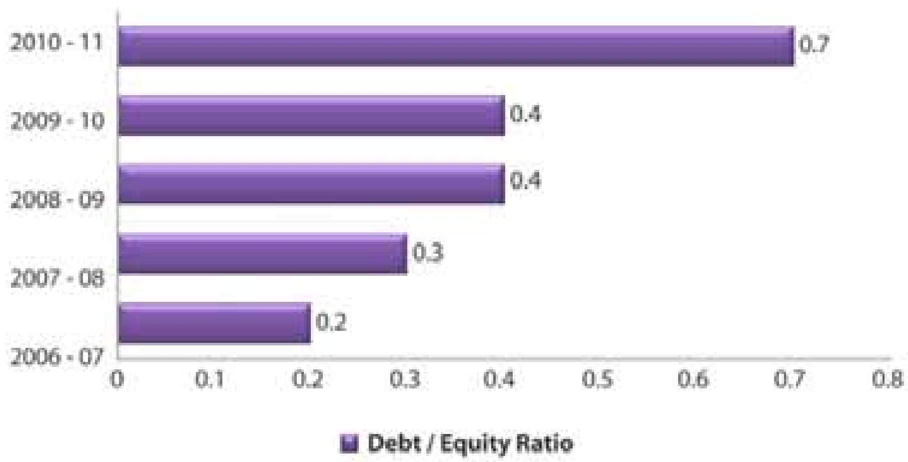
Profit Before Tax (Amount in ₹ Crores)



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 **61st Annual Report** on the working of your Company for the financial year ended 31st March 2011.

Accounting Year

The year under report covers a period of 12 months ended on 31st March 2011.

Financial Performance

The Comparative position of the working results for the year ended vis-à-vis earlier year is as under:

(₹ Crores)

	2010-2011		2009-2010	
Gross Earnings		4020		3896
Gross Profit (before interest, depreciation, items relating to earlier years, exceptional items & tax)		1156		849
Less: Interest	64		53	
Depreciation	465	529	380	433
Profit before items relating to earlier years, exceptional items & tax		627		416
Prior year's adjustments		30		(6)
Excess Provision / sundry credit balances written back		0		66
Profit before Exceptional items & tax		657		476
Exceptional items		-		
Provision for Indian Taxation		(89)		(99)
Net Profit		568		377

Appropriations

The working results of your Company for the year 2010-2011 after considering prior period adjustments show a profit of ₹ 567.35 crores. An amount of ₹ 114 crores has been transferred to Tonnage Tax Reserve u/s 115VT of Income Tax Act. After adding a sum of ₹ 516.63 crores (being balance profit and loss account brought forward from the previous year), the amount available for disposal works out to ₹ 969.98 crores. Your Directors propose to make the following appropriations from this amount:

1. Capital Reserve	...	₹	17.59	crores
2. General Reserve	....	₹	57.00	crores
3. Staff Welfare Fund	....	₹	1.00	crore
4. Corporate Social Responsibility Reserve	....	₹	5.67	crores
Total	**....**	**₹**	**81.26**	**crores**

Dividend

The Board of Directors, in addition to the interim dividend @ 30% already paid for the year 2010-11, now recommends payment of final dividend @ 25% for the year 2010-11 absorbing a sum of ₹ 116.45 crores. In addition, dividend tax of ₹18.89 crores will be payable by the Company. After the proposed appropriations, the sum available is ₹ 590.43 crores which is being carried forward to next year's accounts.

Fleet Position during the Year :

During the year under report, nine vessels aggregating 520,259 dwt. tonnage were disposed of whereas four newbuilding crude oil tankers and eight newbuilding product tankers aggregating to 1,109,145 dwt. were delivered. Thus, the overall fleet position, which was 76 ships at the beginning of the year, closed at 79 ships at the end of the year as shown in the following table:

FLEET PROFILE DURING THE YEAR

Particulars	As on 1.4.2010		Additions		Deletions		As on 31.3.2011	
	No.	Dwt.	No.	Dwt.	No.	Dwt.	No.	Dwt.
1. (a) Crude Oil Tanker	26	35,76,271	4	458,942	6	402,916	24	36,32,297
(b) Product Tankers	10	4,23,172	8	650,203	2	90,893	16	9,82,483
(c) Chemical Tankers	3	99,174	-	-	-	-	3	99,174
(d) Gas Carriers	2	35,202	-	-	-	-	2	35,202
2. Bulk Carriers	18	781,777	-	-	1	26,450	17	755,327
3. Liner Ships	5	202,413	-	-	-	-	5	202,413
4. Offshore Supply Vsls.	10	17,904	-	-	-	-	10	17,904
5. Passenger-Cum-Cargo Vessels	2	5,303	-	-	-	-	2	5,303
Total	**76**	**51,41,216**	**12**	**1,109145**	**9**	**520,259**	**79**	**57,30,103**

NEWBUILDING VESSELS DELIVERED DURING THE YEAR

Vessel Name	Type	Yard Built	Dwt.
m.t. Desh Mahima	Crude oil Tanker	Hyundai Heavy Industries (HHI), S.Korea	114,686
m.t. Desh Garima	Crude oil Tanker	HHI, S.Korea	114,790
m.t. Desh Suraksha	Crude oil Tanker	HHI, S.Korea	114,783
m.t. Desh Samman	Crude oil Tanker	HHI, S.Korea	114,683
m.t. Swarna Sindhu	Product Tanker	STX Shipyard, S.Korea	73,368
m.t. Swarna Ganga	Product Tanker	STX Shipyard, S.Korea	73,368
m.t. Swarna Brahmaputra	Product Tanker	STX Shipyard, S.Korea	73,606
m.t. Swarna Godavari	Product Tanker	STX Shipyard, S.Korea	73,368
m.t. Swarna Krishna	Product Tanker	STX Shipyard, S.Korea	73,368
m.t. Swarna Kaveri	Product Tanker	STX Shipyard, S.Korea	73,368
m.t. Swarna Jayanti	Product Tanker	HHI, S.Korea	104,895
m.t. Swarna Kamal	Product Tanker	HHI, S.Korea	104,862

VESSELS DISPOSED OF DURING THE YEAR

Vessel Name	Type	Year Built	Dwt.
m.v. Lok Rajeshwari	Bulk Carrier	1988	26,450
m.t. Lance Naik Karam Singh, PVC	Crude Oil Tanker	1984	67,153
m.t. Lt. Rama Raghoba Rane, PVC	Crude Oil Tanker	1984	67,153
m.t. Subedar Joginder Singh, PVC	Crude Oil Tanker	1984	67,137
m.t. Major Saitan Singh, PVC	Crude Oil Tanker	1985	67,185
m.t. Havildar Abdul Hamid, PVC	Crude Oil Tanker	1985	67,164
m.t. Col. Ardeshir Burzorji Tarapore, PVC	Crude Oil Tanker	1985	67,124
m.t. Major Hoshiar Singh, PVC	Product Tanker	1985	45,420
m.t. Lance Naik Albert Ekka, PVC	Product Tanker	1985	45,473

VESSELS ON ORDER AT THE END OF THE YEAR

Type	No.	Shipyard	Total Dwt.
VLCC	2	Jiangsu Rongsheng Heavy Industries Co. Ltd. China	6,34,000
Handymax Bulk Carriers	6	STX (Dalian) Shipbuilding Co. Ltd. China	3,44,400
Kamsarmax Bulk Carriers	4	Jiangsu Eastern Heavy Industry Co. Ltd. China	3,28,000
Panamax Bulk Carriers	4	STX (Dalian) Shipbuilding Co. Ltd. China	3,22,620
6,500 TEU Cellular Container vessels	3	STX (Dalian) Shipbuilding Co. Ltd. China	2,56,800
Anchor Handling, Towing & Supply Vessels (AHTSVs) (80T BP)	4	Bharati Shipyard Ltd. India	8,000
Anchor Handling, Towing & Supply vessels (AHTSVs) (120 T BP)	2	Cochin Shipyard Ltd. India	3,940
Anchor Handling, Towing & Supply vessels (AHTSVs) (120 T BP)	2	Cochin Shipyard Ltd. India	3,940
Platform Supply Vessels (UT 755 Design)	2	Cochin Shipyard Ltd. India	6,120
TOTAL VESSELS ON ORDER	29		19,07,820

MANAGEMENT DISCUSSION AND ANALYSIS

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

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

World Scenario - Economy & Seaborne Trade

The **global economy** experienced 5.1% expansion in GDP in 2010, its best performance since 2006, recovering from 0.7% contraction in 2009. The two major contributors were China with 10.3% growth, followed by 'Other Asia' (excluding China and Japan) with 7.9% growth.

The continuing expansion of the Chinese economy, however, also led to inflation of over 5% in China, and in response, its Government took various measures to contain inflation such as increase in interest rates and energy restrictions in some regions leading to a significant slowdown in China's steel production during the fourth quarter of 2010. In the 'Other Asia' region, the economic growth was mainly propelled by India, Singapore and Taiwan; however, inflationary pressures remain an issue in many countries in this region too.

Global **'Dry Bulk'** imports in 2010 touched nearly 3.7 billion tonnes, experiencing a robust increase of 11.6% over 2009 mainly on account of Steam coal and Iron ore trades, together comprising 60% share of the trade, and Steel products and Metallurgical coal trades, having 16% share. The fleet capacity expanded by 15%, more than double the growth witnessed in the previous year.

Overall, it was a relatively good year for dry bulk ship owners; except, that the rates declined toward the end of the year.

The fourth Quarter of 2010-11 was fairly discouraging for all drybulk shipowners, especially for the large bulkers / capesize vessel owners. In addition to rapid growth in the Capesize fleet, the exports from Australia fell significantly on account of the unprecedented floods in Australia. Brazilian iron ore exports also witnessed a moderate fall leading to drop in rates. Although Australian exports recovered by March, the earthquake off the northeast coast of Japan resulted in power disruptions and negative impact on its steel production and steam coal imports thus hampering the recovery in the dry bulk market, especially in the Cape segment.

Globally, the **'Oil'** trade (i.e. 'Crude Oil' and 'Products' segments) witnessed 3% growth in 2010. The share of 'Oil' trade in total 'Oil' & 'Dry Bulk' trade was 43%, falling by 2% from the previous year level and the share of 'Dry Bulk' trade was nearly 57%.

In the 'Oil' trade segment, the global **'Crude oil'** imports were nearly 2 billion tonnes, rising by almost 3% compared to their 2009 level and global 'Products' imports were 0.82 billion tonnes, increasing by 3.3%. The Tanker fleet expanded by 4.6% in 2010 at almost half the rate of 8% growth seen in the previous year.

In the first half of the year 2010, the tanker market experienced favourable conditions with increase in rates spurred on by the economic recovery and high levels of floating storage that softened the impact of a rapidly growing fleet. However, in the second half of the year 2010 there was a surge in fleet availability due to a sharp decline in floating storage. Consequently, while oil trade continued to increase, the huge increase in the available fleet had a very adverse impact on the tanker market with drastic fall in rates.

The fourth Quarter of 2010-11 was largely driven by political events, natural disasters and seasonal factors resulting in a mixed performance in the tanker market. VLCC and Product tanker earnings improved initially, even after accounting for soaring bunker prices. However, the other segments witnessed a difficult phase. Many of the events / factors mentioned above overlapped and created a very volatile market with rates soaring in February, especially for shipments out of Libya. Subsequently, most rates including VLCCs ended the quarter on a discouraging note as Libyan oil output slowed to negligible levels and tonnage built up in the Arab Gulf waiting for employment.

The **global Container trade** in 2010 was around 133 million TEUs, growing by 10.7% over the previous year's volumes with the major countries / regions across the world experiencing robust growths. From the all-time 'lows' reached in early 2009, the freight rates witnessed fast recovery in early 2010 and peaked in mid 2010. However, considerable expansion in fleet capacity resulted in low box-rates by end 2010. Despite some recovery in the beginning of 2011, the rates started to fall by end January 2011 and by the end of first quarter, the rates were on a declining trend.

Indian Scenario

As per the recent forecast by the National Council of Applied Economic Research (NCAER), the average GDP growth for 2011-12 is reckoned at around 8.5%, at nearly the same level as in 2010-11. The Services sector is expected to achieve the highest growth at 9.6%, while Industry and Agriculture sectors are expected to show growths of 8.9% and 3.2%, respectively. The cargo traffic at the Major ports is expected to increase to around 615 million tons in 2011-12 i.e. a growth of around 8% over the previous year's level.

India's exports surged to a record high growth of 37.6% in 2010-11, as global demand soared for engineering goods, oil products and gems manufactured in India, Asia's third-largest economy. Exports were at $245.9 billion for the year, while imports rose 22% to $351 billion.

The total cargo traffic at the Major Indian ports in 2010-11 was 569.91 million tonnes (mt.), with the traffic growth declining to 1.57% from 5.8% in the previous year. This sharp fall in the growth has been attributed to various factors: ban on iron ore exports (which resulted in reduced traffic at New Mangalore, Paradip, Mormugao and Ennore ports); many planned power projects that would have resulted in considerable coal traffic remained sluggish; consumer product exports too were slack.

The Major Indian ports cargo traffic comprised of around 180 mt. POL (Petroleum and Other Liquids) - around 3% increase over previous year; 180 mt. of major Dry Bulk cargoes (i.e. Iron Ore, Fertilisers, Coal) which decreased by 5%; 114 mt. of Containerised cargoes rising by over 12% (or 9% in terms of TEUs); and 95 mt. of "Other Cargoes" (i.e. minor bulks, breakbulk etc.) remaining at nearly the same level as in 2009-10. The share of 'Dry Bulk' cargo and 'POL' in 2010-11 was around 31.5% each, followed by Containerised cargoes with 20% share and "Other cargo" 17%. The traffic pattern indicates that the share of Dry Bulk cargoes declined slightly by around 2.5% from that in 2009-10 and that of Containerised cargoes increased by 3%, while POL and 'Other Cargoes' remained at almost the same levels.

B. OPPORTUNITIES & THREATS

Global Economy

The World economy is projected to grow at a slower rate of 4.2% in 2011, down by nearly 1% from the previous year's rate. It is expected to improve marginally in the next few years with growth picking up to 4.4% in 2012 led by China and 'Developing Asia' (excluding China) with 9% and 6.4% GDP growths, respectively. Subsequently, the world economy is projected to slow down slightly to an average 4.3% p.a. from 2013 to 2015.

Global Trade

The growth in **'Dry Bulk'** trade is expected to slow down to 7.3% in 2011. China's steel production and consequently its iron ore imports would remain the main driver of the growth in 2011, as also China's steam coal imports. Also, the Australian coal exports are expected to return to full capacity. However, a quick rebound in Japanese dry bulk trade demand is not likely, resulting in slowdown in Japanese imports; and only by fourth quarter of 2011 Japanese rebuilding efforts are expected to gain momentum with prospects of a modestly higher demand in 2012. Overall, a faster growth of 8.3% is projected for Dry Bulk trade in 2012, thereafter averaging at 6.1% per year from 2013 to 2015. During the next five years, the average distance of iron ore trade is expected to increase modestly as the short-haul

Indian shipments to China would lose market share to the long-haul Brazilian supplies. The average distance of Chinese steel products exports is also likely to increase modestly. On the Fleet side, the dry bulk fleet is expected to grow by 14% in 2011, followed by 9% growth in 2012 and thereafter the growth is projected to average 5% per year upto 2015.

In the **Oil segment,** with strong demand expected to emerge from Asia, the overall Oil trade demand is projected to grow by a little over 3% in 2011, almost the same rate as witnessed in 2010. **Crude oil** trade is likely to grow by 3% and refined **Product** trade by 4%. Upto around 2013, in view of the lost production of crude oil in Libyan, the long-haul shipments of crude oil to North America, China and Europe are expected to increase and contribute significantly to shipping demand. However, subsequently, due to rising pipeline imports in China and slower oil consumption growth in most regions, the impact of such long-haul shipments is expected to reduce. The Product trade is expected to experience a higher growth with Europe increasing its refined product imports, higher US exports to Latin America, and higher Japanese imports of fuel oil. Thus, for the period from 2012 to 2015, both Crude and Product trade demand is reckoned to grow at an average annual rate of 3%. On the Fleet side, the Tanker fleet is expected to grow by 5.1% in 2011 and 5% in 2012, followed by slower growth in the coming years.

In the Container segment, global trade growth is expected to slow down to 7.6% in 2011 and then pick up in 2012 to 10.1% with domestic demand in Asia and emerging economies contributing to considerable rise in Intra-Asian and global trades. During the next three years, the growth is projected to be somewhat lower at 8.5% p.a. The Container fleet growth is expected to be around 8% p.a. from 2011 upto 2015.

Indian Economy & Trade

As discussed earlier, the GDP growth for 2011-2012 is expected to be around 8.5%. The service sector is expected to achieve a growth of 9.6% while industry and agriculture sectors are expected to show growths of 8.9% and 3.2%, respectively. This will lead to an increase in the cargo traffic from major ports by around 8%.

C. OUTLOOK

With slowdown in **Dry Bulk** trade growth and substantial increase in the fleet, the freight rates in this segment are likely to remain low in 2011 and 2012. Subsequently, with a broad-based trade recovery expected from 2013 combined with a moderate increase in fleet, the rates are likely to rebound and improve during the next two years upto 2015.

In the **Oil** trade segment, despite the positive outlook for trade demand, the supply side developments viz. very high tanker deliveries over next two years are expected to curb increase in **Crude tanker** rates over next couple of years. The **Product tanker** rates are, however, likely to witness a quicker and stronger upturn.

D. RISKS & CONCERNS

There is uncertainty over the economic recovery in many developed nations with persistently high unemployment in some regions, rising oil prices and inflation, and sovereign debt issues in some European countries. The combined impact of these factors could result in the financial crisis spreading across Europe which could lead to a recession in global economy with GDP growth down to only 2.4% in 2011 i.e. by almost half of the currently projected growth. In such a scenario, there would be a significant adverse impact on trade and shipping prospects.

Further, in the Dry Bulk segment, the supply overhang could impact the charter markets..

In the Crude Oil segment, the high international oil prices could result in US increasing its domestic oil production (as also bio-fuels and ethanol); at the same time, the oil consumption would also stagnate in view of the high prices. The combined effect of these factors could lead to much lower oil import demand in the US than projected at present resulting in extremely weak tanker freight rates during the next few years.

A detailed analysis of how the above would impact or strengthen each segment of the Company is discussed below. The segments have been divided into three parts viz. (1) Bulk Carrier & Tanker (Bulk Segment), (2) Liner & Passenger Services (Liner Segment) and (3) others.

(1) BULK CARRIER & TANKER

The Bulk Carrier & Tanker has been further sub-divided into two segments viz. (I) Tanker and (II) Dry Bulk.

I) Tanker

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

World Scenario

Global economic output increased by 5% in 2010, but the recovery is moving from a rapid bounce-back into a slower but sustained phase. Economic activity in most developing economies has recovered, or is in the process of recovery. Supported by resurgence in international and domestic financial flows and higher commodity prices, most of the spare capacity in developing economies that was created by the crisis has been re-absorbed, and developing economies have regained growth rates close to those observed in the pre-crisis period. But the last quarter of FY 2010-11 again brought back the fear of slowdown as the economic recovery felt the heat of Japan crisis and slowing down of growth in China economy. Renewed stresses on the periphery of the euro area are increasing downside risks. Prospects in developed economies, many of which were at the centre of the financial boom and bust, continue to be weighed down by restructuring of the banking sector and high consumer debt.

Downside risks persist as with any recovery. Some of the key concerns in the near term are:

- Food prices feeding consumer price inflation, affecting the developing economies the most
- Market concerns over debt sustainability in Europe
- Continued very low interest rates in developed economies, which could again prompt large and volatile flows of capital towards developing countries and destabilize exchange rates, commodity prices and asset prices
- Civil unrest in North Africa hindering the crude oil exports. The political unrest is expanding to other nearby nations as well.

The overall story for FY 2010-11 can really be divided into two parts viz. the tanker market experienced a mini-boom in the first quarter of 2010-11, spurred on by the economic recovery and high levels of floating storage that softened the impact of a rapidly growing fleet. The dismal second part (i.e. Q2, Q3 and Q4) of FY 2010-11, however, was wrought by a surge in fleet availability due to a sharp decline in floating storage. Accordingly, while oil trade continued to increase, Global fleet utilization actually fell from 90% in the first half to just 88% in the second half. The Q4 of 2010-11 was mainly marked by the Libya and Japan crisis and showed a fluctuating trend in the tanker freight market.

The crude oil prices increased substantially after the Libya crisis. The Brent prices swelled to $117.35/bbl by end of FY 2010-11 as against around $90/bbl at the start of the FY. This has resulted in slowing down of economic activities and has increased the fear of higher inflation especially in the developing nations. Higher crude oil prices generally dampens the trading as importers try to control their oil imports and this results in decrease in oil trade.

Indian Scenario

The oil and gas industry has been instrumental in fuelling the rapid growth of the Indian economy. As per the Ministry of Petroleum, India has total reserves of 1201 million metric tonnes (MT) of crude oil and 1437 billion cubic metres (BCM) of natural gas as on April 1, 2010.

The TD3 route (Tanker Dirty route from Arabian Gulf to Japan, VLCC) rates which started the FY 2010-11 at World Scale(WS) 83.24 (which was giving an earning of USD 44,576 per day), touched its peak in mid-June at World Scale 108.70 (earning of USD 72,135 per day); but, thereafter, performed dismally throughout the rest of FY 2010-11. It remained in WS 40-60 range for most of the part, thereby giving sub-USD 10,000 earning per day. At the same time, the continuous increase in bunker prices kept the earnings at lower levels.

The TD1 route (Arabian Gulf to US Gulf, VLCC) rates also followed the same type of trend, which started the FY2010-11 at WS 56.9 and closed the FY at levels of WS 35 only. The more or less similar trend has been observed on most of the TD routes.

Production

By the end of the Eleventh Plan the refinery capacity is expected to reach 240.96 MMTPA (Million Metric Tons Per Annum).

- Crude oil production during 2010-11 was 37.712 mmt., which is 11.94% higher compared to 33.69 mmt. in 2009-10.
- Refinery production in terms of crude throughput grew slowly by only 3% from 160.03 mmt. in 2009-10 to 164.85 mmt. in 2010-11.
- The production of natural gas went up from 47.57 billion cubic metres tonnes (BCM) in 2009-10 to 52.22 billion cubic metres tonnes (BCM) in 2010-11, rising by almost 10%.

Consumption

As per the Ministry of Petroleum, the sales / consumption of petroleum products during 2010-11 were 141 mmt. (including sales through private imports), recording an increase of 1.7% over sales of 138.196 mmt. during 2009-10.

India's current petroleum products consumption rate stood at 128.827 MMT from April 2010 to Feb 2011, as per the estimates of the Planning and Analysis Cell (PPAC).

India's domestic demand for oil and gas is on the rise. As per the Ministry of Petroleum, demand for oil and gas shall increase from 186.54 million metric tonnes of oil equivalent (mmtoe.) in 2009-10 to 233.58 mmtoe. in 2011-12.

The refining capacity in the country increased to 196.38 million tonnes per annum (mtpa.) as on October 2010 as compared to 184 mtpa. as on April 1, 2010. This increase can be attributed to the commencing of Essar Refinery expansion and Bina Refinery.

There are various projects under implementation to expand the capacity of the existing refineries and some projects are on the anvil to install new refineries. Considering the expected refining capacity, India is going to emerge as a major refining base and the main business hub for petroleum products for the whole world by 2012.

With respect to crude oil imports it has been observed that there is a shift to higher parcel sizes in order to obtain benefit from 'economies of scale' and that the uses of VLCCs have increased considerably for transportation of crude oil to Indian shores. This is evident as more and more number of SBMs (Single Buoy Moorings) are set up / being set up to handle VLCCs.

Gas consumption is set to rise from an estimated 63 BCM (Billion Cubic Metres) in 2010 to 110 BCM in 2011, with domestic supply up from around 45 BCM in 2010 to at least 70 BCM by 2014.

B. OPPORTUNITIES AND THREATS

Opportunities

- India's crude oil consumption scenario (146.1 MMT 10-11) is bullish with another high growth phase in refining capacity. The commissioning of Bharat-Oman Refinery Limited and Guru Gobind Singh Refinery will increase the crude oil demand substantially.
- The project of building India's strategic reserve will result in increase of crude oil demand for near term.
- Your company is a predominant player in coastal movement of crude oil and oil products. This business is a stable business with good volumes and revenues and is less affected by the world economic fluctuations.
- Global crude and product imports is estimated to grow annually at an average of 2.8% per annum in the next five years
- OPEC output is expected to be higher in the coming year. Russian production is expected to increase with the production coming out from new discoveries. China is strategically growing its trade from Caribbean's adding tonne-miles to the present fleet strength. More ships would thus be required to transport same volume of crude oil.
- India's refining capacity is increasing at fast rate, making it a refining hub. Hence, product exports from India will grow at fast pace.
- Increased earnings projection from 2013 corroborates demand growth to counter the supply.
- Rebuilding in Japan could stimulate crude and product trades and provide vital relief in over-tonnaged positions.

Threats

- The tanker industry is in the high tonnage growth phase. The orders placed during the economic peak of 2008 have not yet been delivered fully and the slippages and cancellations have resulted in piling up of inventories at ship building yards.
- Market projections by all the research firms and other experts remain below 'breakeven' for modern units.
- Competition from Indian Owners has increased in the last few years. This has resulted in lowering of margin mainly in the coastal trade and India centric imports from Asian Gulf and West Africa.
- Slower rate of growth in China, which unless compensated by growth in OECD / Other Developing Economies shall reduce the rate of demand growth.
- Slack oil demand, particularly in the mature industrial economies viz. USA and Japan shall adversely affect the trade activity.

C. SEGMENTWISE PERFORMANCE

Crude Oil Tankers

Your company has been competing with other players in the global competitive market as few tankers including VLCCs were employed gainfully on cross trade. M/s. Hindustan Petroleum Corporation Ltd. (HPCL) and M/s. Bharat Petroleum Corporation Ltd. (BPCL) continue to have COA arrangements with SCI for their crude transportation. Your Company also has a COA with M/s. Mangalore Refinery & Petrochemicals Co. Ltd. (MRPL) for coastal transportation of crude.

During the year 2010-11, the total quantity of crude oil transported by your company was about 23.867 mmt., which includes 3.54 mmt. in cross trade, 13.73 mmt. of imported crude for Indian Oil Industry and 6.36 mmt. coastal movements. In addition, SCI transported about 2.87 mmt. of imported crude for Indian Oil Industry through in-chartered vessels.

Ship-to-Ship (STS) Lighterage operations

During 2010-11, SCI's Lighterage Cell carried out 151 STS lighterage operations for STS transfer of 2.353 mmt. of crude oil / products (import and indigenous) at various locations off the East & West coasts of India, and 38 lighterage operations for STS transfer of 4.215 mmt. of bulk Iron ore off Goa.

In April - May 2010, the Lighterage Cell also carried out STS operations for transfer of clean Petroleum products for M/s. Reliance Industries Co. Ltd. (RIL) off Sikka.

During 2010-11, the Lighterage Cell supervised / conducted 41 SBM Mooring operations of storage tankers at Mumbai High and satellite oilfields.

Contract of Affreightment (COA)

During the year 2010-11, your Company successfully performed COA with HPCL and BPCL. The contracted quantities were 11.0 mmtpa. of imported crude plus 2 mmtpa.of indigenous crude for HPCL and 6 mmtpa. of imported crude plus 2.35 mmtpa. of indigenous crude for BPCL. During the year under review, your company also performed COA with M/s. MRPL for transportation of coastal crude from Mumbai to New Mangalore.

Employment pattern:

Crude Tankers

Five **Suezmax tankers** were deployed under the COA with the Indian oil industry. The vessel, m.t. Desh Shakti, remained on time charter with M/s. Essar Oil, during the year.

The **LRII (Large Range II) tankers** viz. m.t. Motilal Nehru and m.t. Jawharlal Nehru which are single hull and non-coiled tankers operated forcoastal trade only.

The coiled / double hull **Aframax** tankers (2003 Built) were deployed with a mix of spot and time charter. Out of the new-built Aframaxes (2010 / 2011 built),two were deployed on time charter.

Five out of the six new-built LR1 Tankers were deployed as replacement for old PVC class LRI tankers on the coastal trade for transportation of crude oil. One LRI tanker was deployed on time charter under clean trade.

The MR (Medium Range) Tanker, m.t. C V Raman, was deployed solely in coastal trade which continues to be on time charter to M/s.Indian Oil Corporation Ltd.(IOCL).

The Vessel m.t. Maharshi Karve which is an old tanker of more than 27 years is deployed on time charter to M/s. Oil & Natural Gas Corporation Ltd. (ONGC) for storage duties.

All the four VLCCs were primarily deployed on time charter with few voyages performed on spot basis.

Product Tankers

The vessels of 'Swaraj', 'Shekhon', 'Tagore' Series and m.t. Bharatidasan were all well employed with Indian oil industry.

In the new-built "Swarna" Series, m.t. Swarna Kalash was deployed on time charter with the Indian oil industry, the vessels m.t. Swarna Pushp and m.t. Swarna Mala are being deployed in the Dorado pool

In LRII vessles, M.T. Swarna Jayanti has been mainly on time charter with international charterers, and m.t. Swarna Kamal was deployed with the Scorpio pool.

LPG Carriers

The LPG carriers were predominantly deployed under time charter to M/s.IOCL at the prevailing market rate and are expected to be with them for long.

Acid Carriers

Acid carriers were deployed on COA with Marocphos.

D. OUTLOOK

The year 2011 had a turbulent start, with floods in Australia in January, civil unrest flaring up across North Africa in February, and a devastating earthquake and tsunami in Japan in March. Though it appears too early to predict the effect on the tanker market, it is expected that they would add slightly to the tonne-mile demand over the coming twelve months, somewhat negating the downward pressure from the rapidly expanding fleet.

In the immediate aftermath of the earthquake, oil markets reflected a possible economic slowdown, as several refineries in Japan were either shut down or entirely destroyed. This led to a brief fall in the Brent oil prices. Likewise, VLCCs rates on the benchmark AG(Arabian Gulf) / East voyage began to slip by the end of the month. Suezmaxes, on the other hand, appear to be more impacted by the Libyan unrest.

However, the tanker freight market is expected to witness downward pressures on freight rates over the next two years viz. 2011 and 2012 on account of a significant expansion in the tonnage supply-demand balance. While tonnage demand is anticipated to continue to grow at a steady rate of around 4% per annum, the tonnage supply is forecast to expand at a much more rapid pace of 7% per year, further widening the tonnage supply-demand gap. Further decline in floating storage over the next twelve months would increase the tonnage supply.

In short, the outlook for tanker market in the year 2011-12 looks grim as demand gains are likely to be offset by lower floating storage and steady fleet growth.

SCI's COA with M/s. HPCL and M/s. BPCL for transportation of crude oil has been extended by both the companies. M/s. BPCL has signed COA with SCI till September 2012 with an option of extension for a period of further two years on mutual consent of both parties. The COA signed with M/s. HPCL is valid till September 2011 with an extension of a year remaining at Charterers' option.

SCI would continue its dominant position in transportation of indigenous crude.

The movement of clean petroleum products along the Coast would remain steady and majority of our product tankers would continue to remain deployed on time charter basis to Indian oil companies.

E. RISKS & CONCERNS

Economic slump, a high tonnage supply coupled with falling oil demand are the major areas of concern for Tanker market; however, with secured cargoes by way of COA with Indian oil companies and SCI's quality fleet exposed to cross trades, your Company expects to tide over the challenges posed by the current market environment.

Taking into account the current levels of vessels on order and the tonnage acquisition planned, your Company is likely to retain its 'numero uno' position among the Indian shipowners in terms of tonnage actually widening the gap from other Indian Shipowners in the tanker segment.

Integrated Management System (IMS)

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. The IMS also covers, within its ambit, Risk Assessment, Hazard Identification & Analysis (which is a requirement under the revised ISM Code effective 1st July 2010).

TMSA compliance is the Oil Majors' requirement under OCIMF (Oil Companies International Marine Forum), without which the tankers are not accepted by the Oil Terminals around the world. TMSA offers a standard of "Best Practice" framework for assessment of Ship Operators' Management system. Ship operators are expected to conduct and regularly review their TMSA assessment in line with the highest practices recommended in their programme.

Indian Register Quality System, IRQS (IRS) have certified that the Tankers manned and operated by SCI are compliant with ISO 9001 - 2008, EMS 14001 - 2004 and OHSAS 18001- 2008.

Outstanding Payment from the oil industry

As on 31.03.2011, payment under various heads outstanding from the oil industry was approximately ₹ 176.8 crores. A substantial portion of the outstanding was in connection with the payment in respect of tankers oil transportation including freight, demurrage and charter hire. Your Company has been continuously following up with the oil industry for realization of overdue demurrage claims.

II) Dry Bulk

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

World Scenario

The average BDI (Baltic Dry Index) during the year 2010-11 was 2346 (as compared to 2978 during 2009-10).

The Baltic Supramax Index (BSMI) also witnessed a decline in 2010-11 where the average stood at 1892 as compared to 2001 during 2009-10.

Seaborne dry bulk trade remained buoyant in 2010-11, registering a growth of 9.7% after shrinking in 2009-10. Trade is expected to grow at around 5% a year till 2016. As countries like India restrict iron ore exports, big importers such as China will look for other options. Similarly, many countries have increased coal imports as energy demand and steel production increased.

Japan's nuclear crisis has pushed many countries to consider abandoning nuclear energy and rely more on coal, but a clearer picture will only be seen over time. Since many of these resources are increasingly being sourced from more distant locations, tonne-mile demand is expected to increase more than seaborne trade.

Monetary tightening in China should ease rising inflationary pressure, but could leave steel manufacturers and commodity importers short of capital. The Chinese government has continued to squeeze liquidity, bringing more uncertainty to the market. The recent natural disaster has also slowed down production and exports from Japan.

Indian Scenario

Iron Ore shipments and Coal imports are the driving forces for dry bulk demand in India. In 2010-11, coal imports are estimated to have grown by 14.8% to 85 million tones as against around 74 million tones in 2009-10. Imports are expected to rise by 50.6% to 128 million tones in 2011-12, due to commissioning of many new power plants in the current financial year. In 2011-12, thermal power generation is expected to grow by 15% due to an unprecedented growth in power generation capacity. In value terms, the coal imports in 2010-11 is valued at US$ 6,952 million (rise of 19.7%) compared to US$ 5,808 million in 2009-10. The iron ore exports are negatively impacted mainly due to three reasons; the ban on iron ore exports put by the Karnataka government (which is a major iron ore exporter), rise in export duty on iron ore from 15% to 20% and less than expected demand rise from China. Due to these reasons, the exports of iron ore, a key ingredient in steel manufacturing, decreased in 2010-11 as compared to last year.

B. OPPORTUNITIES AND THREATS

Opportunities

- It is projected that there will be high growth in trade volumes and tonne-miles demand. This is across all major trades i.e. Coal import, Iron ore export, Steel-related export & import and grain trade.
- India's Exim trade is maintaining robust growth
- Coal demand is increasing in India driven by rising steel production and thermal power plants. Many Ultra Mega Power Projects are being set up near ports as requirement of coal will be served mainly through imports.
- New Power Plants - Indian Power generation projected to increase by 21355 MW (7.2%) in 2010-11.
- Thermal coal imports by India in 2008 -09 were approximately 30 MMT, 49.4 MMT in 2009-10; in 2010-11, it rose to 65.7 MMT and was projected to be 81 MMT by 2012.
- Indian companies are acquiring coal mines abroad from which coal is to be shipped to India.
- Coking coal imports for 2008-09 were 24mmt and expected to increase in line with Steel capacity, whereas coking coal demand was ever increasing, for 2010-11 import was to the tune of about 30 MMT and is expected to rise to about 90 MMT in 2015.
- As per ASSOCHAM release, India imported 83 MMT of coal in 2010-11 which is projected to increase to 142 MMT in 2011-12.
- Coastal bulk trade is increasing
- Deepwater ports with better infrastructure are being developed enabling Indian owners to opt for larger vessels like Panamaxes.
- World GDP growth projected to grow in near future and dry bulk trade has close correlation to World GDP growth

Threats

- Changing Government Regulations and Duty structures can affect imports and exports of dry cargoes to a great extent.
- India is over dependent on Chinese demand for iron ore exports.
- Euro zone economic downturn will result in reduced demand for industrial raw-materials which can contribute to falling dry bulk freight rates.
- Large iron ore exports from Brazil to China can reduce demand for Indian iron ore, a trade where SCI has been an active participant. Leading ore supplier VALE has embarked on large scale conversion of VLCCs to VLOCs (Very Large Ore Carriers). If a shipment from Brazil to China happens on VLOCs, better economies of scale can be achieved and Chinese importers may shift to imports from Brazil.
- In iron ore sector, China's proposed import ban on lower grade iron ore below 'Fe' content of 60% is likely to curb exports from India.
- Fleet growth of 10% per year till 2012 would delay any significant rise in freight rates.
- India's exports of iron ore would decline as domestic demand is increasing and the government has just raised the duty on iron ore exports.

C. SEGMENTWISE PERFORMANCE

Your Company owns 17 bulk carriers (average age 20 yrs) as on 31st March 2011, comprising of 15 Handymax and 2 Handysize vessels.

The market average for **handymax vessels** are based on vessels employed in world-wide trades whereas our 12 handymax vessels (Daewoo series) due to their age and technical limitations are mainly employed in India-China-Australia triangular trade. SAIL shipments under COA had reduced during FY 2010-11; however, during the year, SCI vessels had lifted about 10,59,900 mt. from Australia on account of SAIL, during the year 2010-11.

Other 3 handymax vessels viz. MV Goa and MV Tamilnadu & MV Maharashtra performed a mix of voyage and time charters.

The **handysize vessels** MV Lok Prem and MV Lok Pratap performed a mix of voyage and time charters. These vessels' marketability is hampered by age, lack of grabs, larger trading / cargo exclusions. They were mainly employed on cross trades or short-term period charters to carry cargoes like urea, steel, grain, fertilizers, agri-products etc. Towards the end of FY 2010-11, both the units of handysize have been deployed in the break bulk services of the Liner & Passengers Division.

D. OUTLOOK

The Baltic Dry Index (BDI) opened the year in January 2011 at 2285 and reached 1281 in the second week of Feb' 2011. However, the BDI then recovered to close Q4 of 2010-11 at 1768. The major factor affecting poor business in the middle of Q4 of 2010-11 was China going into holiday mode and enquiry levels having declined drastically consequently. Another issue that affected the freight market, especially the Pacific, was the uncertainty over the pricing of iron ore. Heavy floods in Australia also impacted the business as there was no movement of cargoes from the flood affected Australian ports.

The market outlook remains sluggish in the near term, at least for next couple of years. No sound recovery is expected before 2013, when growth of supply (or rather oversupply) starts coming down. There have been a lot of new orders in the market over the past few quarters (more than 15 million dwt. in the 4th Quarter of 2010 and 74 million dwt in 2010). If this continues, then recovery could be delayed. So the onus remains on owners: whether they continue with huge ordering or restrain themselves and let the market recover.

The world dry bulk fleet at the end of FY 2010-11 stood at 551.9 million dwt. and, by end of this year, it is expected to increase to 591.2 million dwt. showing an increase of 12.6% over the same period in the previous year. The increase in fleet size is expected to be more than 10% until 2012, after which the deliveries will slacken.

There is an oversupply of 200 million dwt. of vessels in 2011, which will narrow down to 150 million dwt. by 2016. At present, there are many operating inefficiencies such as part cargoes, slow steaming and port congestion affecting supply numbers. Utilization rates are expected to increase once growth in demand outpaces growth in supply.

Rates in Q1 of 2011 went below what they should actually have been based on demand-supply economics which was mainly because of natural disasters in Australia and then in Japan towards end of the quarter. This brought down the rates drastically. Most of the cargo has been fronthaul going to China, Japan and India, requiring repositioning of vessels.

Since then, the rates have worsened. At these rates, far below breakeven levels, owners are literally paying charterers to carry their goods in order to reposition the vessels at the lowest possible expense. Trip rates went down below zero in an effort to minimise losses.

E. RISKS & CONCERNS

Ageing fleet demands high level of maintenance and repairs which is affecting the Company's profitability adversely. The volatility in bunker prices is making the charterers look towards more fuel efficient ships.

Nevertheless in the current market conditions there is a niche for SCI's bulk carriers. Further the delivery of the bulk carrier new buildings, which are Supramax tankers meeting the market requirements shall be added to the SCI fleet when these vessels are close to reaching 25 years of age.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE (BULK CARRIER AND TANKER)

The overall financial performance of bulk carriers and tankers though has been on a decline on Y-O-Y (year on year) basis, however, remained competitive despite poor market conditions. The bulk carriers comparatively performed better in this financial year based on the improved performance of the market as a whole; however the crude sector showed a decline in earnings as crude tanker shipping suffered a drastic fall in 2010-11 but the vessels on period charter served as a hedge both for revenues and against increasing bunker prices .The product tankers suffered due to lower AFRA index and the performance of LPG vessels has been at par with market. Acid Carriers were affected due to the downturn in the phosphoric acid trade.

The Bulk Carrier & Tanker Segment (Tanker and Dry Bulk together) recorded a revenue of ₹ 2483.83 crores in 2010-11 as compared to ₹ 2670.94 crores in 2009-10. The segment recorded a Profit before Tax of ₹ 398 crores in 2010-11 as against ₹ 485.93 crores in the year 2009-10.

(2) LINER & PASSENGER SERVICES

A. INDUSTRY STRUCTURE & DEVELOPMENTS

World Scenario:

The liner shipping industry globally witnessed a remarkable and unexpected turnaround in 2010 from the dismal performance in the previous year. Global containerized trade witnessed a trade expansion of 10.7% recovering from the losses in 2009 and rising beyond the record levels experienced in 2008. The imports by US and Europe grew 14% each, followed by China at 10.4% and South-East Asia at 9.1%. Trade growth in the main lanes i.e. 'Asia-Europe West-Bound' and 'Transpacific East-Bound' was robust, averaging around 18%. The Container capable (Cellular & Non-cellular) Fleet grew by 9.1%.

With the fast recovery of freight rates in early 2010 which peaked in mid 2010, the carriers sought to maximize revenues by reactivating laid-up tonnage, deploying newly delivered ships and increasing in-chartered capacity. This, in turn, resulted in capacity expansion in the main lanes by around 20% leading to low box-rates by end 2010 well below their earlier peaks. Although box rates experienced gains in the beginning of 2011 due to the increased volumes preceding the Chinese New Year celebrations, the gains were minimal and not sufficient to cover increases in fuel costs. Even these gains were not sustained as the rates resumed their declining trend by end January 2011. By the end of first quarter of 2011, the box freight rates were set on a downward spiral.

In contrast, the Charter rates, after weakening mildly in the fourth quarter of 2010, regained the earlier levels by end January 2011. By April 2011, the rates rose substantially (around 30%) above their beginning-2011 levels.

Indian Scenario:

The volume of containers handled by the Major Indian ports during 2010-11 is estimated at 7.54 Million TEUs, surging by 9.4% and more than doubling the growth witnessed in 2009-10. In terms of tonnage, the containerised traffic was 114 million tonnes registering a growth of around 12.6%. JNPT which handles around 60% of the country's total containerized traffic reported it's highest ever throughput of 4.27 million TEUs registering 5% growth. Chennai, the second-largest container gateway witnessed a phenomenal 26% rise with volumes increasing to 1.52 million TEUs. The SCI continues to be the only Indian mainline carrier providing services from India to some of the major global destinations including Far East / China, Europe / Mediterranean region, Middle-East / West Asia Gulf etc. However, several international container majors also continue to pose stiff competition, offering direct services or calling Indian ports enroute on their East - West services.

B. OPPORTUNITIES & THREATS

Global containerized trade growth is expected to moderate to 7.6% in 2011, down by 3.1% compared to 2010. Growths in 'Asia-Europe West-Bound' trade and 'Transpacific East-Bound' corridor are projected at 8.3% and 9.2% respectively, less than half of their growths in 2010. However, growth in 2012 is expected to rebound to 10.1%. The rapid expansion of domestic demand in China, India and other Asian developing and emerging economies would provide a major boost to Intra-Asian and global trade. In India, the containerized traffic is projected to reach 11 million TEUs in 2011-12 driven by a strong turnaround in the country's EXIM trade. The average annual growth in the trade during 2013-2015 is expected to be 8.5% supported by strong import demand in emerging economies.

On the fleet side, the Container capable (Cellular & Non-cellular) Fleet growth is expected to be 8% in 2011 and continue to grow at nearly the same rate in 2012 through to 2015.

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 organizations as the Infrastructure sector in India continues to remain buoyant.

C. SEGMENTWISE PERFORMANCE (Liner & Passenger Services)

Liner Vessels:

The table below shows the profile of SCI's owned liner fleet having total container carrying capacity of 14,407 TEU, comprising of 2 vessels of 4400 TEU capacity and 3 vessels of 1869 TEU capacity.

Type of Ships	As on 31.03.2010		Additions		Scrapping		As on 31.03.2011	
	No.	Dwt.	No.	Dwt.	No.	Dwt.	No.	Dwt.
Fully Cellular	5	2,02,413	-	-	-	-	5	2,02,413
Total	5	2,02,413	-	-	-	-	5	2,02,413

Average age of five (5) owned Container vessels: Approx. 12 years, out of which 2 vessels are of around 3 years old.

As on 31.03.2011, the in-chartered container vessel tonnage operated by SCI comprised of 5 vessels of a total DWT of 2,14,229 tonnes and 16,500 TEU total capacity, comprising of 2 vessels of 3500 TEU capacity,

Your Company continued to deploy its owned / operated Container vessels and Breakbulk vessels in the various sectors as described below.

Container Services

UK-Continent sector:

Indian Subcontinent Europe Service (ISES)

The UK-Continent cellular container service was started in 1994 with a single operator viz. SCI deploying its 3 owned vessels. SCI operates this weekly service in consortium with M/s Mediterranean Shipping Lines (MSC) with SCI deploying two (2) owned vessels and one(1) in-chartered vessel and MSC deploying four (4) vessels. It has a round voyage duration of 49 days.

Current Port Rotation is Colombo / JNP / Mundra / Salalah / Felixstowe / Hamburg /Antwerp / Jeddah / Colombo.

After the global recession of 2008-09 when the freight rates in this sector had fallen to such low levels that they were unsustainable, all the shipping lines had reported huge losses. This trend changed in 2009-10 when the rates improved and the lines were able to recover part of their losses, and the trend continued during the year under review with a positive impact on the performance of this service.

Indian Sub-continent Mediterranean (IMED) Service

Owing to strong markets in the UK and North Continent region, SCI commenced this direct weekly service in consortium with MSC w.e.f. 26th August, 2010 on the India-Mediterranean sector. The service is operated with 6 vessels with a round voyage of 42 days. SCI deploys two (2) in-chartered vessels and MSC four (4) vessels. The service caters to the trade requirements of countries in the Mediterranean region, Black Sea, Gulf and Red Sea ports as also to Far East trade via Colombo.

The main ports of call are Colombo / Nhava Sheva / Mundra / Salalah / Port Said / Istanbul / Genoa / La Spezia / Barcelona / Port Said / Salalah / Colombo.

SCI commenced this service in August 2010, and, as with all new services, this service also has some teething problems with regard to both volumes and rates. While the service started to show signs of recovery, the unrest in the Libyan / other Arab nations led to drop in volumes / rates.

Far Eastern Sector

India / Far East Cellular (INDFEX 1) Service

This service commenced in June, 2001 with 5 vessels and is presently operated as a direct weekly service from West Coast of India (Nhava Sheva) to Shanghai in Central China, Korea, Hong Kong, Singapore and Malaysia; and also links North Chinese ports through feeder service from the Korean port (Busan) with a round voyage schedule of 28 days.

The main ports of call are NSICT / Colombo / Singapore / Busan / Shanghai / Ningbo / Hong Kong / Singapore / Port Kelang / Colombo / NSICT.

The four Vessel Operating Partners are SCI, PIL of Singapore, K-Line of Japan and Wan Hai of Taiwan with one vessel each; and the other remaining one vessel is shared by the partners (50% by Wan Hai and 50% by other three partners).

India / Far East Cellular (INDFEX 2) Service

This service commenced in June 2002 and is presently operated as a direct weekly service with 4 vessels connecting East Coast of India (Chennai and Visakhapatnam) to Shanghai in Central China, Korea, Hong Kong, Singapore; and also links North Chinese ports through feeder service from Korea with a round voyage schedule of 28 days.

The constituents of the consortium are SCI, PIL, K Line and Hanjin of Korea.

The main ports of call are Chennai / Vizag / Singapore / Hong Kong / Busan / Shanghai / Hong Kong / Shekou / Singapore and Chennai.

Through the **INDFEX 1 & 2** services, the SCI covers the Chinese market extensively with a combination of direct calls and through the feeder service from Korea.

In this sector also, the earlier trend of low, unsustainable freight rates changed in 2009-10 and the trend of improved rates continued in 2010-11 resulting in an improvement in the performance of these services with Indfex 1 registering positive result.

SCI Middle East India Liner Express (SMILE) Service

SCI commenced this independent weekly service in March 2008 which is presently operated with its 3 owned vessels on a round voyage schedule of 21 days. This service connects Indian Subcontinent to West Asia Gulf catering to Gulf markets as also Far East, UK-Continent through transshipment at Colombo or Mundra. Upper Gulf locations are also covered by feeder services ex-Jebel Ali. In December 2008, the service was extended to carry coastal cargoes on the West Coast of India (WCI). With this service, SCI is now one of the leading coastal carriers for domestic cargo on WCI carrying cargoes between Mundra / Pipavav to Cochin / Tuticorin.

The main ports of call are Colombo / Mundra / Jebel Ali / Mundra / Pipavav / Cochin / Tuticorin / Colombo.

The freight rates between India and Gulf had also dropped drastically owing to the recession. However, this service catered to coastal & feeder operations, carrying both SOC (Shipowner-owned-Containers) & COC (Consignee-owned-Containers) boxes. The service carried substantial cargo on double dip basis, which helped to mitigate losses to a great extent. Also, as the SMILE service acts as a feeder and carries SCI's cargoes for mainline vessels from Cochin / Tuticorin / Mundra and Pipavav to Colombo & vice versa, the feedering costs are saved which otherwise would have had to be paid to outside feeders and charged to the SCI's mainline vessels deployed in its other services.

Indian Sub-continent / East Africa Service (ISEAFR service)

In order to explore the opportunities in the South African markets, SCI commenced a new service w.e.f. 27th November, 2010 from Indian Sub-Continent to East Africa on Slot-Swap agreement basis with M/s. Simatech Shipping LLC.

The main ports of call are Colombo / Dar-es-Salaam / Mombasa / Colombo.

The service had three sailings per month at a frequency of ten days from Colombo.

SCI was able to capture a substantial share of the market. Also, the freight rates realised in this service were comparatively better than those in the other services.

Feeder Operations

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

Break-Bulk Services

SCI continues to be the only Indian company providing overseas liner break-bulk services to Indian trade. SCI 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. SCI continues to operate its India-UK Continent breakbulk service from European ports to India by sharing space on the vessels of M/s. Rickmers Linie. SCI has now inducted 2 of its owned vessels m.v. Lok Pratap and m.v. Lok Prem to strengthen its breakbulk service.

Coastal Operations

Domestic Passenger-Cum-Cargo Service

In addition to International operations, the SCI, with its one(1) owned Passenger-cum-Cargo vessel and eighteen (18) 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. It also manages one(1) Passenger-cum-cargo vessel on behalf of the Department of Tourism of the A&N administration.

Other Coastal Services

SCI also mans / manages certain other types of (Coastal) Research vessels on behalf of Government agencies / departments viz. 3 vessels of Ministry of Mines (Geological Survey of India) and 2 vessels of Ministry of Earth Sciences (Dept. of Ocean Development).

SCI's Owned Passenger-Cum-Cargo Vessels

The table below shows the profile of the owned Passenger-cum-Cargo carrier fleet owned by your Company.

Type of Ships	As on 31.03.2010			Additions Nos.	Scrapped Nos.	As on 31.03.2011		
	Nos.	Pax. Cap.	Cargo Cap. (mt.)			Nos.*	Pax. Cap.	Cargo Cap. (mt.)
Pax-Cum-Cargo Ships	2	1,502	1,500	-	-	2	1,502	1,500
Total	**2**	**1,502**	**1,500**	-	-	**2**	**1,502**	**1,500**

(*) One of these vessels, m.v. Ramanujam, has since been taken over by the Tourism department of A&N administration.

Deployment pattern: m.v. "Harshavardhana" was deployed in the Mainland / Andaman Sector.

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 31.03.2010			Additions Nos.	Scrapped Redelivered Nos.	As on 31.03.2011		
	Nos.	Pax. Cap.	Cargo Cap. (mt.)			Nos.	Pax. Cap.	Cargo Cap. (mt.)
Pax-Cum-Cargo Ships	30	9278	6498	-	11	19	8303	6298
Other vessels	6	-	-	-	1	5	-	-
Total	**36**	**9278**	**6498**	**-**	**12**	**24**	**8303**	**6298**

The pattern of deployment of these vessels is as follows:

- Four (4) vessels for carrying Passengers and cargo between the Mainland and Andaman and Nicobar Islands;
- Thirteen (13) vessels for Inter-Islands run.

- One (1) managed vessel for tourism activity by A&N administration.
- One (1) of the managed vessel in A&N sector has been laid up for scrapping.
- One (1) managed vessel was deployed in the Union Territory of Lakshadweep (UTL) sector which has been laid up for scrapping.

During the year under review, the SCI carried passengers and cargo on the Mainland / Island sector on owned and managed vessels as under:

Sector	No. of Passengers	General Cargo (MTs)
Mainland / A&N Islands	169427	24862.55
Total	**169427**	**24862.55**

Marketing

SCI's marketing team continues to make regular customer calls through own offices and also through agents appointed at various ports in India and abroad in order to market its container and break-bulk services. These efforts help in building a sound rapport with its customers viz. various Government of India Departments, Public Sector Undertakings and major Export / Import Business Houses, charterers and NVOCCs (Non-Vessel Operating Common Carriers). The SCI continues to adopt a proactive approach towards competition by gathering market intelligence on trade activities, cargo prospects and projects in pipeline, etc. The SCI's marketing efforts have also been specifically directed at various Government of India Departments, Public Sector Undertakings, etc., for retaining their valuable patronage and cargo support.

D) OUTLOOK

After witnessing a declining trend since first quarter of 2011, the box freight rates in the main east-west trade are projected to improve during the third quarter of 2011, but subsequently they are likely to settle lower in 2011.

The Charter rates, on the other hand, which rose substantially above their beginning-2011 levels by April, are expected to fall below these levels during the third quarter of 2011. However, the rates are projected to rise once again by end 2011 / early 2012.

Although the container fleet capacity would cascade down from the main trade lanes into Feeder markets in the second half of 2011, both charter and liner markets are expected to gain momentum in 2012 supported by rising demand.

With global container trade witnessing substantial growth in 2010 and a fast recovery in freight rates which peaked in mid-2010, SCI's container services reversed the trend of losses experienced in 2009-10 and succeeded in showing a moderate overall positive result in 2010-11. While container trade is expected to grow in 2011, this is likely to be somewhat slower than the growth seen in 2010. On the other hand, the container fleet capacity is projected to expand. Considering the above scenario and a mixed trend in freight rates expected in various sectors, the outlook for overall performance of SCI's container services in 2011-12 is expected to be lower compared to the year under review.

The 'Indian Subcontinent Europe Service' (ISES) is an established service and no disruption is envisaged in its operation. It is expected that the service would continue to register positive performance in future. The 'Indian Subcontinent Mediterranean' (IMED) Service is expected to stabilize and show optimistic performance in the year 2011-12.

In the Far East sector, freight rates have been on a downward trend compared to the previous year which has impacted both INDFEX 1 & INDFEX 2 Services, and a significant improvement in the rates is not expected during 2011-12.

In the Gulf - Middle East markets, freight rates are expected to improve, and the 'SCI Middle East India Liner Express' (SMILE) Service is expected to perform better compared to 2010-11. However, SCI vessels in this service are due for dry docking which will entail non-operating days of 105 days (35 days per vessel).

Having obtained the Freight Forwarding & MTO (Multimodal Transport Operator) Licences, SCI has been using its vast experience and large agency network to render 3PL (Third Party Logistics) services to the customers. This helps SCI to retain the clients while generating additional revenue.

As SCI has now inducted its two vessels into the Breakbulk Sector, the SCI will now endeavour to cater to most of the breakbulk cargoes from Europe and Far East areas on own tonnage rather than depending fully on Space Charters. The prospects of Breakbulk services provided by your Company continue to be reasonably bright in respect of both the independent Space Charter arrangements being made by SCI for carriage of import cargoes from various locations worldwide and also operation of SCI's own vessels.

Your Company will continue to operate Coastal and Passenger Services successfully by deploying its owned / managed vessels for the Andaman & Nicobar Administration, Geological Survey of India (Ministry of Mines), Ministry of Earth Sciences (Dept. of Ocean Development).

Developments of material nature affecting the financial position of the Company subsequent to the close of the year 2010-11 i.e. after 31.03.2011:

In the 'Indian Sub Continent / East Africa' service, in view of the partner withdrawing vessel, the service was suspended, however, it is expected that it will be resumed in the near future.

The A&N Administration had indicated earlier that its nine (9) foreshore passenger vessels currently managed by SCI are to be handed over back to them during 2011-12; their confirmation in this regard is awaited.

E) RISKS & CONCERNS

As a result of lower GDP growth that may be witnessed in the next two years than currently projected, there is a possibility of the global container trade experiencing a phase of lower growth. In such conditions, there is a risk of shipping rates falling back substantially in 2011 and 2012 which would adversely affect the performance of the liner industry.

F) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

For the year under review, the container services performed satisfactorily with recovery in freight rates.

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 further enhancing the Company's profitability.

In financial terms, overall, the Liner segment recorded higher revenue of ₹ 1141.29 crores in 2010-11 as against ₹ 833.64 crores in 2009-10. However, as compared to a loss of ₹ 225.09 crores in 2009-10, the Liner segment recorded a profit of ₹ 62.46 crores.

(3) OTHERS

TECHNICAL & OFFSHORE SERVICES

OFFSHORE SERVICES

A. DEVELOPMENTS

During the year under review, all the 10 OSVs of your Company continue to be gainfully employed with ONGC. All the 10 vessels secured the contract against ONGC's global tender in 2006 for charter hire of OSVs, AHTS Vessels for Offshore operations. The contract period will be 5 years from the date of mobilization of vessels. As per the ONGC's tender requirements, the vessels need to be fitted with DP1, Fresh water generator, etc. and are also required to be UKOOA compliant. SCI had upgraded its vessels with ONGC's above tender requirements and have mobilized its 7 OSVs to ONGC under new contract during the period September 2007 to March 2008 and balance 3-OSVs have been mobilized during the financial year 2008-09, after upgradation as per ONGC's above tender requirements.

O&M of ONGC owned SSV 'Sagar Sandhani' :

Your Company has also continued the Operation & Maintenance management (O&M) of ONGC's Seismic Survey Vessel 'Sagar Sandhani' since 1986 on 'cost plus basis. The contract for the O&M of Samudra Nidhi which expired on 31.03.2011 has been extended for a period of 3 years till 31.03.2014. The vessels' current O&M contract expired on 31.03.2011. ONGC informed SCI that Sagar Sandhani would be decommissioned from a seismic survey vessel and likely to be used as an accommodation vessel from April 2011. The contract for the O&M of Sagar Sandhani which expired on 31.03.2011 has been extended for a period of 6 months upto 30.09.2011.

Provision of Marine Manning Services onboard ONGC's Well Stimulation Vessel (WSV) "Samudra Nidhi" :

Your Company has also continued to provide marine management services onboard ONGC's WSV Samudra Nidhi on 'cost plus basis'. The contract for the O&M of Samudra Nidhi which expired on 31.03.2011 has been extended for a period of 3 years till 31.03.2014.

O&M of ONGC OSVs:

Your company has continued to operate, man and manage ONGC's 16 SAMUDRIKA series Offshore Supply Vessels on nomination basis under 'cost plus' arrangement. However, as per ONGC's instructions Samudrika-7 was disposed of on 11.07.2010 during the year and hence now 15 'Samudrika' series OSVs are under 'cost plus' arrangement with SCI. The contract is valid up to 31.03.2012.

ONGC has entrusted Operations & Manning, Management (O&M) contract of ONGC owned 14 Nos. 'Sindhu' series Offshore Supply Vessels to your Company (SCI) on nomination basis under 'cost plus' arrangement. Accordingly SCI has already taken over 7 vessels during the period 09.11.2009 to 04.03.2010.

Subsequently, the remaining seven Sindhu vessels were also taken over by SCI in a phased manner from May 2010 upto September 2010. The contract was valid till 31.03.2011 under the same Terms and conditions as the SAMUDRIKA vessels O&M contract. On ONGC's instructions the vessels were disposed of during the F.Y. 2010-11.

O&M of ONGC's 2 MSVs (Multi Support Vessels) viz. "Samudra Sevak" and "Samudra Prabha" and 1 Geotechnical Vessel 'Samudra Sarvekshak":

Your Company continues to operate, maintain, man and manage ONGC's two MSVs and one Geotechnical vessel since March 2003 on nomination basis under 'cost plus' arrangement. The O&M contract for these vessels expired on 23.03.2011 which have been extended for a period of one year.

SCI's New build vessels

The first of SCI's new build vessels ordered from Bharti Shipyard - "SCI Panna" was offered against an ONGC tender for inchartering OSVs and the contract was awarded for one year firm charter plus one month extension.

Offshore Dept has chartered in an Emergency Towing Vessel (ETV) with effect from 24.06.2011 for use on Indian coast during South West monsoon season for about 3 months. This arrangement is made on behalf of Director General Of Shipping (DGS) through an International Competitive Bidding Tender (ICB tender) which is a cost plus 6% project.

Govt. Of India is rehabilitating Kanaksaturai harbour in Sri Lanka and 6 Nos. wreck removal work was entrusted to the SCI by the Ministry of External Affairs (MEA) which is a cost plus 6% project. SCI appointed a suitable contractor to remove and dispose all 6 Nos. wrecks from KKS harbour. The work has commenced on 22.07.2011 and is expected to be completed in about 116 days.

Outstanding amount:

An amount of ₹ 24.79 crores was outstanding charter hire as of 31.03.2011 from ONGC against SCI owned OSVs and as on date, the outstanding charter hire amount is ₹ 2.53 crores (including service tax).

Risks and Concerns:

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. Your Company's Offshore fleet is about 27 years old and is being replaced in phased manner.

Considering Indian Oil Industry's requirement of various types of advanced vessels, SCI also needs to expand by acquiring vessels such as MSVs (Multi Support Vessels), DSVs (Diving Support Vessels), PSVs (Platform Supply Vessels), etc. meeting the existing / future offshore logistic requirement. Considering this, your Company has already placed an order for the following:-

- 4 Nos. 80 Tons Bollard Pull Anchor Handling Tug Supply Vessels (AHTSVs) with Bharti Shipyard. The Vessels are expected to be delivered during 2011-12.
- 2+2 Nos. 120 Tons AHTSVs with Cochin Shipyard Ltd. which are also expected to be delivered in 2011-12.
- 2 Nos. PSVs with Cochin Shipyard Ltd. which are expected to be delivered in 2012-13.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The "Others" segment which includes the Technical & Offshore Services recorded a revenue of ₹ 196.05 crores in 2010-11 as against ₹ 177.42 crores in 2009-10. The Profit before Tax stood at ₹ 120.04 crores in 2010-11 as against ₹ 48.64 crores in 2010-11.

Awards / Accolades:

Your company's owned OSVs which are on charter to ONGC are most favoured by ONGC for carrying out Anchor Handling & Towing Operations of rigs in Offshore field due to reliable performance even though the vessels are now about 27 years of age. This has been achieved by carrying out strict planned maintenance schedule for better upkeep of the vessels.

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 and other Government Departments for their various ship acquisition / retrofit projects.

TONNAGE ACQUISITION PROGRAMME:

Your Company has a proposal to induct 62 new vessels of diversified fleet profile during the current Five Year Plan period and by the end of the year 2010-11 (i.e. fourth year of the 11th Plan), orders have been placed for 35 vessels and one resale vessel has been acquired. The Company's tonnage acquisition programme for the year 2010-11 envisaged acquisition of 24 vessels with an outlay requirement of ₹ 4,535.63 crores, which included existing commitments as well as outlay for new projects and investments in Joint Ventures. We are closely watching the market and the acquisition programme will be modulated accordingly.

During the period under report, your Company placed orders for 11 vessels at different shipyards. Orders for 4 nos. Kamsarmax bulk carriers were placed at M/s. Jiangsu Eastern Heavy Industry Co. Ltd., China on 24.09.2010 and these vessels are scheduled to be delivered during March 2012 to December 2012. Further, on 17.11.2010, your Company placed orders for 2 nos. VLCCs at M/s Jiangsu Rongsheng Heavy Industries Co. Ltd., China and 3 nos. 6,500 TEU Cellular Container vessels at STX (Dalian) Shipyard, China. These vessels are scheduled to be delivered during November 2013 to February 2014 and June 2013 to December 2013, respectively. Orders were also placed for acquisition of 2 nos. Anchor Handling, Towing and Supply Vessels (AHTSVs) of 120T Bollard Pull capacity each on nomination basis from Cochin Shipyard Ltd. The AHTSVs are scheduled to be delivered during July and September 2011. Thus SCI has placed order for 11 vessels during the FY 2010-11.

In addition to the above 11 vessels, SCI has floated tender for acquisition of 4 + 2(optional) newbuilding AHTSVs of 80T Bollard Pull capacity each and for acquisition of 3 nos. newbuilding 3,500 TEU Cellular Container vessels. The offers received are under evaluation.

Tender was also floated for acquisition of 2 nos. secondhand / resale Supramax bulk carriers. After evaluation of the offers, SCI has placed order for acquisition of 2 resale vessels under construction at M/s. Guoyu Shipyard, China on 15.04.2011 which have since been delivered to SCI in July and August 2011. One of the vessels, m.v. Vishva Vijeta has a deadweight of 56,638 tonnes and the second vessel, m.v. Vishva Malhar has a deadweight of 56,616 tonnes and both have gross tonnage of 33,032 tonnes.

Your Company has also signed a shipbuilding contract with M/s. Rongcheng Shenfei Shipbuilding Co. Ltd., China on 14.07.2011 at Shanghai for acquisition of 1 No. Cellular Container vessel of 3500 TEU capacity which would be delivered in January 2013.

One of the Product Carriers, m.t. Bharatidasan which had completed its economic life was sold on 28.06.2011 at Mumbai.

The shipbuilding market still is well below the peaks it had touched during the boom period which ended in 2008 and your Company intends to continue with its vessel acquisition programme and invest in assets during the next few years to capitalize on this opportunity.

Eco-Friendly and Conservation of Energy:

As a policy, the Company remained committed to environmental protection as per International Convention for the Prevention of Pollution from Ships. All engines being fitted on board are meeting latest requirement of NOx compliance. Necessary steps have been taken to minimize air pollution from ships. New designs of critical ships' 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 eg. 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 taken the lead in ordering vessels with electronically controlled main propulsion engines and also equipped with ballast water treatment plants.

Your Company has incorporated the concept of efficient ship design in the new vessels recently 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.

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

Technology Absorption, Adoption and Innovation:

The SCI has taken all steps to comply with requirements of The International Maritime Organization's MARPOL Annex-VI aimed at Controlling Air Pollution and Setting Limits on Emissions to the Atmosphere from Ships. On the new vessels SCI has voluntarily accepted higher than mandatory requirements on emission standards.

The emission standards and regulations relate to the following groups in so far as they are connected to the vessels' equipment and operation.

- Phasing out of Ozone depleting substances.
- Emission Criteria for NOx emissions from diesel engines. Tier-II compliant engines are being considered for new vessels.
- Control on SOx-emissions & sulphur content limits of fuels.
- Control on emission of Volatile organic compounds.
- Enhancement of Fuel oil quality.
- Control & management of ships' ballast water to minimize the transfer of harmful aquatic organisms & pathogens under which the ballast water is changed before the ship reaches in the territory from one area to another area in order to protect the sea species.
- Further Asbestos free joints are used on board in order to avoid harmful effect of same during maintenance / recycling of ships.
- Green Passport, 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. (Refer Glossary for detailed explanation).

Performance and Safety Enhancement Measures

In accordance with the International Safety Management (ISM) Code, your company has obtained the required ISM Certification from D.G. Shipping for its owned as well as managed vessels in two phases. Under Phase I, the Document of Compliance (DOC) for Oil Tankers, Gas Carriers, Passenger Ships and Passenger High-Speed Crafts, was renewed in November 2007 and is valid till 18.11.2012 subject to periodical verification by the Administration. Under Phase II, covering Other Cargo Ships (Liner Ships and Offshore Vessels), the Document of Compliance (DOC) was renewed in February 2011 and is valid till 14.03.2016. The DOC is subject to periodical verification by the Administration. Last periodical verification of Phase I vessels was successfully completed in February 2011. 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.

Your Company's Safety Management System policy was reviewed and renamed as "Safety, Occupational Health and Environment Protection Policy" by incorporating Occupational Health and Safety Guidelines issued by the Administration.

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

Your Company is certified as ISO 9001:2008 compliant by Indian Register of Quality Services (IRQS). The certificate is valid upto 07.05.2013. The first annual surveillance audit of quality system has been successfully completed in March 2011.

Implementation of ISPS Code

ISPS Code (International Ship and Port Facility Security Code) has become mandatory from 1st July, 2004 for foreign going vessels and India is among the very few countries in the world proud of 100 percent compliance as far as the ships on International Voyage are concerned.

Your Company has completed the ISPS Certification of Internationally trading ships and daughter lighterage tankers which may interface with ships on International Voyage well ahead of the deadline of 1st July, 2004.

Your Company has completed the ISPS certification for all the coastal vessels as per Directorate General of Shipping Guidelines.

Revision of the Ship Security Assessment of all vessels i.e. foreign going and coastal vessels is in progress as per Administration Guidelines.

RIGHT TO INFORMATION ACT 2005 (RTI ACT 2005)

A suitable mechanism has been put in place for dealing with the requests and appeals under RTI Act 2005. The RTI manual is posted on the Company's website. Your Company has been complying with the provisions of the Act within the stipulated time provided under the Act. During the financial year, your Company had received 106 applications of which 19 had been referred to Appellate Authority. All these applications were disposed of at the relevant levels within the stipulated time frame.

Personnel & Administration

Industrial Relations

Your company continued to enjoy harmonious industrial relations. In respect of seafarers, industry level INSA - MUI agreement has been arrived at for the officers for the period 2010 – 12. For ratings and petty officers talks are underway at industry level under the aegis of NMB.

Fleet Personnel

During the year, your company faced shortage of qualified seafaring manpower particularly at senior level. This shortage was met by aligning wages with the market and tapping manning agents. As a long term solution, your company continued to impart pre - sea and ship board training to ship board officers so as to improve the supply position.

The policy of continuous recruitment of Trainee Navigating Officer Cadets and Trainee Marine Engineers has improved the availability of nautical and engineer officers at junior level. Over time, this would help mitigate the supply constraint at senior level.

Your Company continues to emphasise continuous training and up-gradation of the skills of seafarers. In addition to mandatory STCW courses, the officers are encouraged to undergo various familiarization courses such as Risk Assessment, VOC, MLC 2006, VLVHC, BRM, ISM, etc. and DPO training for Off Shore Sector.

Maritime Training Institute

The Company's Training Centre at the Maritime Training Institute at Powai, Mumbai has conducted 296 Courses during the year. The total number of participants is 7666. The total Mandays trained during the year is 79339, out of which Mandays on SCI Personnel is 67792 and Non- SCI is 11547. Additionally, 271 number of employees were trained outside MTI during the year. Mandays in this regard is 1164.

Government of India has set-up Indian Maritime University at Chennai and has started functioning. Accordingly, Diploma in Nautical Science course which was affiliated to IGNOU, now has been affiliated to Indian Maritime University.

In order to broad base the human resource development programme, MTI is in dialogue with Indian Maritime University and World Maritime University for commencing post graduate programmes and other programmes.

Improvement of physical infrastructure is under way.

Shore Personnel

Your Company is in process of professionalizing the manpower at shore. The shore manpower as on 01.04.2011 was 953 comprising of 771 Officers and 182 staff members. Training is imparted as a part of regular programmes for the employees at different levels. 271 employees have been imparted training during the year.

The Central Government Industrial Tribunal No. 1, Mumbai has in a long pending dispute with a union representing contract labour has passed an award directing the company to absorb the medically fit and still working canteen workers in regular employment. The award directly involves 34 canteen workers, but is likely to raise the similar claims from 181 other contract workers. Your company has taken a legal opinion and a writ petition has been filed before the Honourable High Court of Bombay, challenging the 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.

In order to improve the quality of medical care to general public, your company has partnered with Thane Municipal Corporation for increasing the number of beds in Neonatal Intensive Care Unit and establishing a separate Paediatric Intensive Care Unit at Chhatrapati Shivaji Maharaj Hospital, Kalwa. Action is at hand in partnership with Municipal Corporation of Greater Mumbai for setting up of a Central Cardio Respiratory Monitoring System of Medical Intensive Care Unit at B. Y. L. Nair Ch. Hospital. Health camps have been organized for slum communities in Mumbai.

To rehabilitate the victims of Leh Floods, 12 prefabricated houses at Leh have been constructed through Hindustan Prefab Ltd. and given away to people. Construction of Flood Protection Work at Rongjuk Nallah, Nimoo, Leh through Ladakh Autonomous Hill Development Council is under execution to mitigate the risk arising from future floods.

As a part of enhancement of appeal of national heritage monuments, your company has signed an MOU with National Culture Fund and Archaeological Survey of India. This project would create Public facilities and improve the appeal of Mahabalipuram Temple in Tamilnadu.

Your company continues to provide completely free pre - sea nautical training to Trainee Nautical Officer cadets belonging to SC / ST / BPL categories at MTI and substantial scholarships to the candidates belonging to these categories, pursuing marine engineering, nautical science and naval architecture at various campuses of IMU and IITs. Nursing training to poor girls from coastal and backward areas of Tamilnadu has been imparted in partnership with Sri Ramkrishna Math.

During the year, your company has committed an amount of ₹ 496 Lakhs in CSR projects / initiatives.

JOINT VENTURE COMPANIES

Irano-Hind Shipping Company (IHSC)

Your Joint Venture Company in Iran continues to perform satisfactorily and during the Iranian year ended 20th March 2011 (Iranian Year 1389) earned net profit after tax of Iranian Rials 538.72 billion (US$ 53.87 million). The consolidated net loss of your joint venture company and its subsidiaries for the Iranian year ended 20th March 2011 stood at Iranian Rials 13.99 billion (US$ 1.35 million). The fleet owned by your Joint Venture Company together with its subsidiaries, as at 20th March 2011, stood at seven ships with an aggregate of 0.66 million dwt.

Your Joint Venture Company paid a dividend of Rials 10.00 billion for the year 2009-10 (Iranian year 1388) to shareholders, SCI and IRISL, out of which an amount equivalent to AED 1,739,439 being 49% share, was paid to SCI on 12.02.2011.

Your Joint Venture Company has recommended issue of bonus shares of Rials 15 billion, Rials 75 billion & Rials 10 Billion to shareholders at the 33rd, 34th and 35th Annual General Assemblies held on 30.07.2007, 09.08.2008 & 19.07.2009, respectively. The bonus shares (Rials 100 billion) were approved by extra ordinary meeting on 24.06.2010 and consequently, share capital stands increased from Rials 250 billion to Rials 350 billion on 06.12.2010.

The US authority and UN, have however imposed a sanction whereby IHSC cannot deal in Euros and Dollars anymore which has certain implications and affects the operations. Charter hires are always denominated in these currencies. The P&I Covers are also not available from the Insurance Companies which are dealing in Dollars / Euros. The matter is receiving attention at the proper level in the Government, as your Company has substantial interest in the Joint Venture and step down subsidiaries.

SCI's Joint Venture in LNG (liquefied Natural Gas) vessels

As on 31st March 2011, both vessels, SS Disha and SS Raahi have carried about 271 cargoes and 236 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 76 cargoes equivalent to 4.98 MMTPA in the financial year 2010-11.

Your company had extended Shareholders' loan to the two companies, which includes the equity component along with interest on unpaid Shareholders' loan. During the year 2010-11 an amount of US$ 3.47 million as repayment of Shareholders' loan and US$ 2.06 million as interest on Shareholders' loan has been repaid by the joint ventures to your company. The outstanding amount of Shareholders' loan by your company as on 31st March 2011 is US$ 26.99 million. Your company is managing techno-commercial operations of these LNG tankers independently from 24.12.08 for SS Raahi and 29.12.2008 for SS Disha. Your company has been paid US$ 1.20 million towards Management Fee & Accounting fee during the year 2010-11.

The third JVC, India LNG Transport Company No. 3 Ltd. set up to service the Dahej Expansion Project was formed on 21.02.2006. Pursuant to the execution of the TCA (Time Charter Agreement) and other related project agreements viz. SBC (Ship Building Contract) etc., the Loan Agreement was executed on 19.12.2006 by the JVC for a loan of US$ 178.29 million. The outstanding Shareholders' loan by your company as on 31st March 2011 is US$ 21.22 million. The LNG tanker, M.T. Aseem, was delivered on 16th November, 2009 and transports 2.5 million tons per annum of LNG from Ras Gas, Qatar to Dahej for Petronet LNG Ltd.'s expansion project. The vessel has delivered 47 cargoes from inception and 38 cargoes in the financial year 2010-11. Your company is manning the tanker from inception i.e. delivery of the tanker with its officers and crew.

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

Your Company had entered into a Joint Venture with M/s. Forbes & Company Ltd. and M/s. Sterling Investment Pvt. Ltd. for owing and operating Chemical Tankers. The JVC was incorporated on 18.07.2006, as "M/s. SCI Forbes Ltd" and had placed order for four chemical tankers of about 13,000 dwt each with a reputed shipyard in South Korea.

All the four 13000 dwt. chemical tankers (m.t. Asavari, m.t. Bhairavi, m.t. Neelambari and m.t. Malhari) of SCI Forbes Ltd have been delivered. These vessels are being operated in pool. Financing for the ships was arranged through Natixis-HSBC combine, backed by KEIC. The amount of contracted loan was US $ 83.53 mil with a debt / equity ratio of 80:20.

In year 2009, the global economic downturn severely impacted the shipping industry. The chemical tankers trade too was affected adversely and the charter rates as well as asset values declined. These factors created deep impact on the operations of SCI Forbes Ltd. and various loan covenants were triggered. Due to decrease in the price of the vessels, SCI Forbes Ltd. had to deposit cash collateral with the Lenders. Further, due to collapse of chemical tanker market the time charter deals being almost non-existent, SCI Forbes Ltd. had to depend on spot market or a pool for deployment of the vessels. This was not an approved charter as per the lenders therefore the vessels had to be chartered out to the promoters (two vessels to SCI and two to Forbes / Sterling Investment, respectively) on standby charter basis.

The freight rates in the chemical tanker segment are still at a lower level and thus both the Promoters of SCI Forbes Ltd. are incurring losses on operations of the vessels due to the standby chartering arrangement. During the financial year 2010-11, SCI Forbes Ltd. is not in position to declare dividends to the promoters.

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

SCI and SAIL have signed a Joint Venture Agreement on 29.03.2010 to form a JVC, namely "SAIL SCI Shipping Pvt. Ltd.", which will primarily provide various shipping related services to SAIL for importing coking coal. Both SAIL and SCI will hold 50% equity each in the JVC.

A senior officer from SCI has been nominated as CEO of the JVC, whereas SAIL has nominated a senior officer to act as CFO of the newly formed JVC. As per the Business Plan, the JVC is in process of acquiring vessels and accordingly had floated tenders. Currently, the technical bids received from the bidders are being evaluated.

SCI's participation in the Sethusamudram Ship Channel Project

The Government of India through Ministry of Shipping has set up a "Special Purpose Vehicle" (SPV) in the name & style "Sethusamudram Corporation Limited" (SCL) to raise finance and to undertake such other activities as may be necessary to facilitate creation and 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. Pursuant to the Government directive, SCI Board decided to participate in the project with a capital investment upto ₹ 50 crores. The SCI's total contribution towards equity in SCL is ₹ 50 crores.

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 "Excellent" for over a decade and half including for the year 2009-10. SCI has signed the MOU for the financial year 2011-12 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, HRD, Fleet Expansion & Modernization, etc. Activities under the parameter of 'Corporate Social Responsibility' have been incorporated based on the latest DPE guidelines on CSR. The wide ranging parameters have been incorporated in the MOU for achieving sustained growth in the Company's overall performance.

Further Public Offer - Utilisation of FPO proceeds

The Ministry of Shipping had, in May 2010, based on a communication received from the Dept. of Disinvestment (DoDi), conveyed that SCI could raise equity to the extent of 10% of the existing equity base of the Company by way of an FPO and that equity shares to the extent of 10% could also be disinvested by the President of India by an offer of sale. Subsequently, an advice was received from the Ministry in July 2010 to start the process for appointment of Merchant Bankers and other key intermediaries, simultaneously with the process of seeking approval from the Cabinet Committee for Economic Affairs (CCEA) for commencing the process of due diligence and preparing the Draft Red Herring Prospectus (DRHP). Accordingly, the Company had obtained approval of the Board in August 2010 and thereafter the shareholders in the AGM held on 29.09.2010 for offer, issue and allotment of new Equity Shares under the fresh issue and to include such number and percentage of equity shares as the Offer for Sale to be undertaken by the President of India on behalf of the Government of India and the Fresh Issue together with the Offer for Sale in the aggregate not to exceed 20% of the pre-issue paid-up capital, subject to the approval of the Cabinet Committee on Economic Affairs. The CCEA approval was received on 11th October, 2010. The Issue comprising of a Fresh Issue of 42,345,365 equity shares by the Company and an Offer of Sale of 42,345,365 equity shares by the President of India, acting through the Ministry of Shipping, Government of India, opened on 30th November, 2010 and closed on 2nd December, 2010 for QIB bidders and on 3rd December, 2010 for Other Bidders. There was a reservation of upto 42,454 equity Shares for subscription by Eligible Employees. Your Company allotted shares at a price of ₹ 140/- per share with a discount of 5% to Eligible Employees and Retail Individual Bidders. Issue proceeds raised through 'fresh issue' made by the Company and the 'offer for sale' by the Govt. of India amounted to ₹ 1,16,472.8 lakhs.

The Follow On Public Offer (FPO) Proceeds have been utilized as per the objects of the issue as stated in the Prospectus as under :

Particulars	₹ In lakhs
Amount raised from Follow on Public Offer	58245
Amount proposed to be utilized during FY 2010-11	47019
Utilisation of funds up to 31st March 2011	45326
Balance Unutilised	12919

The unutilised balance has been invested with the banks.

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

Sr.No.	Details	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying on the date of allotment	41	5114
2	Number of shareholders who approached for transfer of shares from suspense account till 31.03.2011	29	3564
3	Number of shareholders to whom shares were transferred from suspense account till 31.03.2011	29	3564
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31.03.2011	12	1550
5	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 29.07.2011	10	1388

Resolutions passed by way of Postal Ballots

During the year under review, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballots) Rules, 2001, consent of the shareholders were sought for increasing the authorized share capital of the Company from existing ₹ 450 crores to ₹ 1000 crores. The announcement of result of the Postal Ballot took place on 21st July, 2010 when the Resolution was declared as passed with requisite majority.

Segment-wise Performance

A report on performance of the various operating segments of the Company (audited) is included at Item No.13 of Schedule 25 - "Notes on Accounts", which is forming part of the Annual Accounts.

Internal Control Systems and their adequacy

Your Company has in place a system of internal controls commensurate with the nature and size of its operations. Internal controls are supplemented by an extensive programme of internal audits carried out by a firm of Chartered Accountants viz. M/s. T.R.Chadha & Co. The internal audit reports along with recommendations and implementation thereof are constantly reviewed by the Audit Committee of the Board.

SET-IT Project

SET-IT (SCI's Enterprise Transformation through Information Technology) Project has gone live on 27^{th} February, 2011. The project includes implementation of SAP ERP systems integrated with shipping software packages through enterprise architecture tools. A 'state of the art' data center with high availability and connectivity with all SCI owned offices, Vessels, Agents and other stake holders. This ERP implementation would benefit SCI through improved Business Process management and facilitate the management to take informed decision using business intelligence reports. The business areas that would get benefited include container management, freight booking and reconciliation, spare part management; agents account management, bunkering, ships' scheduling, chartering and commercial activities, dry docking and repair management, crew management, human resources management and all the related business activities in shipping. It would also improve the work efficiency, provide transparency in information sharing, and do real-time integration of information across the functional divisions in SCI. This implementation would give SCI competitive advantage in the global shipping market by adopting international best practices of the industry.

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. Vigilance Division has a challenging task ahead as it has to achieve a proper balance between preventive and punitive vigilance.

Technology has been leveraged for achieving greater transparency viz. promoting online registration of complaints via the Vigilance Webpage contained in the SCI website; providing security to tenderers for sending price bids / quotations by emails; installation of dedicated email IDs. for auto-generated responses to tenderers. A 'CVO's corner' for access to SCI employees was developed on the Company's intranet.

The Vigilance Division intends to achieve 100% application of IT in terms of e-procurement, e-tendering, reverse auctions and also have COTS packages for B&T, L&PS through ERP solutions provided by SAP for an end to end integration of the IT system. On-line Complaints Registration through SCI Website was commenced where apart from providing the facility of registering the complaints on line, the status of the complaints can also be known. Vigilance Kiosk was also set up at Head Office on 05.05.2011 to enable access of Vigilance web page on SCI portal and log on to the on-line complaints mechanism for persons not having access to a computer or internet facility to lodge 'on-line complaints' without incurring any expenses.

Vigilance Division has been propagating the culture of lodging of complaints under the Public Interest Disclosure and Protection of Informers' Resolutions (PIDPR-popularly known as Whistle Blowers Resolution) whereby the identity of the complainant would be kept secret and he/she would be protected from victimization. A scheme for reward for informers has been instituted by creation of a recoupment fund viz. "Secret Services Fund" (SS Fund) whereby suitable rewards would be given to informants who give reliable and verifiable source information.

Vigilance Division continued to interact with various employees of SCI as well as various stake holders like suppliers, workshops, contractors, etc. not only at Head Quarters but also during his station visits to Regional offices in India and abroad, which helped create an awareness amongst SCI's valued over-seas customers, Agents and the concerned department's officials. Interaction was also maintained with ship's personnel with an aim to study vigilance issues, International management system followed, quality aspect and best industry practices in terms of safety, health and environment issues.

Activities of the Vigilance Division carried out in 2010-11:

During the year under review, the Vigilance Division continued the following normal activities:-

- Preventive vigilance
- Punitive vigilance

- Surveillance & detection
- Proactive vigilance
- Predictive vigilance

The activities also included investigation into complaints of corruption / malpractice, scrutiny of Annual Property Returns (APRs), conducting surprise and periodic inspections, CTE Type / CAG inspections, conducting Systems Studies and recommending systemic improvements, selective scrutiny of Voyage Repair Bills, major works, dry-docking bills, various accounts, enforcement of Conduct, Discipline & Appeal (CDA) Rules of the Company, training to Vigilance Officers both on vigilance related subjects as well as general management, conducting Vigilance Awareness Programme with various programmes in which employees participated in large numbers such as Essay Writing, Elocution, Slogan, Poster competition.

During the year under review, Mumbai Chapter of Vigilance Study Circle was installed to spread Vigilance awareness and develop the knowledge and skills of Vigilance Professionals and providing an ideal platform for the Vigilance Officers to meet and exchange their views / experiences, etc. on a regular basis.

Awareness Programme in Disciplinary matters was held for the SCI Officers at Maritime Training Institute (MTI) by Mr. A. K. Garde, Secretary (Retd), Central Vigilance Commission on 4-5th October, 2010 where about 29 officers from all divisions of SCI including 2 vigiliance officers attended this Awareness Programme.

A Core team was constituted, based on the investigations of complaints about Deck / Engine / Saloon Stores contracts, to prevent cartelization of suppliers.

ISO 9001:2008 Certification for Vigilance Division of SCI:

In 2009, the Vigilance Division was a part of the Corporate ISO 9001:2000 which certificate was valid till 7-5-2010. A separate ISO 9001:2008 certification for the Vigilance Division was applied for. Various requirements were complied with and the Final External Audit conducted by the Auditors from IRQS on 26-4-2010. There were no adverse or negative remarks by the Auditors and the IRQS will be awarding the ISO 9001:2008 Certificate exclusively for Vigilance Division of SCI. The entire Corporation would get a Corporate Certificate for ISO 9001:2008 as well. Thus SCI's Vigilance Division became one among the first few Vigilance Divisions in the PSUs and in Shipping Ministry to get this certificate.

Signing of Memorandum of Understanding between The Shipping Corporation of India Ltd. And Transparency International India regarding adoption of Integrity Pact in the Shipping Corporation of India Ltd.

As reported last year, a Memorandum of Understanding (MoU) was entered into by the Company with Transparency International India and the Integrity Pact was signed whereby your Company is committed to have most ethical and corruption free business dealings with the counterparties whether they are bidders, contractors or suppliers.

The SCI Management has decided to keep the threshold value for implementation of Integrity Pact in domestic goods and service contracts to Rs.1 crore only so that any contract of ₹ 1 crore and above will be having Integrity Pact as a pre bid document whereby very high stake holders as well as the common vendors would be assured of the transparent and ethical practices in SCI. SCI has a panel of 3 eminent Independent External Monitors (IEMs), details are given below:-

1. Shri D. T. Joseph, Ex. Secretary (Shipping),
2. Shri S. K. Singh, Former Managing Director, State Bank of Saurashtra.
3. Shri S. Punhani, Former Functional Director, Air India.

UNGC compliance

Your company has pledged its commitment to the United Nations Global Compact since the year 2001 and stands committed to the principles enshrined in the Global Compact. This is being achieved through appropriate policies and programmes adopted by your Company.

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the following principles.

Human Rights

Guided by values, your Company supports universally accepted human rights principles for its employees and the environment where it operates and believes that it can play a positive role in safeguarding human rights, their protection and promotion. Your Company has placed highest importance on human rights and ensures that at no point these rights are abused.

Labour

Your Company is an equal opportunity employer. It does not believe in any kind of discrimination based on race, religion, gender, political opinion or social origin in its employment. Your Company always considers "human resources" as most valuable asset and has provided them with safe and healthy working conditions. It believes in freedom of association and collective bargaining through constructive forums.

Being a Central Govt. Undertaking, your Company scrupulously follows Govt. Instructions with regard to reservation in employment for Scheduled Castes / Scheduled Tribes / Other Backward Classes and Physically Handicapped etc. Presently, the Company has approximately 34% workforce in the SC / ST / OBC / Handicapped category. For promoting gender equality, your Company has given employment to approximately 20% of females.

Your Company adheres to the Child Labour (Prohibition and Regulation) Act, 1986 and ensures no forced and compulsory labour.

Environment

The business of transportation of goods by sea brings the operations of your company very close to delicate marine ecosystems and the atmosphere. Your Company is committed to doing business consciously and responsibly and believes in setting up sustainable systems to protect the 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 such as

1. Fuel oil tanks are protected on the sides to avoid direct contact in case of accident.
2. Vessels engines are being designed to burn very low sulphur fuel to minimize pollution.
3. The refrigerant used by AC plants is environment friendly which if leaked out doesn't contribute to Ozone depletion
4. 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.
5. Paint applied on the underwater portion of the hull is tin free.
6. Though not mandatory, your Company has taken initiative in this direction by ordering for the first time two platform supply vessels on Cochin Shipyard Ltd. which are of UT 755 CD (Clean Design) and are environment friendly.

Ethical Practices

Your Company believes in doing business, which is corruption free in all its forms including extortion and bribery. It has taken a step forward towards ensuring further transparency, equity and competitiveness in public procurements by adopting Integrity Pact Programme (of Transparency International India) for major public procurements. Independent External Monitors (IEMs) are appointed to monitor implementation of Integrity Pact.

Financial and commercial transactions are fully computerized and as such, they are least susceptible to fraud. SCI is having Global Cash Management arrangement with HSBC and Citibank and Cash Management solutions in India with HDFC Bank. Payments are directly credited to the bank accounts of parties through Electronic Payment modes. Annual conference of vendors is held to familiarize the vendors with SCI's system of procurement and take on record their suggestions for improvement.

Cautionary Statement

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

Implementation of Official Language Policy

Your Company put in all-out efforts to promote and popularize the use of Official Language Hindi in its day-to-day official work and ensured compliance of the provisions of the Official Language Act, 1963 and the Official Language Rules, 1976 during the year under report. On the occasion of Golden Jubilee Year celebration, you company organized an all-India level conference "Sagar Manthan" at its Maritime Training Institute, Mumbai, which was attended to by over 120 participants from various PSUs and Government Offices across the country.

In addition to this, your Company also acquired corporate license (unlimited users) of bilingual software viz. APS Saral, to increase the use of Hindi on computers, and made almost all PCs Unicode Hindi font enabled. As far as Hindi training is concerned, SCI is determined to impart bilingual software training to its employees regularly at its Maritime Training Institute so as to achieve the set targets in the Annual Programme issued by the Central Government. SCI's website is also available in Hindi and English bilingually.

During the year under report, your Company organized quarterly meetings of its Departmental Official Language Implementation Committee wherein a review on overall progress of Hindi in its offices was made and thereafter appropriate follow up actions were taken. Besides this, a number of Hindi promotional activities, competitions and programmes like Hindi Kavi Sammelan were also organized.

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 ₹ 3736.53 crores.
- Foreign exchange used including deemed used ₹ 3103.94 crores.

Expenses on Entertainment, Foreign Tours, etc.

During the year under report your Company spent ₹ 61 lakhs on entertainment, ₹ 269 lakhs on publicity & advertisements and ₹ 371 lakhs on foreign tours of Company's executives.

Board of Directors

Shri A.K. Mago, A.D. Fernando, U. Sundararajan, J.N.L. Srivastava, B.H. Dholakia and Keshav Saran ceased to be Directors w.e.f. 28.07.2010 consequent to the cessation of their tenure as non-official part-time Directors. Shri U.C. Grover and Capt. K.S. Nair ceased to be Directors on the Board consequent to their superannuation on 31.08.2010 and 31.12.2010, respectively. The Board places on record its appreciation for the valuable services rendered by them.

In terms of the nominations received from the Ministry of Shipping, eight non-official part time(independent) Directors have been appointed / reappointed on the Board of Directors. S/Shri Nasser Munjee, Sushil Tripathi and U. Sundararajan have been reappointed and S/Shri Arun Ramanathan, Arun Kumar Verma, Prof. Sushil Khanna and Rear Admiral (Retd.) T.S. Ganeshan have been appointed on the Board w.e.f 11.08.2010.

The Board has also appointed Shri S.K. Roongta as non-official part time Director w.e.f. 13.12.2007 on his nomination by the Ministry of Shipping Road Transport & Highways. Shri Arun Kumar Gupta and Capt. Sunil Thapar have been appointed as Director (Technical & Offshore Services) and Director (Bulk Carriers & Tankers) by the President of India w.e.f. 24.10.2010 and 11.01.2011, respectively. They hold office up to the date of the forthcoming Annual General Meeting and being eligible, offer themselves for appointment

Shri B.K. Mandal, Shri J.N. Das, Shri Nasser Munjee and Shri S.C. Tripathi are retiring by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for appointment.

Auditors Report

The Auditors Report is attached to the Report. The Statutory Auditors had, in respect to the Audited Accounts for the year ended 31.03.2011, drawn the attention of the members on issues mainly arising out of switching over to integrated ERP System which are mentioned below.

1) The Auditors observed that various errors and omissions were made by the Company during the process of migration / uploading of data post migration in the new accounting software ERP-SAP in respect of accounting of the income and expenses, assets and liabilities for which necessary rectification were carried out by the Company.

2) They further observed that, there remain certain items where the company is unable to make appropriate adjustment and the effects of errors and adjustments, if any, as might have been determined to be necessary in the data migrated / uploaded in the accounting software post migration.

3) It has been further pointed out by them that the Company has:

   i) Not accounted the income and expenditure in respect of unfinished voyages as per accounting policy No. 2 (c) having no impact on the profit for the year.

ii) Not accounted the foreign currency transactions at the rates as stipulated in Accounting Policy No. 8 (a) for the months of January 2011 and February 2011 instead, the same have been accounted at the exchange rates applicable for the month of March 2011.

4) The statutory Auditors observed some weakness in design of internal control in respect of migration of the data / uploading of the data in the process of implementation of ERP-SAP. They however concluded that as at the balance sheet data, the material errors and omission affecting the results as observed during the course of their audit were rectified by the company.

5) The Statutory Auditors further pointed out that post implementation of the ERP-SAP, the internal auditor expressed inability to cover many areas and report thereon including accounting of income and expenses on finished and unfinished voyages, etc.

The replies of the Management to the Auditors' observations are given below.

1) Post migration to SAP, errors coming to our notice have been attended to and necessary adjustments are carried out.

2) The Management has brought out in Schedule 25, Notes on Accounts, such cases where adjustments have not been possible due to issues arising on migration and uploading of data in the new system. The Management has also brought out therein that these have no material impact on the results of the Corporation.

3) (i) As per accounting policy no. 2 (c) of the company, for all unfinished voyages, 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 charges and freight for vessels chartered-in are carried forward as Unfinished Voyage Expenses except in case of time charter. As far as unfinished voyages are concerned the booking of both income and expenditure is done by SCI consistently on receipt / disbursement basis. It is in line with the accounting policy 2 (c) of the company.

(ii) As per accounting policy 8(a), "All foreign currency transactions are recorded at the exchange rate of the last Friday of the preceding month published in Financial Times, London."

There were no transactions from 1st February to 27th February either in the legacy or in the new system as it was a "Blackout period" prior to data migration to SAP.

The comparative rates for some of the major currencies for February 2011 and March 2011 are as below:

Currency	February 2011	March 2011	% difference
Euro	62.632	62.311	(-) 0.005%
USD	45.615	45.325	(-) 0.006%
SGD	35.670	35.591	(-) 0.002%
UKP	72.705	72.846	(+) 0.002%

Since the exchange rate difference for the month of February 2011 and March 2011 are insignificant, there is no material impact. Moreover, before migration, revaluation run was carried out in legacy system for January, 2011.

4) During data migration, even though a matched trial balance was uploaded but certain deficiencies were subsequently observed by the company in respect of line item wise migrations indicating details like foreign currency component, dates of invoices and debit notes, etc. Care has been taken to rectify such deficiencies as and when observed.

The new system went live on 28.02.2011. The time available before the Annual Closing was not sufficient for the Internal Auditors; at present, the Internal auditors are carrying out the audit.

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 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2011 on a "going concern" basis.

Acknowledgements

Your Directors take this opportunity to express their gratitude and thanks to Shri G.K. Vasan, Hon'ble Minister for Shipping, and Shri Mukul Roy, Hon'ble Minister of State in the Ministry of Shipping, and look forward to their support and guidance in managing the affairs of the Company.

Your Directors also extend a hearty welcome to Shri K. Mohandaas, Secretary to the Government of India, Department of Shipping, Ministry of Shipping, and look forward to his support and guidance.

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 loyal service of your Company's employees, both afloat and ashore, without whose co-operation and efforts the achievements made by your Company would not have been possible.

For and on behalf of the Board of Directors

Place : Mumbai

S. Hajara

Dated : 13th August, 2011

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 16 members with a mix of 6 executive (including Chairman & Managing Director) and 10 non-executive Directors. Of the 10 non-executive Directors, 2 Government Directors represent the Promoters i.e. Government of India and 8 are Independent Directors.

The Clause 49 of the Listing Agreement dealing with Corporate Governance requires at least 50% of the total strength of the Board of Directors of a company to comprise of Independent Directors, which has an Executive Chairman. During the year under review, the Board of Directors had been reconstituted on cessation of the tenure of the directorships of the Independent Directors and the administrative Ministry of the Company, Ministry of Shipping, had nominated new Independent Directors for appointment on the Board. Two whole-time Executive Directors had also been appointed during the year on cessation of directorships of the former Directors on their attaining superannuation.

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, 2011 are set out below:

Name	Designation	No. of Directorships and committee memberships / chairmanships		
		Directorships in other public limited companies**	Committee memberships **	Committee chairmanships **
Executive Directors (Whole-Time)				
Shri S. Hajara	Chairman & Managing Director	02	NIL	NIL
Shri B.K. Mandal	Director (Finance)	01	NIL	NIL
Shri Kailash Gupta	Director (Personnel & Administration)	NIL	NIL	NIL
Shri J.N. Das	Director (Liner & Passenger Services)	NIL	NIL	NIL
Shri A.K. Gupta	Director (Technical & Off-Shore Services)	NIL	NIL	NIL
Capt. S. Thapar	Director (Bulk Carrier & Tanker Division)	NIL	NIL	NIL

Name	Designation	No. of Directorships and committee memberships / chairmanships		
		Directorships in other public limited companies**	Committee memberships **	Committee chairmanships **
Non-Executive Directors (Part-Time Ex-Officio)				
Shri Vijay Chhibber	Addl. Secretary & Financial Advisor	NIL	NIL	NIL
Shri Rajeev Gupta	Joint Secretary	02	NIL	NIL
Non-Executive Directors (Part-Time Independent)				
Shri T.S. Ganeshan	Director	NIL	NIL	NIL
Shri Arun Ramanathan	Director	05	NIL	NIL
Prof. Sushil Khanna	Director	02	NIL	NIL
Shri Arun K. Verma	Director	NIL	NIL	NIL
Shri S.K. Roongta	Director	06	NIL	NIL
Shri U. Sundararajan	Director	02	01	NIL
Shri Nasser Munjee	Director	14	05	04
Shri S.C. Tripathi	Director	06	04	01

** In accordance with Clause 49(I)(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 only 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 2010-2011, 16 Board Meetings were held, the dates being 22.04.2010, 29.05.2010, 30.07.2010, 11.08.2010, 23.08.2010, 02.09.2010, 29.09.2010, 13.10.2010, 29.10.2010, 25.11.2010, 05.12.2010, 16.12.2010, 05.01.2011, 18.01.2011, 07.02.2011 and 25.02.2011.

The details about attendance of the Directors at the Board Meetings and at the 60th Annual General Meeting (AGM) held on 29.09.2010 are given below:

Name of the Director	No. of Meetings		Attendance at the last
	held during the tenure of Directors	attended	AGM held on 29.09.2010
Shri S. Hajara	16	16	Yes
Shri Vijay Chhibber	16	07	No
Shri Rajeev Gupta	16	12	No
Shri J.N. Das	16	14	Yes
Dr. Bakul H.Dholakia *	02	Nil	-
Shri A.D. Fernando *	02	Nil	-
Shri U.C. Grover *	05	05	-
Shri Kailash Gupta	16	16	Yes
Shri A.K. Mago *	02	02	-
Shri B.K. Mandal	16	16	Yes

Name of the Director	No. of Meetings		Attendance at the last AGM held on 29.09.2010
	held during the tenure of Directors	attended	
Shri Nasser Munjee *#	16	05	Yes
Capt. K.S. Nair *	12	12	Yes
Shri Keshav Saran *	02	02	-
Shri J.N.L. Srivastava *	02	02	-
Shri U. Sundararajan *#	15	08	Yes
Shri S.C. Tripathi *#	16	13	Yes
Rear Adml.(Retd.) T.S. Ganeshan #	13	13	Yes
Shri Arun Ramanathan #	13	07	No
Prof. Sushil Khanna #	13	05	Yes
Shri Arun K. Verma #	13	13	Yes
Shri S.K. Roongta #	08	07	-
Shri A. K. Gupta #	08	08	-
Capt. S. Thapar #	03	03	-

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

Dr. Bakul H.Dholakia	28.07.2010
Shri A.D. Fernando	28.07.2010
Shri A.K. Mago	28.07.2010
Shri Keshav Saran	28.07.2010
Shri J.N.L. Srivastava	28.07.2010
Shri U. Sundararajan	28.07.2010
Shri U.C. Grover	01.09.2011
Capt. K.S. Nair	01.01.2011

#* The following Directors have been reappointed on the Board w.e.f. the dates mentioned alongside their names :-

Shri U. Sundararajan	11.08.2010
Shri Nasser Munjee	11.08.2010
Shri Sushil Tripathi	11.08.2010

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

Shri Arun Ramanathan	11.08.2010
Rear Adml.(Retd.) T.S. Ganeshan	11.08.2010
Shri Sushil Khanna	11.08.2010
Shri Arun K.Verma	11.08.2010
Shri S. K . Roongta	29.10.2010
Shri A. K. Gupta	25.10.2010
Capt. Sunil Thapar	11.01.2011

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, 4 (four) 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, 1 (one) meeting 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, Rear Adml.(Retd.) 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.

Shipbuilding Acquisition 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, Rear Adml. (Retd.) T.S. Ganeshan as Chairman and Shri A.K. Gupta and other officers as its members. 21 (twenty one) meetings were held in the year 2010-11.

Ship Acquisition Committee (SAC)

This Committee comprises 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, as the case may be, to discuss the company's overall acquisition plan and specific proposals, to deliberate on the acquisition proposals in detail and put up recommendations for consideration of the Management and / or Board, to review vessel acquisition proposals, decisions on tendering process such as technical offer opening, technical shortlisting, commercial offer opening and evaluation of offer, and taking decisions on vessel acquisition process / tendering process on behalf of SCI's Joint Venture Companies. Shri T.S.Ganeshan, Shri S.K. Roongta and Shri Rajiv Gupta have been inducted on the Ship Acquisition Committee in February 2011 to consider vessel acquisition proposals before the same are put up for final approval of the Board.

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.

The last Audit Committee comprised of Shri U. Sundararajan as Chairman, and Shri A.K. Mago, Dr. B.H. Dholakia and Shri Keshav Saran as its members upto 27.07.2010. The Audit Committee was reconstituted on 11.08.2010 with Shri U. Sundararajan, as Chairman, and Shri Sushil Tripathi, Shri Arun Ramanathan 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.

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 Auditor 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 15 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 U.Sundararajan *#	15	09
Shri A.K. Mago *	05	05
Dr. Bakul H. Dholakia *	05	Nil
Shri Keshav Saran *	05	05
Shri S.C. Tripathi	10	08
Shri Arun Ramanathan	10	09
Shri Arun K. Verma	10	10

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

Shri A.K. Mago	28.07.2010
Shri U. Sundararajan	28.07.2010
Dr. Bakul H. Dholakia	28.07.2010
Shri Keshav Saran	28.07.2010

The Audit Committee was reconstituted (after reconstitution of the Board) on 11.08.2010 with the following Directors who had been appointed / reappointed on the Board :-

Shri U. Sundararajan
Shri S.C. Tripathi
Shri Arun Ramanathan
Shri Arun K. Verma

The Chairman of Audit Committee was present at the Annual General Meeting of the Company held on 29.09.2010.

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, 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 five times during the financial year 2010-11 i.e. on 29.05.2010, 27.07.2010, 29.10.2010, 07.02.2011 and 19.02.2011, which were attended by all its members. The Committee consists of three members viz. 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 Shareholders' / Investors' Grievance Committee was reconstituted on 11.08.2010 on cessation of the directorship of Shri Arun K Mago and Shri Keshav Saran, former independent directors of the Company.

- ***Grievances & their redressals :*** During the year under review, 165 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	156	156	NIL
Stock Exchanges	8	8	NIL
Other than SEBI	1	1	NIL
Total	165	165	NIL

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

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

Investors can lodge their complaints, if any, on 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
2004-05 (Interim)	30.10.2004	29.11.2011
2004-05 (Final)	28.09.2005	28.10.2012
2005-06 (Interim)	27.01.2006	26.02.2013
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	28.09.2017
2010-11 (Interim)	03.03.2011	02.03.2018

Unpaid / unclaimed balance of the Special interim dividend 2003-04 account was due for transfer to IEPF as per Section 205A of the Companies Act, 1956 and the same has been transferred accordingly.

General Body Meetings

The date, time and venue of the last three Annual General Meetings of the Company held are given below:

General Meetings	Date	Time	Venue
58^{th} AGM (FY 2007-2008)	29.09.2008	1130 hrs.	Registered Office of the Company, Mumbai
59^{th} AGM (FY 2008 - 2009)	30.09.2009	1530 hrs.	Registered Office of the Company, Mumbai
60^{th} AGM (FY 2009-2010)	29.09.2010	1630 hrs.	Registered Office of the Company, Mumbai

58^{th} Annual General Meeting: At this meeting, two special resolutions were proposed viz. one for amendment in the Articles of Association of the Company and the other for issue of bonus shares to the shareholders on 1:2 basis.

59^{th} Annual General Meeting : At this meeting no Special Resolution was proposed.

60^{th} 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.

Details of resolution passed by way of Postal Ballots during the year under review:

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballots) Rules, 2001 the Company had sought consent of the shareholders for increasing the authorized share capital of the Company from existing ₹ 450 crores to ₹ 1000 crores. Mr. Upendra Shukla, Practising Company Secretary, was appointed as scrutiniser.

The announcement of result of the Postal Ballot took place on 21^{st} July, 2010 when the Resolution was declared as passed with requisite majority.

The voting pattern was as follows :-

Voting	No. of Votes	Percentage of Total Votes
Votes in favour	340585667	99.11
Votes not in favour	3031612	0.88
Invalid votes	41232	0.01
Total	343658511	100.00

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 2010*** a. DNA, Mumbai Edition. b. Financial Express, Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneshwar Edition. c. Business Standard, Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneshwar, Mumbai Edition. d. Business Line, Chennai, Banagalore, Mangalore, Hubli, Coimbatore, Madurai, Tiruchirapalli, Hyderabad, Visakhapatnam, Vijaywada, Thiruvananthapuram, Delhi, Mumbai, Kolkata Edition. e. Free Press Journal, Mumbai Edition. f. Nav Shakti, Mumbai Edition. g. Hamara Mahanagar, Mumbai Edition ***For Quarter ended September 2010*** a. Hindustan Times, Mumbai & Delhi Edition. b. DNA, Mumbai Edition. c. Financial Express - All over India. d. Business Standard - All over India. e. Hindustan, Delhi Edition. f. Business Line - All over India. g. Free Press Journal, Mumbai Edition. h. Nav Shakti, Mumbai Edition. i. Mint - Mumbai & Delhi Edition. j. Hamara Mahanagar - Mumbai & Delhi Edition ***For Quarter ended December 2010*** a. Hindustan Times, Mumbai Edition b. DNA, Mumbai Edition. c. Free Press Journal, Mumbai Edition d. Nav Shakti, Mumbai Edition e. Hindustan, Delhi Edition f. Business Line, Chennai Edition

	g. Financial Express- Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Kochi, Bhubaneshwar Edition h. Mint - Mumbai Edition i. Hamara Mahanagar - Mumbai Edition j. Business Standard - Mumbai, Ahmedabad, Delhi, Hyderabad, Chennai, Kochi, Bangalore, Pune, Lucknow Edition ***For Year ended March 2011*** a. Business Standard, All over India b. Hamara Mahanagar, Mumbai & Pune Editions. c. DNA, Mumbai Edition d. Hindustan Times, Mumbai & Delhi Editions e. Mint, Mumbai & Delhi Editions f. Free Press Journal, Mumbai Editions. g. Nav Shakti, Mumbai Edition. h. Business Line, All over India i. Financial Express - All over India j. Hindustan, Delhi Edition.
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	NIL
Whether Management Discussion and Analysis is a part of Annual Report or not	Yes.
General Shareholder Information	
Annual General Meeting Date, Time & Venue	• 23rd September, 2011 at 1530 hrs. at Y.B Chavan Auditorium, Jagannath Bhosale Marg, Near Mantralaya, Mumbai - 400 021.
Financial Calendar	• The financial year under review covers the period from 1st April, 2010 to 31st March, 2011 • First Quarter Results - July, 2010. • Second Quarter Results - October, 2010. • Third Quarter Results - February, 2011. • Audited Results in lieu of Fourth Quarter Results - May, 2011.
Date of Book Closure	16.09.2011 to 23.09.2011 (Both days inclusive)
Proposed Dividend	The Board of Directors has recommended a final dividend @ ₹ 2.5 per share having face value of ₹ 10/- each, which subject to approval at the AGM, will be paid to the shareholders within the statutory time period. This final dividend is apart from the interim dividend of ₹ 3 per share declared by the Board of Directors on 07.02.2011.

Listing on Stock Exchanges & payment of listing fees	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
	National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra-Kurla Complex Mumbai - 400 051. The Calcutta Stock Exchange Association Limited 7, Lyons Range Kolkata - 700 001.
	The Delhi Stock Exchange Association Limited DSE House 3/1, Asaf Ali Road New Delhi - 110 002. Madras Stock Exchange Limited Exchange Building 11, Second Line Beach Chennai - 600 001.
	The Company has paid the annual listing fees for the year 2010-2011 to the aforesaid Stock Exchanges within the stipulated time.
Stock Code	The Stock Exchange, Mumbai - **523598** National Stock Exchange of India Limited - **SCI** Demat-ISIN Number for NSDL & CDSL - **INE 109 A 01011**
Monthly high and low quotation of shares on the BSE and NSE during the financial year 2010-2011	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, 2nd Floor, Behind Sakinaka Tel. Exchange, Andheri- Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Telephone No.022-67720400/401/402 ***Investor Relation Centre:*** 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Telephone No. 022- 67720700 **Fax:** 022-28591568/28508927 **E-mail:** sharepro@shareproservices.com
Share Transfer System	The transfers' processing are done by the Registrar and Transfer Agents and approved by the Share Transfer Committee of the Company. There are no pending share transfer requests as on 31st March 2011.
Distribution of Shareholding as on 31st March 2011	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 31st March 2011, 99.97 % of the paid-up equity share capital, representing 465656848 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 2010-2011.

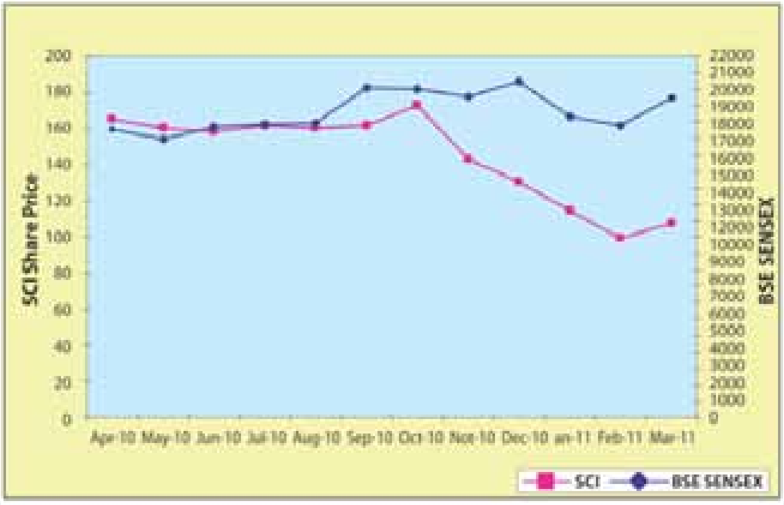
Month	Share Price on BSE		Share Price on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-10	166.8	155.4	166.9	155.2
May-10	173.45	150.1	174.8	150.35
Jun-10	170.1	157.5	169.05	156.3
Jul-10	165.4	153.7	165.45	153.25
Aug-10	177	159.3	174.75	160
Sep-10	172	160.75	173.9	161
Oct-10	202.5	162.75	202.7	162.3
Nov-10	188	142.15	186.95	142
Dec-10	149.4	129.4	149.35	129.4
Jan-11	136.15	113.9	136.4	113.85
Feb-11	117.8	98.25	117.05	98.2
Mar-11	110.5	99.35	110.65	99.4

ANNEXURE – 'B'

Stock Performance in comparison to BSE Sensex

Month	SCI's Closing Price (₹)	BSE Sensex
Apr-10	165	17,558.71
May-10	160.1	16,944.63
Jun-10	158.4	17,700.90
Jul-10	161.8	17,868.29
Aug-10	160.6	17,971.12
Sep-10	161.9	20,069.12
Oct-10	172.9	20,032.34
Nov-10	143.4	19,521.25
Dec-10	130.7	20,509.09
Jan-11	114.4	18,327.76
Feb-11	99.5	17,823.40
Mar-11	107.9	19,445.22

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



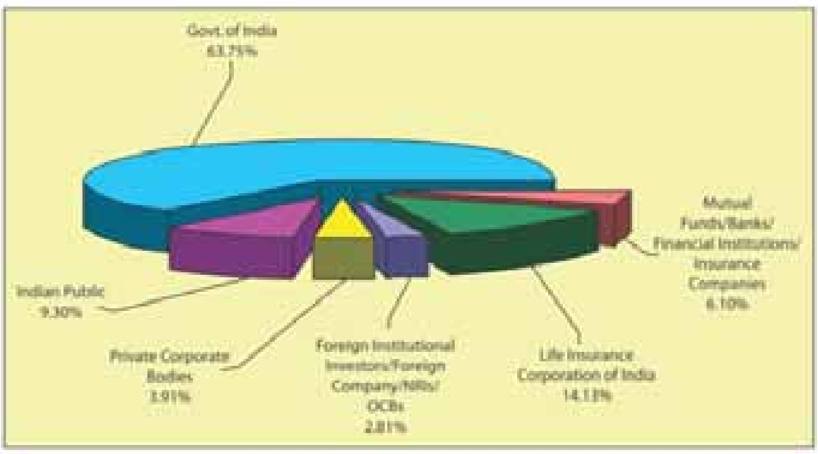
ANNEXURE – 'C'

Distribution of Shareholding as on 31st March, 2011*

Category	Dematerialised Holding		Physical Holding		Total		%	
	Folios	Holding	Holders	Holding	Total Folios	Holding	Folio	Holding
1-500	216735	25643061	147	24090	216882	25667151	96.070	5.510
501-1000	4720	3599187	9	7200	4729	3606387	2.095	0.774
1001-2000	2148	3133441	3	4222	2151	3137663	0.953	0.674
2001-3000	687	1729429	1	2400	688	1731829	0.305	0.372
3001-4000	329	1171899	0	0	329	1171899	0.146	0.252
4001-5000	207	965568	0	0	207	965568	0.092	0.207
5001-10000	329	2370016	1	6000	330	2376016	0.146	0.510
10001-ABOVE	436	427043647	3	98850	439	427142497	0.194	91.701
	225591	465656248	164	142762	225755	465799010	100.000	100.000

* The figures are rounded off, wherever necessary.

Distribution of Shareholding by ownership as on 31st March, 2011



Directors' Remuneration

The details of the remuneration paid to the Executive 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	Sitting Fees	Total
Executive Directors (Whole-time)					
Shri S. Hajara	3,048,848	866,449	0	0	3,915,297
Shri B.K. Mandal	2,496,176	786,499	0	0	3,282,675
Shri Kailash Gupta	2,719,983	751,971	0	0	3,471,954
Shri J.N. Das	2,668,325	732,950	0	0	3,401,275
Shri A K Gupta #	699,232	169,799	0	0	869,031
Capt Sunil Thapar #	322,395	77,531	0	0	399,926
Shri U C Grover	3,311,501	486,756	0	0	3,798,257
Capt. K.S. Nair	3,680,064	676,408	0	0	4,356,472

Non-Executive Directors (Part-Time Ex-Officio)					
Shri Vijay Chhibber	-	-	-	-	-
Shri Rajeev Gupta	-	-	-	-	-
Non-Executive Directors (Part-Time Independent)					
Shri U. Sundararajan *#	-	-	-	-	480,000
Shri Nasser Munjee *#	-	-	-	-	180,000
Shri S.C. Tripathi *#	-	-	-	-	460,000
Shri T.S. Ganeshan #	-	-	-	-	740,000
Shri Arun Ramanathan #	-	-	-	-	400,000
Prof. Sushil Khanna #	-	-	-	-	140,000
Shri Arun K. Verma #	-	-	-	-	560,000
Shri S.K. Roongta #	-	-	-	-	160,000
Shri A.K. Mago *	-	-	-	-	220,000
Shri A.D. Fernando *	-	-	-	-	-
Shri J.N.L. Srivastava *	-	-	-	-	40,000
Dr. Bakul H. Dholakia *	-	-	-	-	-
Shri Keshav Saran *	-	-	-	-	220,000

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

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

Dr. Bakul H.Dholakia	28.07.2010
Shri A.D. Fernando	28.07.2010
Shri A.K. Mago	28.07.2010
Shri Keshav Saran	28.07.2010
Shri J.N.L. Srivastava	28.07.2010
Shri U. Sundararajan	28.07.2010
Shri U.C. Grover	01.09.2011
Capt. K.S. Nair	01.01.2011

#* The following Directors have been reappointed on the Board w.e.f. the dates mentioned alongside their names :-

Shri U. Sundararajan	11.08.2010
Shri Nasser Munjee	11.08.2010
Shri Sushil Tripathi	11.08.2010

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

Shri Arun Ramanathan	11.08.2010
Shri T. S. Ganeshan	11.08.2010
Shri Sushil Khanna	11.08.2010
Shri Arun K.Verma	11.08.2010
Shri S. K . Roongta	29.10.2010
Shri A. K. Gupta	25.10.2010
Shri Sunil Thapar	11.01.2011

i) SCI, being a Government Company, the remuneration of the Executive Directors, 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 are contractual in nature. Government nominates non-official part-time Directors from time to time on 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.

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 :-

Shri Vijay Chhibber	1515
Shri S. Hajara	1507
Shri Rajeev Gupta	30
Shri B.K. Mandal	1
Capt. K.S. Nair *	1
Shri J.N. Das	1
Shri Kailash Gupta	1
Shri U.C. Grover *	1

* The shares held by Capt.K.S. Nair and Shri U.C. Grover, erstwhile Directors, are in the process of being transferred in the names of Capt. S. Thapar and Shri Arun Kumar Gupta, respectively, and Ministry's approval in this regard is awaited.

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 advises the management and the staff on procedures to be followed and disclosures to be made while dealing with shares of the 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 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 4 of Schedule 25). There were no material individual transactions with related parties which were 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. In the case of charter hire expenditure with respect to chartering in of the two chemical tankers from the Joint Venture Company i.e. SCI Forbes Ltd., the ships were to be taken on charter due to a stipulation in the loan agreement between the joint venture company and the lender that in case the arms length charter rate (i.e. the market rate) falls below US$ 13000 per day per ship, the same will be chartered in by the promoters at US$ 13000 per day per ship. Accordingly, out of the four chemical tankers owned by the Joint Venture Company, two ships have been taken on charter by SCI and the balance two have been taken on charter by Forbes & Co., the other promoter. This arrangement of stand-by charter has been discontinued with effect from 01.07.2011 with the Lender's consent. The charter hire paid and debited to Profit & Loss Account in respect of this transaction resulted in loss to the Company of ₹ 21.65 crores

Accounting Treatment

In the 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., Internal Auditors, have been appointed to undertake an Independent review of the risk management activity in SCI.

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

During the year under review, your Company came out with a Further Public Offer (FPO) through 100% book building process, comprising of a 'fresh issue' of 42,345,365 equity shares in your company and an 'offer for sale' of 42,345,365 equity shares by the President of India. Issue proceeds raised through 'fresh issue' made by the Company and the offer for sale by the Govt. of India amounted to ₹ 116472.8 lakhs. The shares issued under the Fresh Issue were listed on 15.12.2010 on the stock exchanges.

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 was headed by an independent director. Shri A K Mago was the Chairman of this Committee till 27.07.2010. Director (Finance) and Director (Personnel & Administration) were members of the Committee. The Remuneration Committee was reconstituted on 11.08.2010 with Rear Admiral (Retd.) T.S. Ganeshan as Chairman and Shri Nasser Munjee and Professor Sushil Khanna as its members. 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 are also incorporated in the Directors' Report. There are no qualifications made by the Comptroller and Auditor General of India.

Training of Board members

Besides the executive directors who have wide experience in the field of shipping, the Company has drawn professionals on its Board who have served / are serving at a very senior positions in Financial Institutions, Banks and other institutions. The Board is also represented by senior IAS Officers. The Company had sponsored a workshop organized by SCOPE on Corporate Governance for the Board members in June 2011.

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 as envisaged in this clause does not apply.

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

   Presidential sanction for the pay revision of the shore executive was received on May 1, 2009. There had been mismatch between the sanction and expectations of the executives. Further clarifications / instructions dated

December 14, 2009 and February 28, 2011 were received from the Government. The salary revision for the shore executives as per the sanction read with the clarifications / instructions would now be implemented.

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 administrative expenses as a percentage of total expenses are 6.17% in FY 2010-11 as against 5.86% in FY 2009-10. There is no significant increase in this percentage. The finance expenses as a percentage of total expenses is 1.91% in FY 2010-11 as against 1.54% in FY 2009-10. This has gone up primarily because of new vessel acquisitions during the FY 2010-11.

For and on behalf of the Board of Directors

Place : Mumbai

S. Hajara

Dated : 16th August, 2011

Chairman & Managing Director

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 2010-11 and a confirmation to this effect has been obtained from the Directors & Senior Management personnel.

For the Shipping Corporation of India Ltd.

Place : Mumbai

S. Hajara

Dated : 19th May, 2011.

Chairman & Managing Director

M/s. P.S.D. & 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)
Mumbai 400057.

Auditor's certificate on Corporate Governance

To

The Members

The Shipping Corporation of India Ltd.

Mumbai

We have examined the compliance of conditions of Corporate Governance by THE SHIPPING CORPORATION OF INDIA LTD. for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement in respect of Equity Shares 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement and in the Guidelines on Corporate Governance for Central Public Sector Enterprises.

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 **P.S.D. & ASSOCIATES,**

Chartered Accountants

FR No. 004501C

For **SARDA & PAREEK,**

Chartered Accountants

FR No. 109262W

MANISH AGARWAL

Partner

Membership No. 406996

SITARAM PAREEK

Partner

Membership No. 016617

Place : Mumbai
Dated : 16th August, 2011

P.S.D. & ASSOCIATES
Chartered Accountants

SARDA & PAREEK
Chartered Accountants

Auditors' Report

To
The Members of
Shipping Corporation of India Ltd,
Mumbai

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

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

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of the Section 227 of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) Further to our comments in the annexure referred to in Para 3 above, we report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956;

e) Being a Government company, pursuant to the Notification no.GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;

f) Attention is invited on:

Note. No. 1, Schedule-25 Notes on Accounts, regarding various errors and omissions have been made by the Company during the process of migration / uploading of data post migration in the new accounting software ERP-SAP, in respect of accounting of the income and expenses, assets and liabilities for which necessary rectification has been carried out by the Company.

Further there remain certain items where the company is unable to make appropriate adjustment and the effects of errors and adjustments, if any, as might have been determined to be necessary in the data migrated / uploaded in the accounting software post migration.

It has been further noticed that the Company has:

i) Not accounted the income and expenditure in respect of unfinished voyages as per accounting policy No. 2(c), having no impact on the profit for the year.

ii) Non accounting of foreign currency transactions at the rates as stipulated in Accounting Policy No. 8 (a) for the months of January 2011 and February 2011 instead the same have been accounted at the exchange rates applicable for the month of March 2011.

g) Note No. 17 of Schedule-25 “Notes to the Accounts” in respect of balances of Sundry Creditors, Debtors, Loans & Advances and Deposit which are subject to confirmation.

In our opinion and to the best of our information and according to the explanations given to us, ***subject to our comments in para 4 (f) above***, the said accounts read together with the Significant Accounting Policies stated in Schedule 24 and Notes on the Accounts in Schedule 25, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **P.S.D. & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 004501C

Manish Agarwal
Partner
(Membership No. 406996)

For **SARDA & PAREEK**
Chartered Accountants
Firm Registration No.: 109262W

Sitaram Pareek
Partner
(Membership No. 016617)

Place : Mumbai
Date : 30th May 2011.

Annexure to the Auditors' Report

Statement referred to in Paragraph (3) of our report of even date to the members of **The Shipping Corporation of India,** on the accounts for the year ended 31st March 2011:

i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Substantial part of the fixed assets has not been disposed off during the year.

ii) (a) The stock of Fuel oil and stores has been physically verified by the management at reasonable intervals.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification of inventories, were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.

iii) (a) The Company has not granted any loans secured or unsecured to the Company, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956. In view of clause (iii)(a) above, the clause (iii)(b), and (iii)(c) and (iii)(d) are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firm or other parties covered in register maintained under section 301 of the Companies Act, 1956. In view of (iii)(e) above, the clause (iii)(f) and (iii)(g) are not applicable.

iv) ***In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems. However weakness in design of internal control in respect of migration of the data / uploading of the data have been observed in the process of implementation of ERP-SAP, although as at the balance sheet date, the material errors and omission effecting the results as observed during the course of our audit has been rectified by the management.***

v) (a) According to the information and explanations given to us, during the year under audit there has been no contracts or arrangement which need to be entered in the register maintained under Section 301 of the Companies Act, 1956. In view of clause (v)(a) above, the clause (v)(b) is not applicable.

vi) In our opinion and according to the information and explanations given to us, the Corporation has not accepted any deposit from the public within the meaning of the Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed under there. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.

vii) The Company has an internal audit system commensurate with its size and nature of business till December 2010. Post implementation of the ERP-Sap, the internal auditor expressed inability to cover many areas and report thereon including accounting of income and expenses on finished and unfinished voyages etc.

viii) As per the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.

ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, income tax, wealth tax, value added tax Service Tax, custom duty, excise duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities within a period of six months from the date they become payable which has since been deposited with the appropriate authorities.

(c) The disputed statutory dues aggregating to ₹ 8813 lac that have not been deposited on account of matters pending before appropriate authorities are detailed below :

Sr. No	Name of the Statute	Nature of Dues	Forum where dispute is pending	₹ / lac
1	Income Tax Act, 1961	u/s 195	ITAT	417
2	Income Tax Act, 1961	Tax u/s 143(3) & 147	CIT (A) Mumbai	4939
3	Income Tax Act, 1961	Tax u/s 154 & 143(3)	CIT (A) Mumbai	1861
4	Income Tax Act, 1961	Tax u/s 143 (3)	ITAT	1569
5	Income Tax Act, 1961	Tax u/s 154 & 115 WE (3)	CIT (A) Mumbai	27
	Total			**8813**

x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and 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, banks or debenture holders.

xii) According to the information and examinations given to us, 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. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.

xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) In our opinion and information and explanations given to us the Company has not given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

xvi) According to the information given to us, the term loans have been applied for the purposes for which they were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.

xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares during the year.

xix) The Company has not issued any debentures/ bonds during the year.

xx) According to the information and explanations given to us, the Company has raised money by public issue during the year and same have been applied for the purpose for which they were obtained.

xxi) On the basis of information and explanations given to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For P.S.D & ASSOCIATES	**For SARDA & PAREEK**
Chartered Accountants	Chartered Accountants
Firm Registration No : 004501C	Firm Registration No : 109262W
Manish Agarwal	**Sitaram pareek**
Partner	Partner
(Membership No. 406996)	(Membership No. 016617)

Place : Mumbai,

Date : 30th May 2011

Comments of the Comptroller and Audior 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 31st March 2011.

The preparation of financial statements of The Shipping Corporation of India Limited for the year ended 31st March, 2011 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 30th May, 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of The Shipping Corporation of India Limited for the year ended 31st March, 2011. 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 the behalf of the
Comptroller and Auditor General of India
(Alka R. Bhardwaj)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date : 12th July, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule		As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	**46,580**		42,345
Reserves & Surplus	2	**670,233**		591,355
			716,813	633,700
LOAN FUNDS				
Secured Loans	3		**471,515**	269,686
	TOTAL		**1,188,328**	903,386
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	4	**1,184,128**		889,322
Less : Depreciation		**447,209**		438,641
Net Block		**736,919**		450,681
Assets under Construction (including CWIP & Advance)	5	**179,036**		185,470
			915,955	636,151
ASSETS HELD FOR DISPOSAL			**2**	2
INVESTMENTS	6		**29,267**	16,666
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	**14,650**		8,321
Sundry Debtors	8	**38,073**		33,806
Cash & Bank Balances	9	**215,674**		240,646
Deposit with Public Financial Institutions		**31,000**		27,000
Other Current Assets	10	**16,120**		13,912
Amounts advanced to Joint Venture Companies	11	**22,061**		23,483
Loans and Advances	12	**16,416**		31,985
		353,994		379,153
Less :				
CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors & Other Liabilities	13	**87,527**		94,524
Provisions	14	**23,363**		34,062
		110,890		128,586
NET CURRENT ASSETS			**243,104**	250,567
	TOTAL		**1,188,328**	903,386
SIGNIFICANT ACCOUNTING POLICIES	24			
NOTES ON ACCOUNTS	25			

As per our report of even date attached hereto.

For PSD & ASSOCIATES,
Chartered Accountants
FR. No. 004501C

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

For and on behalf of the Board of Directors,

MANISH AGARWAL
Partner
Membership No.406996

SITARAM PAREEK
Partner
Membership No. 016617

DIPANKAR HALDAR
SVP (LA) & Company Secretary

B.K MANDAL
Director (Finance)

S. HAJARA
Chairman & Managing Director

Mumbai,
Dated the 30th May, 2011.

Mumbai,
Dated the 30th May, 2011.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
INCOME			
Operating Earnings	15	**354,342**	346,312
Profit on sale of Ships (Net)	16	**20,097**	12,252
Interest Income	17	**19,141**	21,815
Other Income	18	**2,666**	3,273
Excess provision / Sundry credit balances written back	19	**2,756**	6,617
		399,002	390,269
EXPENDITURE			
Operating Expenses	20	**260,804**	277,101
Administration Expenses	21	**20,752**	20,060
Other Expenses, Provisions etc.	22	**1,811**	1,611
Interest	23	**6,436**	5,253
Depreciation		**46,510**	38,011
		336,313	342,036
PROFIT BEFORE ITEMS RELATING TO EARLIER YEARS		**62,689**	48,233
Prior period adjustments (Refer Note No. 7 of Schedule 25)		**2,975**	(636)
PROFIT BEFORE TAX		**65,664**	47,597
Provision for Indian Income Tax - Current		**9,000**	10,000
- Prior years		**71**	94
		8,929	9,906
PROFIT AFTER TAX		**56,735**	37,691
Less: Transferred to Tonnage Tax Reserve u/s 115VT of Income Tax Act		**11,400**	8,000
BALANCE		**45,335**	29,691
Add : Balance brought forward from last year		**51,663**	51,138
AMOUNT AVAILABLE FOR APPROPRIATION		**96,998**	80,829
Appropriations			
Staff Welfare Fund		**100**	100
Corporate Social Responsibility Reserve		**567**	377
Capital Reserve		**1,759**	-
General Reserve		**5,700**	4,000
Interim Dividend		**13,974**	-
Tax on Interim Dividend		**2,321**	-
Proposed Dividend		**11,645**	21,173
Tax on Proposed Dividend		**1,889**	3,516
		37,955	29,166
BALANCE CARRIED TO BALANCE SHEET		**59,043**	51,663
Earnings per share (Basic / Diluted) (₹)		**13.01**	8.90
Nominal Value of Shares (₹) (Refer Note No. 6 of Schedule 25)		**10.00**	10.00
SIGNIFICANT ACCOUNTING POLICIES	24		
NOTES ON ACCOUNTS	25		

As per our report of even date attached hereto.

For PSD & ASSOCIATES,
Chartered Accountants
FR. No. 004501C

MANISH AGARWAL
Partner
Membership No.406996
Mumbai,
Dated the 30th May, 2011.

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

SITARAM PAREEK
Partner
Membership No. 016617

For and on behalf of the Board of Directors,

DIPANKAR HALDAR
SVP (LA) & Company Secretary

B.K MANDAL
Director (Finance)

S. HAJARA
Chairman & Managing Director

Mumbai,
Dated the 30th May, 2011.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE '1'

SHARE CAPITAL

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Authorised :		
1,00,00,00,000 (Prev. yr. 45,00,00,000) Equity Shares of ₹ 10 each	**100,000**	45,000
Issued and subscribed :		
In cash :		
30,69,58,235 (Prev. yr. 26,46,12,870) Equity Shares of ₹ 10 each fully paid	**30,696**	26,461
Of the above 42345365 equity shares of ₹ 10 each were issued in FY 2010-11		
*For Consideration Other than Cash :		
15,88,40,765 (Prev. yr. 15,88,40,765) Equity Shares of ₹ 10 each fully paid	**15,884**	15,884
Partly in Cash and partly for Consideration other than Cash :		
10 Equity Shares of ₹ 10 each fully paid		
Received ₹ 18.00 in Cash at ₹ 1.80 each	-	
For Consideration other than Cash ₹ 82.00 at ₹ 8.20 each		
TOTAL	**46,580**	42,345

* Of the above, 14,11,51,215 equity shares of ₹ 10 each were alloted in FY 2008-09 as fully paid up bonus sharesin the ratio of 1:2 by way of capitalisation of ₹ 1411.51 lakhs from General Reserve

SCHEDULE '2'

RESERVES AND SURPLUS

(₹ in Lakhs)

		As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Capital Reserve	**12,539**		12,539
Add : Trf from Profit & Loss Account	**1,759**		-
		14,298	12,539
Share Premium	**54,010**		
Less : Share Issue (Further Public Offer) Expenses	**1,644**		
		52,366	
General Reserve :			
As per Last Balance Sheet	**276,783**		272,783
Add : Transferred from Profit & Loss Account	**5,700**		4,000
		282,483	276,783
Special Reserve U/S 33AC of I.T. Act, 1961 (Utilised)			
As per last Balance Sheet		**121,500**	121,500
Tonnage Tax Reserve			
As per Last Balance Sheet	**28,000**		20,000
Add : Transferred from Profit & Loss Account	**11,400**		8,000
		39,400	28,000
Tonnage Tax Reserve (Utilised)			
As per last Balance Sheet		**99,500**	99,500
Staff Welfare Fund :			
As per Last Balance Sheet	**118**		99
Add : Interest Earned	**8**		13
	126		112
Less: Expenses incurred	**101**		94
	25		18
Add : Transferred from Profit and Loss Account	**100**		100
		125	118
Corporate Social Responsibility Reserve			
As per Last Balance Sheet	**1,119**		941
Add : Transferred from Profit & Loss Account	**567**		377
	1,686		1,318
Less : Transferred to Allocated Corp. Social Responsibility Reserve	**199**		
Less : Expenses from Corporate Social Responsibility	**263**		-
		1,423	1,119
Allocated Corporate Social Responsibility Reserve			
As per Last Balance Sheet	**133**		-
Add : Transferred from Corporate Social Responsibility Reserve			199
	133		199
Less : Expenses Incurred	**38**		66
		95	133
Balance in Profit & Loss Account	**59,043**	51,663	
TOTAL		**670,233**	591,355

SCHEDULE '3'
SECURED LOANS

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
State Bank of India:		
Secured by Statutory first ship mortgage of m.v. A.K. Azad	**533**	1,600
(Installments due within one year ₹ 533 lakhs; Prev. yr. ₹ 1067 lakhs)		
Oriental Bank of Commerce		
(Out of the total balance of ₹ 5581 lakhs)		
1) A sum of ₹ 2297 lakhs (Prev. yr. 4519 lakhs) is secured by Statutory first ship mortgage of m.t. Desh Shakti		
2) A sum of ₹ 3284 lakhs (Prev. yr. ₹ 5531 lakhs) is secured by Statutory first ship mortgage over m.t.Desh Shanti)	**5,581**	10,050
(Installments due within one year ₹ 4469 lakhs; Prev. yr. ₹ 4469 lakhs)		
Bank of Maharashtra	**4,000**	8,000
Secured against mortgage of part of the fleet		
(Installments due within one year ₹ 4000 lakhs; Prev. yr. ₹ 4000 lakhs)		
United Bank of India	**11,236**	12,100
Secured by Statutory first ship mortgage of M.T Suwarna Mala		
(Installments due within one year ₹ 1729 lakhs; Prev. yr. ₹ 864 lakhs)		
FCNR Loan from State Bank of India		
Secured by Statutory first ship mortgage of vessel Desh Vishal	**39,228**	44,275
(Installments due within one year ₹ 4615 lakhs; Prev. yr. ₹ 4661 lakhs)		
Foreign Banks (In Foreign Currency)		
Loans of ₹ 384946 lakhs (Prev. yr. ₹ 148540 lakhs) secured by mortgage of certain ships, ₹ Nil lakhs (Prev. yr. ₹ 32028 lakhs) secured by Refundment Guarantee of EXIM Bank, Korea and ₹ 23996 lakhs (Prev. yr. ₹ 11079 lakhs) secured by Refundment Guarantee of SBI, ₹ 1995 lakhs (Prev. yr. ₹ 2014 lakhs) secured by Refundment Guarantee of Andhra Bank		
(Installments due within one year ₹ 50537 lakhs; Prev. yr. ₹ 24462 lakhs)	**410,937**	193,661
TOTAL	**471,515**	**269,686**

SCHEDULE '4'

FIXED ASSETS

(₹ in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31-3-2010	Additions	Deductions Adjustments	**Cost as at 31-3-2011**	Upto 31-3-2010	Provided during the period	Deductions/ Adjust-ments	**Upto 31-3-2011**	**As at 31-3-2011**	As at 31-3-2010
Tangible Assets Fleet	875,467	326,723	37,666	**1,164,524**	428,613	45,380	37,666	**436,327**	**728,197**	446,854
Ownership Containers	5,101	-	274	**4,827**	4,297	106	231	**4,172**	**655**	804
Freehold Land	271	-	-	**271**	-	-	-	**-**	**271**	271
Buildings	1,313	-	-	**1,313**	769	26	-	**795**	**518**	544
Ownership Flats and Residential Buildings	318	-	-	**318**	237	4	-	**241**	**77**	81
Furniture, Fittings & Equipments etc.	5,687	951	40	**6,598**	4,112	631	37	**4,706**	**1,892**	1,575
Motor Vehicles	103	-	-	**103**	76	7	-	**83**	**20**	27
Intangible Assets Computer Software	1,062	5,112	-	**6,174**	537	348	-	**885**	**5,289**	525
Total	889,322	332,786	37,980	**1,184,128**	438,641	46,502	37,934	**447,209**	**736,919**	450,681
Previous Year's Total	816,184	105,914	32,776	**889,322**	433,393	38,011	32,763	**438,641**	**450,681**	

Notes: (1) Additions to Fleet include ₹ (-) 7053 lakhs (Prev. yr. ₹ (-) 22923 lakhs) on account of currency exchange difference adjusted as per Significant Accounting Policy No. 8 (d) of Schedule 24.

(2) Deductions / Adjustments in respect of containers include ₹ Nil (Prev. yr. ₹ 4 lakhs) towards cost of containers held for disposal and ₹ Nil (Prev. yr. ₹ 3 lakhs) towards depreciation in respect of such containers.

(3) Buildings include cost of Shipping House at Bombay ₹ 134 lakhs (Prev. yr. ₹ 134 lakhs) which is on leasehold land where in the value of lease is considered at ₹ Nil.

(4) Ownership Flats and Residential Buildings include :
Cost of shares and bonds in Cooperative Societies / Company of face value ₹ 0.73 lakhs (Prev. yr. ₹ 0.73 lakhs).

SCHEDULE '5'

ASSETS UNDER CONSTRUCTION

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Ships - Work in progress & Advances	178,897	182,793
Other Assets - Work in progress & Advances	139	2,677
TOTAL	**179,036**	**185,470**

(1) Ships - Work in Progress and Advances includes ₹ (-) 761 lakhs (Prev. yr. ₹ (-) 4123 lakhs) on account of currency exchange difference adjusted as per Significant Accounting Policy No. 8 (d) of Schedule 24

SCHEDULE '6'
INVESTMENTS (At Cost - unless otherwise specified)

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
LONG TERM QUOTED :		
Trade Investments :		
In Shares	**-**	-
3438 Equity Shares of ₹ 20/- each of Scindia Steam Navigation Company Ltd., Fully paid (₹ 0.30 lakhs; Prev. yr. ₹ 0.30 lakhs)		
Less : Provision for Diminution in Value of Investment (₹ Nil, Prev. yr. ₹ Nil)	**-**	-
Market Value ₹ 0.41 lakhs (Prev. yr. ₹ 0.34 lakhs).	**-**	-
UNQUOTED :		
TRADE INVESTMENTS :		
In Shares		
* 245,00,000 Registered Shares of Rials 5,000 each of Irano Hind Shipping Co. Ltd.,Tehran, Fully paid (including 244,93,385 Bonus Shares)	**39**	39
295,029 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 of 1 USD each fully paid up pf BIIS Maritime (Shares are received as gift from Irano-Hind Shipping Co. (P.J.S)	**-**	-
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 Ordinary Shares of 2.33 Euro each fully paid of India LNG Transport Company (No. 1) Ltd.	**3**	3
*** 2908 Ordinary Shares of 2.33 Euro each fully paid of India LNG Transport Company (No. 2) Ltd.	**3**	3
*** 2600 Ordinary Shares of 1 USD each fully paid of India LNG Transport Company (No. 3) Ltd.	**1**	1
6,10,00,000 ordinary Shares of ₹ 10 each fully paid up of SCI Forbes Ltd.	**6,100**	6,100
1,90,00,000 (Prev. yr.1,90,00,000) ordinary Shares of ₹ 10 each fully paid up (Prev. yr. ₹ 3 paid up) of SCI Forbes Ltd.	**1,900**	570
6,18,00,000 (Prev. yr. 4,95,00,000) 0% Redeemable Preference Shares of ₹ 10 each fully paid up of SCI Forbes Ltd.	**6,180**	4,950
1,00,000 (Prev. yr. Nil) Shares of ₹ 10 each of SAIL SCI Shipping Company Ltd.	**10**	-
5,00,00,000 ordinary Shares of ₹ 10 each fully paid of Sethusamudram Corp. Ltd.	**5,000**	5,000
CURRENT INVESTMENTS		
NON TRADE UNQUOTED :		
80848787.9984 units of Canara Robeco Treasury Advantage Fund-Daily Dividend Plan - Reinvestment of ₹ 12.4071 each	**10,031**	-
TOTAL	**29,267**	16,666

* 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.

SCHEDULE '7'

Inventories

(As verified, valued and certified by the Management)

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Fuel Oil	**14,267**	7,985
Stores and Spares	**-**	6
Stores and Spares In Transit	**885**	687
Less :		
Adjustment made towards consumption	**502**	357
(Refer Significant Accounting Policy No. 7(d) of Schedule 24)	**383**	330
TOTAL	**14,650**	8,321

SCHEDULE '8'

SUNDRY DEBTORS (UNSECURED)

		Asm at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Debts outstanding for more than six months			
(a) Considered good			
(b) Considered doubtful	**11,838** **5,300**		7,692 5,379
	17,138		13,071
Less : Provision for Doubtful Debts	**5,300**		5,379
		11,838	7,692
Other debts - Considered good		**26,235**	26,114
TOTAL		**38,073**	33,806

SCHEDULE '9'
CASH & BANK BALANCES

			As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Cash on hand			**13**	15
Cheques in Hand			**113**	-
Interbank Transfer			**10**	
Remittances in Transit			**-**	193
Bank Balances				
With Scheduled Banks :				
In Current Accounts	6,203			11,867
In Deposit Accounts	203,953			220,778
		210,156		232,645
For Staff Welfare Fund :				
In Savings Bank Account	11			15
In Fixed Deposit Account	123			113
		134		128
			210,290	232,773
With Non-Scheduled Banks :				
In Current Account:				
Uttara Bank, Bangladesh (Maximum balance during the year ₹ 88 lakhs; Prev. yr. ₹ 112 lakhs)		**86**		5
CIMB Bank (formerly Bhumiputra Commerce Bank), Berhad, Malaysia (Maximum balance during the year ₹ 0.28 lakhs; Prev. yr. ₹ 0.51 lakhs)		**-**		-
Unicredit Banca d'impresa (formerly Credito Italino Bank, Genoa) (Maximum balance during the year ₹ 141 lakhs; Prev. yr. ₹ 128 lakhs)		**144**		3
Bayerische Hypo-und Vereins Bank AG (formerly Vereins Bank, Hamburg) (Maximum balance during the year ₹ Nil lakhs; Prev. yr. ₹ 0.26 lakhs)		**-**		-
Citi Bank London - USD Pool (Maximum balance during the year ₹ 226 lakhs; Prev. yr. ₹ 639 lakhs)		**176**		26
Citi Bank London - Euro Pool (Maximum balance during the year ₹ 471 lakhs; Prev. yr. ₹ 484 lakhs)		**316**		81
Citi Bank GBP Pool (Maximum balance during the year ₹ 182 lakhs; Prev. yr. ₹ Nil lakhs)		**121**		-
Citi bank Denmark DKK Freight (Maximum balance during the year ₹ 100 lakhs; Prev. yr. ₹ 51 lakhs)		**40**		49
Citi Bank Finland - ECU Freight (Maximum balance during the year ₹ 132 lakhs; Prev. yr. ₹ 27 lakhs)		**37**		26
Citi Bank UK GBP Freight Account (Maximum balance during the year ₹ 939 lakhs; Prev. yr. ₹ 708 lakhs)		**258**		277
Citi Bank Sweden Freight (Maximum balance during the year ₹ 74 lakhs; Prev. yr. ₹ 524 lakhs)		**21**		349
Citi bank Germany Euro Freight (Maximum balance during the year ₹ 1031 lakhs; Prev. yr. ₹ 786 lakhs)		**93**		354
Citi Bank Netherlands Freight (Maximum balance during the year ₹ 807 lakhs; Prev. yr. ₹ 489 lakhs)		**9**		231

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Citi bank Belgium Euro Freight (Maximum balance during the year ₹ 761 lakhs; Prev. yr. ₹ 188 lakhs)	**35**	47
Citi Bank France (Maximum balance during the year ₹ 24 lakhs; Prev. yr. ₹ 5 lakhs)	**1**	1
Citi Bank Spain Euro Freight (Maximum balance during the year ₹ 611 lakhs; Prev. yr. ₹ 323 lakhs)	**394**	295
Citi Bank Portugal Euro Freight (₹ 0.02 lakhs, Prev. yr. ₹ 0.02 lakhs) (Maximum balance during the year ₹ 0.03 lakhs; Prev. yr. ₹ 0.03 lakhs)	**-**	-
Citi Bank Italy - ECU Freight (Maximum balance during the year ₹ 388 lakhs; Prev. yr. ₹ 79 lakhs)	**106**	60
Citi Bank Israel - USD Freight (Maximum balance during the year ₹ 66 lakhs)	**65**	-
Citi Bank Poland - PLN Freight (Maximum balance during the year ₹ 101 lakhs; Prev. yr. ₹ 63 lakhs)	**64**	61
HSBC Honkong HKD Freight (Maximum balance during the year ₹ 141 lakhs; Prev. yr. ₹ 188 lakhs)	**12**	124
HSBC Japan- USD Freight (Maximum balance during the year ₹ 9 lakhs; Prev. yr. ₹ 5 lakhs)	**1**	4
HSBC Singapore SGD Freight (Maximum balance during the year ₹ 246 lakhs; Prev. yr. ₹ 253 lakhs)	**119**	106
HSBC Malaysia MYR Freight (Maximum balance during the year ₹ 86 lakhs; Prev. yr. ₹ 135 lakhs)	**47**	73
HSBC UAE AED Freight (Maximum balance during the year ₹ 442 lakhs; Prev. yr. ₹ 520 lakhs)	**424**	194
HSBC Egypt USD Freight (Maximum balance during the year ₹ 105 lakhs; Prev. yr. ₹ 129 lakhs)	**108**	32
HSBC London USD Pool (Maximum balance during the year ₹ 71887 lakhs; Prev. yr. ₹ 5938 lakhs)	**71**	4,601
HSBC Honkong USD Freight (Maximum balance during the year ₹ 203 lakhs; Prev. yr. ₹ 207 lakhs)	**57**	203
HSBC Honkong China USD Freight (Maximum balance during the year ₹ 1141 lakhs; Prev. yr. ₹ 883 lakhs)	**1,141**	4
HSBC Bank Japan - Yen Freight (Maximum balance during the year ₹ 375 lakhs; Prev. yr. ₹ 256 lakhs)	**233**	234
HSBC Honkong - HKD Freight Saving (Maximum balance during the year ₹ 1 lakhs; Prev. yr. ₹ 1 lakhs)	**1**	1
Citi Bank Germany USD Freight Account (Maximum balance during the year ₹ 453 lakhs; Prev. yr. ₹ 745 lakhs)	**212**	153

		As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
HSBC Indonesia USD Freight (Maximum balance during the year ₹ 23 lakhs; Prev. yr. ₹ 35 lakhs)	**22**		5
Citi Bank UK Gibralter Freight (₹ 0.06 lakhs; Prev. yr. ₹ 0.06 lakhs) (Maximum balance during the year ₹ 0.07 lakhs; Prev. yr. ₹ 0.08 lakhs)	**-**		-
HSBC Turkey USD Freight (Prev. yr. 0.49 lakhs) (Maximum balance during the year ₹ 262 lakhs; Prev. yr. ₹ 0.62 lakhs)	**262**		-
Citibank Belgium USD Freight (Maximum balance during the year ₹ 356 lakhs; Prev. yr. ₹ 68 lakhs)	**264**		66
HSBC Korea WOS Freight (Maximum balance during the year ₹ 394 lakhs; Prev. yr. ₹ Nil lakhs)	**308**		-
		5,248	7,665
In Deposit Account: Tokyo Time Deposit (₹ Nil, Prev. yr. 0.18 lakhs)		**-**	-
TOTAL		**215,674**	240,646

SCHEDULE '10'
OTHER CURRENT ASSETS

		As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Interest Accrued on :			
Deposits with Banks	**4,795**		4,129
Deposits with Public Financial Institutions	**1,528**		634
Loans to employees	**533**		623
		6,856	5,386
Silver Medals (₹ 1350; Prev. yr. ₹ 1350)		**-**	-
Unfinished Voyages		**7,128**	8,520
Course fee receivable		**68**	6
CENVAT Credit on Service Tax		**2,046**	-
Other receivable		**22**	-
		16,120	13,912

SCHEDULE '11'

AMOUNTS ADVANCED TO JOINT VENTURE COMPANIES

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
* Shareholder's Contribution towards project cost - India LNG Transport Co. (No.3) Ltd.	**7,098**	6,973
* India LNG Transport Company (No. 1) Ltd - Loan	**6,300**	5,790
* India LNG Transport Company (No. 2) Ltd - Loan	**5,933**	5,453
Interest Receivable	**2,647**	4,430
Other recoverables	**83**	837
TOTAL	**22,061**	23,483

SCHEDULE '12'

LOANS AND ADVANCES

		As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
LOANS AND ADVANCES -			
(Considered good unless otherwise stated)			
(A) Secured :			
Loans and Advances to Employees and Employees' Co-operative Societies			
- Considered Good	**2,884**		1,352
- Considered Doubtful	**-**		2
	2,884		1,354
Less : Provision for doubtful Loans & Advances	**-**		2
		2,884	1,352
(B) Unsecured :			
Advances recoverable in cash or in kind or for value to be received :			
- Considered Good	**6,694**		25,193
- Considered Doubtful	**1,081**		3,493
	7,775		28,686
Less : Provision for doubtful Advances	**1,081**		3,493
		6,694	25,193
Excess of fair value of plan assets over acturial gratuity liability (Refer Note No. 15 (E) of Schedule 25)		**5,644**	5,063
Loans and Advances to employees and employees' Co-operative Societies		**-**	-
under Staff Welfare Scheme (₹ 0.22 lakhs)			
Other Loans		**-**	34
Advance Indian Income Tax & Tax Deducted at Source (Net of Provisions)		**218**	81
Deposits		**976**	262
TOTAL		**16,416**	31,985

SCHEDULE '13'
SUNDRY CREDITORS & OTHER LIABILITIES

		As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Sundry Creditors :			
- Small and Medium Enterprises	**917**		185
- Others	**67,714**		71,591
		68,631	71,776
Interest accrued but not due		**2,031**	661
Advances and Deposits		**1,015**	10,676
Security and other Deposits		**181**	119
Other Liabilities		**14,410**	7,471
Unpaid Dividend (Note 1)		**75**	56
Unfinished Voyages		**1,184**	3,765
Bank Overdrafts			
Citi Bank Israel - USD Freight (Prev. yr. ₹ 0.09 lakhs) (Maximum debit balance during the Prev. yr. ₹ 0.17 lakhs)			-
TOTAL		**87,527**	94,524

Note 1 : There is no amount due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE '14'
PROVISIONS

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
Foreign Taxation (Net of Advances)	**1,414**	836
Leave Encashment	**5,307**	5,711
Post retirement medical scheme	**3,108**	2,826
Proposed Dividend	**11,645**	21,173
Tax on Proposed Dividend	**1,889**	3,516
TOTAL	**23,363**	34,062

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE '15'

Operating Earnings

	Year ended 31.03.2011 (₹ in lakhs)	Year Ended 31.03.2010 (₹ in lakhs)
Freight (Net)	**226,140**	207,171
Charter Hire	**110,977**	121,738
Demurrage	**10,711**	10,219
Receipts towards Managed Vessels		
- Remuneration	**2,738**	3,366
- Reimbursement of overheads	**3,776**	3,818
	6,514	7,184
TOTAL	**354,342**	346,312

SCHEDULE '16'

PROFIT ON SALE OF SHIPS (NET)

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
Sales Realisation	**20,829**	12,968
Less : Book Value	**-**	-
Surplus	**20,829**	12,968
Less : Expenses incurred upto date of sale:		
Fuel Oil	**536**	545
Wages and Victualling	**86**	58
Insurance & P & I Club fee	**53**	52
Stores and Maintenance	**25**	25
Sundries	**32**	36
	732	716
TOTAL	**20,097**	12,252

SCHEDULE '17'

INTEREST INCOME

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
Interest earned (Gross) : (TDS - ₹ 1689 lakhs; Prev. yr. ₹ 2612 lakhs)		
On Bank Deposits	**15,127**	18,893
On Deposits with Public Financial Institutions	**2,495**	992
Others	**1,519**	1,930
TOTAL	**19,141**	21,815

SCHEDULE '18'

OTHER INCOME

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
Sundry Receipts		
- Core shipping activities	**1,070**	1,777
- Incidental activities	**1,138**	1,065
	2,208	2,842
Profit on sale of Fixed Assets (other than Ships)	**6**	-
Dividend on trade Investments	**288**	232
Profit on Sale of Bunker	**164**	199
TOTAL	**2,666**	3,273

SCHEDULE '19'

EXCESS PROVISIONS / SUNDRY CREDIT BALANCES WRITTEN BACK

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
A. Excess Provision written back (core activities)		
Freight & Charter hire	**-**	280
Wages, Bonus & other expenses on floating staff	**71**	2,193
Insurance, P&I, Cargo claims & P&I Club fees	**562**	1,163
Repairs and Maintenance, Survey expenses etc.	**567**	
Provision for Doubtful Debts & Advances	**248**	162
Provision for Liabilities	**190**	
Administration Expenses	**50**	
Foreign Taxation	**189**	34
Balances with Custom Ports	**44**	669
Commission on Freight Outward	**414**	
Provision for Off hire	**93**	1,768
Others	**44**	16
	2,472	6,285
B. Sundry credit balances written back (core activities)	**284**	332
TOTAL	**2,756**	6,617

SCHEDULE '20'
OPERATING EXPENSES

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
DIRECT OPERATING EXPENSES :		
Agency fees	**1,574**	1,709
Brokerage	**1,092**	814
Commission	**5,766**	4,860
Stevedoring, Dunnage, Cargo expenses etc. & Slot Expenses on joint sector container services (Net)	**22,168**	25,170
Marine, Light and Canal Dues	**28,879**	30,513
Fuel Oil (Net)	**81,707**	73,593
Water charges	**271**	343
	141,457	137,002
HIRE OF CHARTERED STEAMERS	**34,005**	37,551
*INDIRECT OPERATING EXPENSES :		
Wages, Bonus and other expenses on Floating Staff	**32,076**	35,052
Gratuity	**(327)**	609
Contribution to Provident Fund	**232**	303
Victualling, Transfer and Repatriation and other benefits etc.	**2,651**	1,799
Stores & Spares	**19,451**	20,143
Sundry Steamer Expenses	**2,146**	2,097
Repairs and Maintenance, Survey expenses etc.	**14,605**	27,631
Insurance and Protection, Indemnity Club Fees & Insurance Franchise etc.	**8,116**	9,098
Currency Exchange Difference	**6,392**	5,816
	85,342	102,548
TOTAL	**260,804**	277,101

* Net of recoveries on account of managed vessels.

SCHEDULE '21'
ADMINISTRATION EXPENSES

	Year ended 31.03.2011 (₹ in lakhs)	2009-2010 Rupees (₹ in lakhs)
Salaries, Bonus including Lease Rent and Staff Welfare Exp	**13,502**	12,426
Gratuity	**(199)**	163
Contribution to Provident Fund	**538**	611
Remuneration to Directors	**234**	82
Directors' Sitting Fees	**148**	34
Directors' Travel Expenses	**34**	97
Donations & Grants	**1**	-
Establishment Charges	**4,593**	4,770
Repairs and Maintenance-Buildings	**974**	999
Rent	**494**	553
Rates and Taxes	**122**	204
Insurance	**44**	21
Auditors' Remuneration	**74**	81
Bank charges	**193**	19
TOTAL	**20,752**	20,060

SCHEDULE '22'
OTHER EXPENSES, PROVISIONS ETC.

	Year ended 31.03.2011 (₹ in lakhs)	2009-2010 Rupees (₹ in lakhs)
Provision for Off Hire etc.	**536**	728
Provision for Doubtful Debts and Advances	**197**	433
Foreign Taxation	**882**	377
Wealth Tax		
(₹ 0.30 lakhs, Prev. yr. ₹ Nil)	**-**	-
Miscellaneous Expenses	**158**	26
Debts / Advances written off	**36**	7
Provision for contingencies etc.	**2**	39
Write off of expenses capitalised earlier		1
TOTAL	**1,811**	1,6118

SCHEDULE '23'
INTEREST

	Year ended 31.03.2011 (₹ in lakhs)	2009-2010 Rupees (₹ in lakhs)
On Term Loans	**6,141**	5,215
Exchange Loss Regarded as Interest / Borrowing Cost	**295**	
Others	**-**	38
TOTAL	**6,436**	5,253

SCHEDULE '24'

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 transhipment port by the mainline and own feeder vessels should be completed on or before the last date of financial year. Transhipment 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 except in cases of Offshore Vessels, which are written off over a period of 12 years and second hand vessels, which are written off over their respective useful lives as determined by technical evaluation subject to minimum rates as prescribed in Schedule XIV to 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 'First-in-First-out' 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, however at the end of the financial year, provision for consumption is made for items which remain as stores / spares in transit for more then three months. 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 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 / ownership 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.

SCHEDULE '25'

NOTES ON ACCOUNTS

1. The Company being a shipping company, its activities are based both in shore and in floating ships. The Company have implemented three different ERP packages to take care of both shore and the ship related transactions and they have gone live from 28.02.2011. The accounts for the period 01.04.2010 to 31.01.2011 (i.e for ten months) are prepared in the legacy system and for the period 01.02.2011 to 31.03.2011 (i.e for two months) are prepared in the new system. With all efforts, the system has been implemented and the accounts for the 4th quarter and year ending 31.03.2011 are for the first time prepared under the new system.

   In addition to above, supporting documents for income and expenses are not received by the Company from the agents and transactions have been recorded based on the amount of the advance released / data received from the agents for the month of March 2011.

   Necessary accounting effects to rectify the migration errors have been carried out by the management where ever the instances have been observed and the exercise is continuing and the necessary rectification will be made appropriately.

   Further to above the company is unable to make certain adjustment in respect of following due to issues arising on migration and uploading of data in the new system:

   i) Translation of certain balances as per policy No. 8(c), where ever rectification entries have been passed post revaluation of the balances of the assets and liabilities,

   ii) The segmental results disclosed segment report may consist certain inter segment compensating issues,

   iii) In some of the assets, depreciation is accounted where instances of classification in inter assets class is noticed and date of capitalisation is taken based on best available information,

   iv) Certain transaction relating to payments etc reflected in the bank reconciliation statements could not be incorporated,

   v) During the current year aggregate Net Credit balance of ₹ 25375.49 Lakhs in vendor and accounts payable are shown as Sundry creditors and other liabilities, which up to previous year were disclosed vendor wise-Debit and credit separately,

   vi) The Foreign currency revaluation effects of various assets and liabilities are included in the debtors, instead of grouping the same with the respective assets and liabilities,

   vii) The 2nd phase of audit by the Comptroller & Auditor General of India, has not been completed due to limitation of time.

   The impact of items stated in para (i) to (iv) is not material on the result of the Company. Further the matters stated in para (iv) to (vi) relates to assets and liabilities and grouping there of under the various heads of the Balance sheet.

	As at 31.03.2011 (₹ in lakhs)	As at 31.03.2010 (₹ in lakhs)
2 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)	**455,490**	502,861
3 Contingent Liabilities not provided for:-		
(i) Claim against the company not acknowledged as debts -		
(a) Claim made by M/s. Chokhani International Ltd. towards dry dock expenses pending before High Court, Chennai	**4,006**	3,788
(b) Forfeiture of Earnest Money Deposit, Cargo Loss, Freight, Demurrage, Slot Payments, Fuel Cost, other operational claims and Custom duty disputed demand. (As certified by the Management)	**9,217**	9,437
(c) Disputed demand of Income tax		
(As certified by the Management)	**9,175**	5,205
(ii) Guarantees given by the Banks		
(a) on behalf of the Company	**1,892**	2,685
(b) on behalf of the Joint Venture to the extent of the Companys share.	**3,200**	3,232
(iii) Undertaking cum Indemnity given by Company	**1,000**	1,000
(iv) Cargo Claims covered by P&I Club	**120**	177
(v) Bonds / Undertakings given by the Company to Customs Authorities.	**10,140**	7,347
(vi) Corporate Guarantees / Undertakings		
- In respect of Joint Ventures	**Not Ascertainable**	Not Ascertainable
- Others	**5,023**	5,064
(vii) Commitment towards subscription of shares	**40**	NIL

4. RELATED PARTY DISCLOSURES:

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

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

(i) 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.

(ii) Key Management Personnel
Functional Directors

1. Shri S. Hajara, CMD
2. Shri B.K. Mandal
3. Shri Kailash Gupta
4. Shri U.C. Grover (up to 31.08.2010)
5. Shri. J.N. Das
6. Shri K.S. Nair (up to 31.12.2010)
7. Shri. A. K. Gupta (w.e.f. 25.10.2010)
8. Shri. S. Thapar (w.e.f. 11.01.2011)

(b) The following transactions were carried out with related parties.

(i) Joint Venture Companies	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
1. Investments made during the period	**2,570**	5,520
2. Dividends Received	**-**	232
3. Interest Income	**1,492**	1,662
4. Expenses Reimbursed by JVs	**68**	77
5. Loans / Advances given / adj. during the period	**1,116**	6,750
6. Loans / Advances realised / adj. during the period	**-**	9,054
7. Charter Hire expenditure	**4,332**	1,676
8. Management and Accounting Fees earned	**412**	568
9. Manning Agent Fees earned	**15**	15
10. Fees for Supervision etc. of vessel earned	**NIL**	137
11. Receivables at the end of the period	**22,061**	23,467

(ii) Key Management Personnel	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
1. Remuneration	**235**	81
2. Loans recovered during the period	**2**	1
3. Loan amounts due as at the end of the period	**2**	4
4. Maximum amount due during the period	**4**	5

5. JOINT VENTURE INFORMATION:-

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

i) Details of Joint Venture Interest

Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 31.03.11 (As on 31.03.10)	Other Venturers Share 31.03.11 (As on 31.03.10)
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 (29.08%) 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 7.89%(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%)

Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 31.03.11 (As on 31.03.10)	Other Venturers Share 31.03.11 (As on 31.03.10)
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% (00.00%)	* SAIL 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) Corporation's Interest in the Joint Venture

Name	As on	Assets (₹ in lakhs)	Liabilities (₹ in lakhs)	For the period ended	Income (₹ in lakhs)	Expenditure (₹ in lakhs)
1. Irano Hind Shipping Company Ltd.	20-03-10	60,523	26,244	20-03-10	10,630	11,135
2. India LNG Transport Company (No. 1) Ltd.	31-12-10	21,690	24,593	31-12-10	3,366	2,725
3. India LNG Transport Company (No. 2) Ltd.	31-12-10	22,182	25,394	31-12-10	3,402	2,931
4. India LNG Transport Company (No. 3) Ltd.	31-12-10	29,487	32,782	31-12-10	3,079	3,033
5. SCI Forbes Ltd. (Unaudited)	31-03-11	2,752	1,728	31-03-11	123	118
6. SAIL SCI Shipping Pvt. Ltd. (Unaudited)	31-03-11	10	2		0	2

The above figures are based on latest available audited accounts. Figures of foreign currency converted at the rate prevailing at 31st March, 2011.

6. EARNINGS PER SHARE:

		Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
a)	Profit after tax (₹ in lakhs)	**56,735**	37,691
b)	Weighted average number of Equity Shares (Nos)	**435,983,232**	423,453,645
c)	Basic & Diluted Earnings per Share (in ₹)	**13.01**	8.9
d)	Nominal Value per Equity Share (in ₹)	**10**	10

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. During the year the Company has issued 42345365 equity shares of ₹ 10 each through a Follow On Public Offer

Earnings per share (Basic and Diluted) for the year ended 31st March 2011 has been calculated based on weighted average number of equity shares outstanding during the year ended 31st March 2011.

7. Prior year's adjustments (Net) amounting to ₹ 2975 lakhs (Cr.) [Prev. period ₹ 636 lakhs (Dr.)] includes income of ₹ 268 lakhs (Cr.) (Prev. period ₹ 662 lakhs (Cr)) and expenses ₹ 2707 lakhs (Cr.) (Prev. period ₹ 1928 lakhs (Dr.)). The summary of income is as follows:

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
Freight	**211**	414
Charter Hire	**205**	(-)320
Demurrage	**(-)11**	(-)35
Recovery of Container Related Costs	**(-)173**	495
Remuneration from managed vessels	**33**	33
Sundry receipts	**3**	75
Others	**-**	NIL
Total	**268**	662

The summary of expenses is as follows:

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
Stevedoring	**(-)721**	338
Marine, Light & Canal Dues	**6**	471
Brokerage & Commission	**10**	216
Agency Fees	**22**	23
Fuel Oil	**28**	197
Wages, Bonus & Other Exp. - Floating Staff	**142**	3
Stores, Repairs & Maintenance	**(-)27**	24
Charter Hire Payments	**53**	166
Insurance & P&I	**148**	109
Establishment Expenses	**2**	14
Sundry Steamer Charges	**(-)177**	(-)152
Salaries - shore staff	**(-)2**	(-)114
Currency Exchange Difference	**(-)1,422**	(-)7
Service tax	**(-)764**	NIL
Depreciation	**(-)8**	NIL
Others	**3**	10
Total	**(-)2,707**	1,298

8. Auditors' Remuneration:

	Year ended 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
Audit Fees (including service tax)	**25.47**	26.70
Certification Work	**39.89**	23.84
Travelling & Out of Pocket Expenses	**27.37**	30.37

9. 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 for an investment not exceeding ₹ 5,000 lakhs (previous year ₹ 5,000 lakhs).The dredging work is temporarily suspended from 17.09.2009, consequent to the direction of the Hon'ble Supreme Court of India. The Management does not consider any diminution in the value of the investment and the same has been carried at cost.

10. The depreciation on additions to / deductions from fixed assets other than Ships is charged on pro-rata basis which were hitherto provided for full year in case of additions and no depreciation was provided in the year the assets were sold / discarded. In respect of Ships, depreciation on additions to existing fleet is now charged on pro-rata basis which was hitherto provided for the full year irrespective of the date of addition. Due to this change, the profit is higher by ₹ 1321 lakhs.

11. The Company entered into a joint venture agreement with Steel Authority of India Ltd. with participation interest in the ratio of 50:50 and promoted a jointly controlled entity SAIL SCI Shipping Pvt. Ltd. (SSSPL). The said company was incorporated on 19.05.2010 with an authorised share capital of ₹ 17000 lakhs. The Company has subscribed equity capital of 500000 shares of ₹ 10 each amounting to ₹ 50 lakhs and during the period SCI has made initial payment of ₹ 10 lakhs towards equity capital. Pending remittance towards the balance subscribed capital the same has not been considered as investment and the consequent liability.

12. During the financial year 2010-11, the Company made an investment of ₹ 1230 lakhs towards acquiring 0% Redeemable preference shares and further paid an amount of ₹ 1330 lakhs towards partly-paid Equity share capital in Joint Venture, SCI Forbes Ltd.

13. The Company holds 49% interest in 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 made and ₹ 27 lakhs towards the recoverable expenses. No provision is considered necessary by the management on the same and the company maintains status quo as far as investment in JV is concerned.

14. 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:

Particulars	**Year ended 31.03.2011 (₹ in lakhs)**	**Year ended 31.03.2010 (₹ in lakhs)**
Principal amount due to suppliers under MSMED Act, 2006 at the end of the period	**917.26**	184.77
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.

15. SEGMENT REPORTING:

Sr.	Particulars	Year ened 31.03.2011 (₹ in lakhs)	Year ended 31.03.2010 (₹ in lakhs)
1	***Segment Revenue***		
	i) Liner Segment	**114,129**	83,364
	ii) Bulk Segment	**248,383**	267,094
	iii) Others	**19,605**	17,742
	iv) Unallocated Revenue	**720**	254
	Total	**382,836**	**368,454**
2	***Segment Results***		
	Profit / (Loss) before tax & interest		
	i) Liner Segment	**6,246**	(-)22,509
	ii) Bulk Segment	**39,800**	48,593
	iii) Others	**12,004**	4,864
	Total	**58,050**	**30,948**
	Less : Unallocated Expenditure (Net of income)	**5,089**	(-) 87
	Add : Interest (Net)	**12,704**	16,562
	Total Profit before tax	**65,665**	47,597
	Segment Assets		
	Liner Segment	**102,147**	89,073
	Bulk Segment	**691,498**	569,369
	Others	**27,079**	54,473
	Total	**820,724**	**712,915**
	Unallocable Corporate Assets	**478,996**	319,057
	Total	**129,997,20**	**1031972**
	Segment Liabilities		
	Liner Segment	**34,123**	14,640
	Bulk Segment	**46,326**	56,070
	Others	**10,168**	27,452
	Total	**90,617**	**98,163**
	Unallocable Corporate Liabilities	**465,222**	300,110
	Total	**555,839**	**398,273**
	Capital Expenditure during the period		
	Liner Segment	**(-)359**	(-) 4,968
	Bulk Segment	**327,302**	110,076
	Others	**14**	806
	Unallocated	**5,830**	-
	Total	**332,787**	**105,914**
	Depreciation		
	Liner Segment	**5,779**	5,889
	Bulk Segment	**40,647**	31,805
	Others	**76**	317
	Total	**46,502**	**3,8011**

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.

16. 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 employees defined benefits plans in the form of Gratuity, leave encashment and post retirement Medical Scheme.

The details under the plan are as follows:

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

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

(₹ in Lakhs)

Particulars	**Gratuity**		**Leave Encashment**		**Post Retirement Medical Benefit Scheme**	
As at	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
Status	**Funded**	**Funded**	**Unfunded**	**Unfunded**	**Unfunded**	**Unfunded**
At the beginning of the year	**12,828**	11,532	**5,711**	5,417	**2,826**	2,494
Current service cost	**1,538**	1,220	**849**	742	**220**	198
Interest Cost	**989**	830	**421**	380	**232**	186
Actuarial (gains) and losses (including for prior years)	**(1,941)**	367	**(1,064)**	(330)	**30**	76
Benefits Paid	**(1,634)**	(1,121)	**(610)**	(498)	**(200)**	(128)
At the end of the period	**11,780**	12,828	**5,307**	5,711	**3,108**	2,826

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

Particulars	As at 31.03.2011	As at 31.03.2010
Total Amount of defined benefit obligation	**20,195**	21,365
Amount of funded Defined benefit obligation	**11,780**	12,828
Percentage of funded defined benefit obligation	**58.33**	60.04%
Percentage of defined benefit obligation not funded	**41.67**	39.96%

D) Movement in Fair Value of plan assets

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
For the period ended on	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
Opening value of fair value of plan assets	**17,891**	17,309	**NIL**	NIL	**NIL**	NIL
Expected Return on plan assets	**1,573**	1,481	**NIL**	NIL	**NIL**	NIL
Benefits Paid	**(1,635)**	(1,121)	**NIL**	NIL	**NIL**	NIL
Actuarial gain / (loss) on plan assets	**(405)**	222	**NIL**	NIL	**NIL**	NIL
Closing value of fair value of plan assets	**17,424**	17,891	**NIL**	NIL	**NIL**	NIL

E) Reconciliation of the present value of defined obligation and fair value to the assets and liabilities recognised in the balance sheet

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
For the period ended on	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
Present value of obligations at the end of the period	**11,780**	12,828	**5307**	5,711	**3,108**	2,826
Less: Fair value of assets as the balance sheet date	**17,424**	17,891	**NIL**	NIL	**NIL**	NIL
Net Liability / (Asset) disclosed in the balance sheet	**(5,644)**	(5,063)	**5307**	5,711	**3,108**	2,826

F) Total Expense recognised in the profit and loss account

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
For the period ended on	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
Current Service Cost	**1,538**	1,220	**849**	742	**220**	198
Interest Cost	**989**	830	**421**	380	**232**	186
Expected return on plan assets	**(1,573)**	(1,481)	**-**	-	**-**	-
Actuarial (gains) and losses	**(1,941)**	367	**(1,064)**	(330)	**30**	76
Past Service Cost	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Losses (gains) on curtailments and settlements	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Benefits Paid*	**NIL**	NIL	**(610)**	(498)	**(200)**	(128)
Actuarial gains / loss on plan assets	**405**	(222)	**NIL**	NIL	**NIL**	NIL
Charged to profit and loss	**(582)**	714	**(404)**	294	**282**	332

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

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

(₹ in Lakhs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	Fair Value	% of Total	Fair Value	% of Total
Investment in Government securities	**8,082**	**46.38**	8,274	46.24
Investment in Bonds	**2,781**	**15.96**	3,576	19.99
Investment in deposits including bank balances	**6,143**	**35.25**	5,531	30.92
Other Assets including accrued interest	**418**	**2.40**	510	2.85
Total	**17,424**		17,891	

(i) None of the financial assets of SCI have been considered in the fair value of plan assets.

(ii) The expected rate of return on plan assets have 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.

(iii) Actual return on plan assets: ₹ 1168 Lakhs (Previous period ₹ 1703 lakhs).

H) Principal actuarial assumptions at the balance sheet date:

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
For the period ended on	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
Discount rate at the end of the period	**8.17%**	7.87%	**8.17%**	7.87%	**8.17%**	7.87%
Expected return on plan assets at the end of the period	**9.00%**	9.00%	**NIL**	NIL	**NIL**	NIL
Future salary increases	**7.50%**	7.50%	**7.50%**	7.50%	**NA**	NA
Moratlity 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

I) 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:
(i) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and (ii) the accumulated post-employment benefit obligation for medical costs.

	Post Retirement Medical Benefit Scheme			
	Aggregate of the current service cost and interest cost		Accumulated post-employment benefit obligation for medical costs	
Particulars	**2010-11**	**2009-10**	**2010-11**	**2009-10**
Effect of one percentage up	**11**	11	**258**	236
Effect of one percentage down	**(10)**	(9)	**(236)**	(216)

J) The estimates of future salary increases, considered in the actuarial valuation, takes into account inflation, security, promotion and other relevant factors.

K) The Guidance on implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standard Board (ASB) states benefit involving employer established provident funds, which requires interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information. However, such interest shortfall has been recompensed by the Company up to the current period on accrual basis.

17. 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 same are under reconciliation wherever replies have been received. The management, however, does not expect any material changes.

18. Pending implementation of pay revision of employees retrospectively from 1st January, 2007, the Company has made adequate provisions in the books of accounts as per Managements decision based on DPE OM dated 26th November, 2008. During the year ended 31st March, 2011, a provision of ₹ 1825 (Prev. Yr. ₹ 3710 lakhs) has been made and the cumulative balance of provision in this regard stands at ₹ 10736 lakhs (Prev. Yr. ₹ 8911 lakhs).

19. Service tax department has issued show cause notices to the Company proposing to impose levy of service tax under the category of "Storage and Warehousing Service" aggregating to (a) ₹ 2679 lakhs for the period from 01/10/2002 to 31/12/2007 (b) ₹ 754 lakhs for the period from 01/01/2008 to 31/01/2009 and (c) ₹ 405 lakhs for the period from 01/02/2009 to 30/09/2009 and also interest and penalty alleging that Company has provided storage & warehousing services to Oil & Natural Gas Corporation (ONGC) in respect of vessels given to ONGC under Time Charter arrangement.

    According to the management, service tax is not leviable for such chartering arrangement under the category of "Storage and warehousing Service" and therefore SCI has challenged the applicability of service tax under this category and has not accepted any liability towards service tax on this account.

20. Borrowing cost and Interest capitalised during the period is ₹ 1562 lakhs (Prev. year ₹ 1514 lakhs).

21. The Company has been exempted from complying with Para 4 (D) (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.

22. During the year, the Company has reviewed its fixed assets for impairment loss as required by Accounting Standards 28 - "mpairment of Assets" In the opinion of management no provision for impairment is considered necessary.

23. During the quarter ended 31st December, 2010 the government disinvested 10% of the paid up share capital of the company through a Follow on Public Offer and the company issued 42345365 equity shares of ₹ 10 each generating proceeds of ₹ 58245 lakhs including a premium of ₹ 54010 lakhs. The expenses of the Follow on Public Offer like commissions, advertisement etc amounting to ₹ 1644 lakhs have been adjusted against this Securities premium account.

24. The figures of previous year have been regrouped or rearranged wherever necessary / practicable to conform to current year's presentation. Further the figures are rounded off to the nearest lakh rupees.

ADDITIONAL INFORMATION UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

I. Registration Details

State Code	11	Registration No.	8033
Balance Sheet Date	31 (Day)	03 (Month)	2010 (Year)

II. Capital Raised During The Year **(Amount in ₹ Lakhs)**

Public Issue	Rights Issue
4235	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds **(Amount in ₹ Lakhs)**

Total Liabilities	Total Assets
1188328	1188328

Sources of Funds

Share Capital	Reserves & Surplus
46580	670233
Secured Loans	Unsecured Loans
471515	NIL

Application of Funds

Net Fixed Assets	Investments
915957	29267
Net Current Assets	Misc. Expenditure
243104	-
Accumulated Losses	
NIL	

IV. Performance of The Company **(Amount in ₹ Lakhs)**

Turnover	Total Expenditure
401977	336313
Profit / (Loss) Before Tax	Profit / (Loss) After Tax
65664	56735
Earnings Per Share ₹	Dividend Rate %
13.01	55

V. Generic Names of the Three Principal Services of the Company

Item Code No.	NIL
Product Description	NIL

Note: This is a Shipping Company.

For and on behalf of the Board of Directors,

DIPANKAR HALDAR	**B K Mandal**	**S. Hajara**
SVP (LA) & Company Secretary	Director (Finance)	Chairman & Managing Director

Mumbai,
Dated the 30th May, 2011

Cash Flow Statement

		2010-11 (₹ in lakhs)	2009-10 (₹ in lakhs)
(A) CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before Tax, extraordinary items & prior period adjustments		**62,689**	48,233
ADJUSTMENTS FOR :			
Depreciation		**46,510**	38,011
Interest Income		**(19,141)**	(21,815)
Interest paid		**6,437**	5,253
Dividend Received		**(288)**	(232)
Surplus on sale of Fixed Assets (other than ships)		**(6)**	0
Surplus on Sale of Ships		**(20,097)**	(12,252)
Provision for doubtful debts & Advances (Net)		**(51)**	271
Debts & Advances written off		**36**	7
Sundry credit balances written back		**(284)**	(332)
		13,116	8,911
Operating profit before working capital changes	**(i)**	**75,805**	57,144
Adjustments for : Increase in working capital			
(a) Trade & other receivables		**12,499**	7,653
(b) Inventories		**(6,831)**	(1,987)
(c) Trade payables		**(7,144)**	161
		(1,476)	5,827
Cash generated from operations	**(ii)**	**74,329**	62,971
Tax paid (Net of Refunds)		**(9,066)**	(10,036)
Cash flow before prior period adjustments		**65,263**	52,935
Prior period adjustments (Net)		**2,967**	(636)
Net Cash From Operating Activities	**(A)**	**68,230**	52,299
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase / Acquisition of Fixed Assets (including Assets under construction)		**(326,352)**	(81,399)
Investment with Public Financial Institutions		**(4,000)**	(11,000)
Sale of Fixed Assets		**20,149**	12,265
Income from Investments		**1,052**	1,895
Interest Received		**16,907**	19,363
Sale / Purchase of Investments		**(12,601)**	(5,520)
Advances to Joint Venture Companies		**(361)**	2,288
Net cash used in investing activities	**(B)**	**(305,206)**	(62,108)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Shares		**4,235**	0
Share Premium		**52,366**	0
Loans Borrowed (Net of Repayments)		**201,829**	22,519
Dividends Paid (Incl. Dividend Tax)		**(40,965)**	(32,187)
Interest Charges		**(5,067)**	(7,013)
Staff Welfare Activities (Net)		**(93)**	(81)
Corporate Social Responsibility Activities		**(301)**	(66)
Net cash flow from financing activities	**(C)**	**212,004**	(16,828)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	**(A+B+C)**	**(24,972)**	(26,637)
Cash & cash equivalents at the Begining of the Year		**240,646**	267,283
Cash & cash equivalents at the end of the Year.		**215,674**	240,646

As per our report of even date attached hereto.

For PSD & ASSOCIATES,
Chartered Accountants
FR. No. 004501C

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

For and on behalf of the Board of Directors,

MANISH AGARWAL
Partner
Membership No.406996
Mumbai,
Dated the 30th May, 2011.

SITARAM PAREEK
Partner
Membership No. 016617

DIPANKAR HALDAR
SVP (LA) & Company Secretary
Mumbai,
Dated the 30th May, 2011.

B.K MANDAL
Director (Finance)

S. HAJARA
Chairman & Managing Director

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

Explanation

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.

Notes

Glimpses of Golden Jubilee Celebrations

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SCI

Navratna Company
ISO 9001 - 2008 Company

IRQS
A DEPARTMENT OF
INDIAN REGISTER OF
SHIPPING

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.

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