





सत्यमेव जयते

लोक उद्यम विभाग
Department of Public Enterprises
भारी उद्योग और लोक उद्यम मंत्रालय
Ministry of Heavy Industries & Public Enterprises
भारत सरकार
Government of India

समझौता ज्ञापन उत्कृष्टता प्रमाण-पत्र
MoU Excellence Certificate
2006-07

समझौता ज्ञापन लक्ष्यों की उपलब्धि में उत्कृष्टता हेतु
भारत के माननीय प्रधानमंत्री डॉ. मनमोहन सिंह द्वारा
15 अक्टूबर, 2009 को नई दिल्ली में

“शिपिंग कारपो. ऑफ़ इंडिया लि.”

को प्रदान किया गया।

Presented to **“Shipping Corporation of India Ltd.”**
for excellence in the achievement of MoU Targets

by Dr. Manmohan Singh, Hon'ble Prime Minister of India
On 15th October, 2009 at New Delhi.

15 अक्टूबर, 2009
15th October, 2009
नई दिल्ली
New Delhi


भास्कर चटर्जी
सचिव, भारत सरकार
Bhaskar Chatterjee
Secretary to the Government of India

The Shipping Corporation of India Ltd. - Navigating the tides of challenge and change

Since its incorporation on October 2, 1961, Shipping Corporation of India has today emerged as the undisputed leader in India's shipping industry.

The growth of SCI can be seen from the expanding fleet capacity which currently stands at 5.1 million Dwt. from a humble beginning of 0.19 million Dwt. in 1961. Owing a diversified fleet of 74 vessels ranging from crude and product carriers to bulk carriers and container vessels to off shore vessels, acid carriers, phosphorus and ammonia carriers, Shipping Corporation of India Ltd. renders multitude of services spanning every conceivable application. Shipping Corporation of India is the only Indian Company which through its Joint Ventures has significant presence in the LNG sector.

Through all the development and diversifications, certain constants have held steady. There has been a continuing effort to absorb and incorporate 'state-of-the-art' technologies, part of a larger driver to achieve high performance and efficiency in operations while remaining in step with the changing market realities and emerging customer needs. The focus has been equally strong on the human factor, with stress on training, safety and security.

These strategic priorities have, of course, been reflected in good financial results, meritorious value creation and viable returns for all the stakeholders and customers.

As it sets sail into its next half-century, SCI reaffirms its commitment to growth through visionary planning combined with sustained excellence in all areas.

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BOARD OF DIRECTORS



Shri S. Hajara
Chairman & Managing Director



Shri Vijay Chhibber
Government Director



Shri Rajeev Gupta
Government Director



Shri J. N. Das



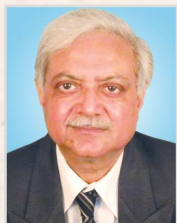
**Rear Admiral (Retd.)
T. S. Ganeshan**



Shri U. C. Grover*



Shri Kailash Gupta



Prof. Sushil Khanna



Shri B. K. Mandal



Shri Nasser Munjee



Capt. K. S. Nair



**Shri Arun
Ramanathan**



Shri U. Sundararajan



Shri S. C. Tripathi



**Shri Arun Kumar
Verma**

Shri Dipankar Haldar
SVP (Legal Affairs) &
Company Secretary

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

Messrs. **MULLA & MULLA &
CRAIGIE BLUNT & CAROE**
Solicitors

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.

Photographs of Directors (other than S/Shri S. Hajara, Vijay Chhibber and Rajeev Gupta) appear in alphabetical order of Surnames.

**Superannuated on 31.08.2010*

BRIEF PROFILE OF THE DIRECTORS OF THE COMPANY

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, 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 AllMS, 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, Joint Secretary (Shipping), Ministry of Shipping, an ex-officio part-time Director of the Company, was appointed on the Board of Directors in June 2007. 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 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 is a part-time non-official Director inducted on the Board in August 2010 and is the Chairman of the Remuneration Committee. He is an electrical engineer. He has served in the Indian Navy for over three decades. He has held various posts including that of Director (Ship Production), Director (Naval Design) at Naval Headquarters and Project Director (Electronics, Weapons & IT) for the nuclear submarine project (ATV). He has vast experience in naval shipbuilding and management of Public Sector Undertaking. He is the recipient of Nao Sena & Vishisht Seva medals and is an 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 U.C. Grover is Director (Technical & Offshore Services) since April, 2006. He is a Marine Engineer from Marine Engineering College (DMET), Kolkata and possesses First Class Engineer (MOTOR) Certificate of Competency from MOT. He has vast experience and knowledge in ship acquisitions, project management, new business development, commercial operations in Liner & Container Services, Marketing, Liner Conferences/Bilateral Matters, Stevedoring Operations, Bulk Carrier & Tanker Operations, Fleet Management, etc. He also has the experience in Maritime Training, Safety and Marine Environment Protection, development and implementation of the requirements of ISM Code in the Company and fleet.

Shri Kailash 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 is a part-time non-official Director inducted on the Board in August 2010 and is a member of the Remuneration Committee. He is B.Sc. (major in Physics) and is a fellow 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 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 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. 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.

Capt. K.S. Nair is Director (Bulk Carrier & Tankers) since November 2008. He has graduated in Commerce with specialization in banking from Pune University and has obtained Certificate of Competency for Master (Foreign going) from the Directorate General of Shipping, Government of India. He has been the Dean of Nautical Studies in the SCI's Maritime Training Institute, Powai. Capt. Nair has been instrumental in expanding full fledged operations of the SCI's Chennai Office when it was created in 1987 and had also set up the SCI Shanghai Representative Office.

Shri Arun Ramanathan is a part-time non-official Director inducted on the Board in August 2010. He is a member of the Audit Committee and 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 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 the Chairman of the Audit Committee of the Board and member of the Strategic Committee. 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 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 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 representative 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 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.

NOTICE OF MEETING

NOTICE is hereby given that the 60th Annual General Meeting of The Shipping Corporation of India Ltd. will be held at the Registered Office of the Company at "Shipping House", 245, Madame Cama Road, Mumbai - 400 021 at 1630 hrs. on Wednesday, the 29th September 2010 to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2010, 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 Kailash Gupta who retires at this meeting and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri J.N. Das who retires at this meeting and being eligible, offers himself for re-appointment.
6. To fix remuneration of auditors.

SPECIAL BUSINESS BY ORDINARY RESOLUTION

7. To appoint a Director in place of Shri Nasser Munjee 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.
8. To appoint a Director in place of Shri S.C. Tripathi 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 Shri U. Sundararajan 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 Prof. Sushil Khanna 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.
11. To appoint a Director in place of Shri Arun Kumar Verma 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.
12. To appoint a Director in place of Shri Arun Ramanathan 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.
13. To appoint a Director in place of Rear Admiral (Retd.) T.S. Ganeshan 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.

BY SPECIAL RESOLUTION

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

“RESOLVED THAT in accordance with the provisions of the Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as amended (**“Companies Act”**) (including any statutory modification(s) or re-enactment thereof, for the time being in force), any other applicable laws including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **“ICDR Regulations”**) and other applicable SEBI regulations and guidelines, the provisions of the Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited, The Calcutta Stock Exchange Association of India Limited, Delhi Stock Exchange Limited and Madras Stock Exchange Limited (**“Stock Exchanges”**) on which its Equity Shares are listed, the provisions of the Memorandum and Articles of Association of the Company, and subject to receipt of approval of the Securities and Exchange Board of India (**“SEBI”**), Reserve Bank of India (**“RBI”**) and all other appropriate statutory and governmental authorities, and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the **“Board”**) or any duly constituted Committee of the Board and in accordance with the approval of the Cabinet Committee on Economic Affairs, Government of India (**“CCEA”**) for the Follow-on Public Offer with regard to the number and percentage of Equity Shares to be issued and allotted by the Company (the **“Fresh Issue”**) and the number and percentage of Equity Shares to be offered and sold therein by the President of India, acting through the Ministry of Shipping, Government of India, and such other conditions as may be prescribed by the Government of India, approval be and is hereby accorded to offer, issue and allot new Equity Shares under the fresh issue and to include such number and percentage of equity shares as the Offer for Sale as may be requested 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 shall not exceed 20% of the pre-issue paid-up capital of the Company (the ‘issue’), to such person or persons, who may or may not be the shareholders of the Company, as the Board (or any duly constituted Committee thereof) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, Multilateral and Bilateral Financial Institutions, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, and such other entities who constitute Qualified Institutional Buyer in terms of Regulation 2(zd) of the ICDR Regulations and bodies corporate, companies, private or public or other entities, authorities and eligible employees by way of an employee reservation and to such other persons in one or more combinations thereof through a public issue in one or more tranches and including a green-shoe option, if any, at such price as may be determined through the book-building process or any other process under the ICDR Regulations in consultation with advisors or such persons and on such terms and conditions as may be finalised by the Board or a duly constituted Committee thereof.

RESOLVED FURTHER that the Equity Shares to be so allotted shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including rights in respect of dividend.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue, transfer or allotment of Equity Shares, the Board be and is hereby authorised to determine the terms of the issue, including the class of investors to whom the Equity Shares are to be allotted, the number of Equity Shares to be allotted in each tranche, issue price, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of investors (such as retail, employees and existing shareholders), including accepting applications through Application Supported by Blocked Amount (**“ASBA”**) method, , and exercise of a green-shoe option, if any, listing on one or more stock exchanges in India or abroad as the Board in its absolute discretion deems fit and to do all such acts, deeds, matters and things and

execute such deeds, documents and agreements, as it may, in its absolute discretion, deem necessary, proper or desirable, and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise in regard to a public issue, and the transfer, allotment and utilisation of the issue proceeds, and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as it may, in its absolute discretion, deem fit and proper in the best interests of the Company, without requiring any further approval of the members and that all or any of the powers conferred on the Company and the Board vide this resolution may be exercised by the Board or by any Committee of the Board thereof or by the Chairman & Managing Director of the Company, as the Board may constitute/ authorise in this behalf.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee or any one or more Directors 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 : 11th August, 2010

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. 7 to 14 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 22.09.2010 to 29.09.2010 (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/their dividend warrant(s) is/are requested in his/their own interest to write to the Company Secretary immediately for claiming outstanding dividend declared by the Company for the year 2003-2004 and onward. The investor may also visit shipindia.com

The dividend paid for the years 1999-2000, 2000-01(Interim), 2000-01(Final), 2001-02(Interim) and 2002-03 (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. 7 to 14 of the accompanying Notice dated 11th August, 2010, convening the 60th Annual General Meeting of the Company.

Item No. 7 of the Notice

The Company has received a notice in writing dated 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri Nasser Munjee for re-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 Nasser Munjee 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.

Shri Nasser Munjee, presently the Chairman of Development Credit Bank, and former Managing Director and CEO of Infrastructure Development Finance Co. Ltd. (IDFC), has vast experience in housing finance and is deeply interested in rural development, urban issues, specially the development of modern cities and humanitarian causes. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri Nasser Munjee is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 8 of the Notice

The Company has received a notice in writing dated 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri Sushil Tripathi for re-appointment as Director, for a period of three years with effect from the date of assumption of charge of the post 11th August 2010 or until further orders, whichever is earlier. Accordingly, Shri Sushil Tripathi 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.

Shri S.C. Tripathi, former Secretary to the Government of India, has valuable administrative and management expertise / skills for working at top levels in organizations and held important positions in Governments of Uttar Pradesh and India. He had spent nearly 20 years in Finance and Industry sector at various levels in State and Central Govt. and in representative capacity at International levels. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri S.C. Tripathi 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 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri U. Sundararajan for re-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 U. Sundararajan 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.

Shri U. Sundararajan, former Chairman & Managing Director of BPCL, has vast experience and knowledge in finance management and general management. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri U. Sundararajan 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 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Prof. Sushil Khanna 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, Prof. Sushil Khanna 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.

Prof. Sushil Khanna, is a professor of Strategic Management and Economics at the Indian Institute of Management Calcutta. He has three decades of experience first as an investment banker and then as an academic in 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. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Prof. Sushil Khanna is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 11 of the Notice

The Company has received a notice in writing dated 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri Arun Kumar Verma 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 Arun Kumar Verma 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.

Shri Arun Kumar Verma 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. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri Arun Kumar Verma is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 12 of the Notice

The Company has received a notice in writing dated 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Shri Arun Ramanathan 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 Arun Ramanathan 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.

Shri Arun Ramanathan 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 Govt. 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. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Shri Arun Ramanathan is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 13 of the Notice

The Company has received a notice in writing dated 4th August, 2010 from the Govt. of India, Ministry of Shipping conveying the nomination of Rear Admiral (Retd.) T.S. Ganeshan 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, Rear Admiral (Retd.) T.S. Ganeshan 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.

Rear Admiral (Retd.) T.S. Ganeshan is an electrical engineer. He has served in the Indian Navy for over three decades. He has held various posts of 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. It is, therefore, recommended that in the interest of the Company, he may be appointed as Director.

Rear Admiral (Retd.) T.S. Ganeshan is interested in the resolution as it concerns him. No other Director is interested in the resolution.

Item No. 14 of the Notice

The Ministry vide letter dt. 14.07.2010 has advised SCI to start a process of appointment of Merchant Bankers and other key intermediaries immediately, simultaneously with the process of seeking approval from Cabinet Committee for Economic Affairs ('CCEA').

The Board Directors at their meeting held on 11.08.2010 has recommended the proposal of Follow on Public Offer of Equity Shares, subject to approval from the Government of India.

Consent of the members is therefore sought pursuant to Section 81(1A) of the Companies Act, 1956.

None of the Directors of the Company are deemed to be interested in the resolution except to the extent of shares held by them in the Company. The shareholding pattern of the Company is available for inspection, with the Company Secretary at the Registered Office of the Company.

Dipankar Haldar

Senior Vice President (Legal Affairs) & Company Secretary

Registered Office:

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

Dated : 11th August, 2010.

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

Name of the Director	Shri B. K. Mandal	Shri Kailash Gupta	Shri J. N. Das
Date of Birth	09.05.1954	25.12.1952	24.04.1954
Date of Appointment	11.11.2005	20.07.2006	24.12.2007
Qualifications	<ul style="list-style-type: none"> • B. Com (Hons) • Post Graduate Diploma in Management (MBA) from IIM, Ahmedabad • FICWA 	<ul style="list-style-type: none"> • B. A. (Hons.) • Post Graduate Diploma in Personnel Management from XLRI, Jamshedpur • LL. B. 	<ul style="list-style-type: none"> • 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 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 light engineering, super thermal & hydroelectric power projects/power utility, hospitality services, and mines & mineral sector in human resources management/ development, industrial relations, administrative support services, legal affairs, corporate communications & media affairs, and related functions	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	13.08.2007	11.08.2010
Qualifications	<ul style="list-style-type: none"> • Master's degree from the London School of Economics, UK 	<ul style="list-style-type: none"> • M. Sc. (Physics) • LL.B. • Diploma in Development Studies (Cantab.) • AIMA Diploma in Management • Fellow Energy Institute (UK) • Fellow 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.

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

Name of the Director	Shri U. Sundararajan	Prof. Sushil Khanna	Shri Arun Kumar Verma
Date of Birth	14.06.1942	05.07.1951	28.06.1951
Date of Appointment	11.08.2010	11.08.2010	11.08.2010
Qualifications	Cost Accountant	<ul style="list-style-type: none"> • 'Fellow' Indian Institute of Management Calcutta, 1984 (Ph.D). • Post Graduate Diploma in Management, Indian Institute of Management Calcutta, 1973 • BSc. Major: Physics Allahabad University 	<ul style="list-style-type: none"> • B.Com. (Hons) • LL.B., DISA (ICA), FCA, • Chartered Accountant
Expertise in specific functional areas	Vast experience in financial & general management areas.	Vast experience as investment banker and as an academic in area of corporate strategy, organisational restructuring, finance and general management.	Vast experience in areas concerning Accounts, Audit, Finance and Law.

Name of the Director	Shri Arun Ramanathan	Rear Admiral (Retd.) T.S. Ganeshan
Date of Birth	25.04.1949	07.06.1949
Date of Appointment	11.08.2010	11.08.2010
Qualifications	<ul style="list-style-type: none"> • MSc. Nuclear Physics (Andhra University) • MBA (Financial Management) - Madras University • MPhil. in Development Economics (Cambridge University) • AICWA 	<ul style="list-style-type: none"> • B. E. (Electrical)
Expertise in specific functional areas	Vast experience in general and financial administration in Government and Public Sector.	Vast experience in Naval Shipbuilding and Management of Public Sector Unit (PSU).

**EQUITY SHARES HELD BY THE NON-EXECUTIVE DIRECTORS SEEKING RE-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 Sushil Tripathi	Nil
3.	Shri U. Sundararajan	Nil
4.	Prof. Sushil Khanna	Nil
5.	Shri Arun Kumar Verma	Nil
6.	Shri Arun Ramanathan	Nil
7.	Rear Admiral (Retd.) T. S. Ganeshan	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	<ol style="list-style-type: none"> 1. ABB Ltd. 2. Apollo Health Street 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. Neptune Developers Ltd. 10. Development Credit Bank Ltd. 11. HDFC Ltd. 12. Ambuja Cements Ltd. 13. Bharati AXA General Insurance Co. Ltd. 14. Britannia Industries Ltd. 	<ol style="list-style-type: none"> 1. Chairman - Audit Committee 2. Member - Audit Committee 3. Member - Audit & Compliance Committee 4. Chairman - Audit & Finance 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	<ol style="list-style-type: none"> 1. Reliance Capital Asset Management Co. Ltd. 2. Indusind Bank Ltd. 3. IL&FS Energy Development Corporation Ltd. 4. IL&FS Infrastructure Development Corporation Ltd. 5. Gammon Infrastructure Projects Ltd. 6. Power Grid Corporation Ltd. 	-
Shri U. Sundararajan	<ol style="list-style-type: none"> 1. Bharat Oman Refineries Ltd. 2. Ennore Port Ltd. 3. IDFC Trustee Co. Ltd. 	<ol style="list-style-type: none"> 1. Member - Audit Committee 2. Member - Audit Committee
Prof. Sushil Khanna	<ol style="list-style-type: none"> 1. OIL India Ltd. 2. Kerala Financial Corp. 3. Nicco Ventures Ltd. 	-
Shri Arun Kumar Verma	-	-
Shri Arun Ramanathan	<ol style="list-style-type: none"> 1. United Stock Exchange of India Ltd. 2. Jenson & Nicholson Ltd. 3. JCT Electronics Ltd. 4. Indian Clearing Corp. Ltd. 5. Aluminium Industries Ltd. 	<ol style="list-style-type: none"> 1. Member - Audit Committee 2. Member - Audit Committee 3. Member - Audit Committee
Rear Admiral (Retd.) T. S. Ganeshan	-	-



SALIENT STATISTICS 2009 / 2010

Authorised Capital	Rs. 450.00 Crores
Subscribed and Paid-up Capital	Rs. 423.45 Crores
Depreciation Provision	Rs. 380.11 Crores
Gross Earnings	Rs. 3896.33 Crores
Gross Investment on Fleet	Rs. 10582.60 Crores
No. of Voyages made	543
No. of Passengers carried (including managed vessels)	2,01,680
No. of Employees (including crew) (As on 1st August, 2010)	3520

Vessels Owned (As on 1st August, 2010)

___ Number	74
___ Tonnage	2.87 Million GRT 5.06 Million DWT

Vessels on Order

___ Number	29
___ Tonnage	0.95 Million GRT 1.72 Million DWT

THE SHIPPING CORPORATION OF INDIA LTD. DECADE AT A GLANCE

OPERATIONAL STATISTICS

(FIGURES IN CRORES OF RUPEES)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Operating Earnings	2,994.8	2,784.7	2,376.5	3,100.3	3,396.1	3,531.0	3,703.4	3,726.9	4,166.6	3,463.1
Interest Income	37.0	54.1	35.3	60.7	80.2	172.1	219.7	227.7	272.7	218.2
Other Income	137.4	121.5	66.9	74.5	249.7	59.0	287.2	129.8	125.2	215.0
Total Earnings	3,169.2	2,960.3	2,478.7	3,235.5	3,726.0	3,762.1	4,210.3	4,084.4	4,564.5	3,896.3
Operating Expenses	2,049.0	1,982.3	1,826.1	2,019.8	2,033.7	2,119.3	2,567.7	2,594.4	2,815.7	2,771.0
Other Expenses	189.3	256.8	156.9	166.5	183.7	145.3	149.4	221.3	266.5	216.7
Interest Expenses	102.7	76.7	49.1	55.7	64.3	79.1	80.1	61.6	64.7	52.5
Depreciation	273.6	265.2	257.8	280.0	297.1	303.5	303.1	303.2	323.9	380.1
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	39.1	0.0
Tax Liability	172.0	137.7	(86.0)	86.5	22.8	72.8	95.5	90.0	113.9	99.1
Deffered Tax Provision written back	0.0	0.0	0.0	0.0	(295.5)	0.0	0.0	0.0	0.0	0.0
Total Expenses	2,786.6	2,718.7	2,203.9	2,608.5	2,306.1	2,720.0	3,195.8	3,270.5	3,623.8	3,519.4
Profit after Tax	382.6	241.6	274.8	627.0	1,420.0	1,042.2	1,014.5	813.9	940.7	376.9

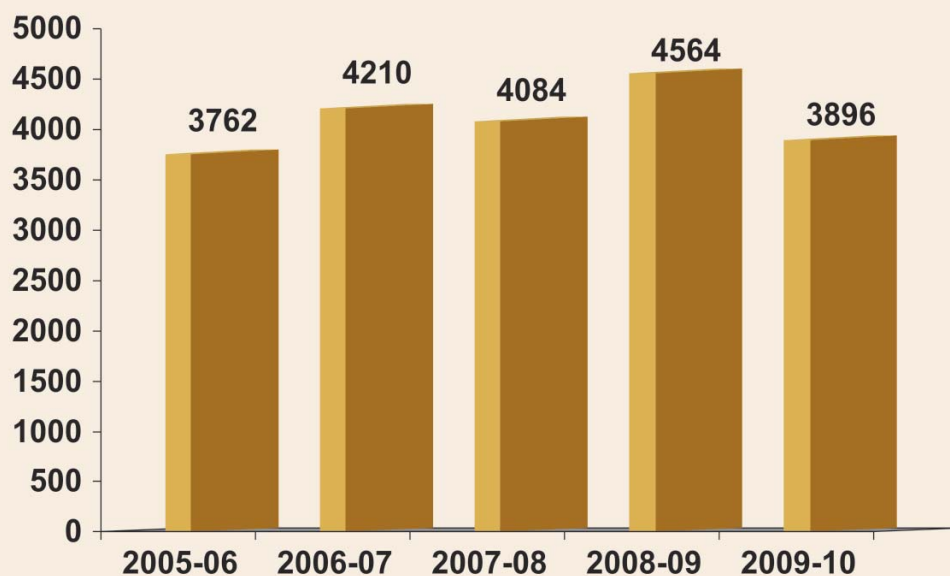
FINANCIAL HIGHLIGHTS:

(FIGURES IN CRORES OF RUPEES)

	31-03-01	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
WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	5,254.3	5,142.0	5,243.2	6,073.8	6,506.1	6,818.9	6,705.4	6,737.1	8,161.9	8,893.2
Less: Depreciation (Cum)	2,559.1	2,679.4	2,871.4	3,092.0	3,270.3	3,559.4	3,744.2	4,047.2	4,333.9	4,386.4
Net Block	2,695.2	2,462.6	2,371.8	2,981.8	3,235.8	3,259.5	2,961.2	2,689.9	3,828.0	4,506.8
Assets under Construction	303.7	432.3	681.3	385.7	122.5	237.3	762.5	2,007.2	2,099.9	1,854.7
Asset Retired from Operation	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Working Capital	442.8	402.0	561.3	667.6	1,618.6	2,224.1	2,596.7	2,347.7	2,640.9	2,505.7
Investments	21.9	51.0	0.5	0.5	1.5	8.9	24.0	41.5	111.5	166.7
	3,463.6	3,352.8	3,614.9	4,035.6	4,978.4	5,729.8	6,344.4	7,086.3	8,680.2	9,033.9
WHAT THE COMPANY OWED										
Long Term Funds:										
SDFC/Govt. Loans	308.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank Loans	948.0	1,031.6	1,112.1	1,371.3	1,402.7	1,374.4	1,244.7	1,454.2	2,471.7	2,696.9
Unsecured Loans	19.8	6.9	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	1,276.1	1,038.5	1,119.0	1,371.3	1,402.7	1,374.4	1,244.7	1,454.2	2,471.7	2,696.9
Deferred Tax Liability	0.0	218.7	233.0	295.5	0.0	0.0	0.0	0.0	0.0	0.0
NET WORTH OF THE COMPANY										
Share Capital	282.3	282.3	282.3	282.3	282.3	282.3	282.3	282.3	423.5	423.5
Reserves & Surplus	1,924.8	1,852.1	2,029.6	2,114.7	3,309.8	4,077.8	4,817.4	5,349.8	5,785.0	5,913.5
Deferred Revenue	(19.6)	(38.8)	(49.0)	(28.2)	(16.4)	(4.7)	0.0	0.0	0.0	0.0
Expenditure										
	2,187.5	2,095.6	2,262.9	2,368.8	3,575.7	4,355.4	5,099.7	5,632.1	6,208.5	6,337.0
Dividend paid	84.7	98.8	84.7	479.9	197.6	239.9	239.9	239.9	275.2	211.7
Dividend %	30.0	35.0	30.0	170.0	70.0	85.0	85.0	85.0	65.0	50.0*

* Proposed

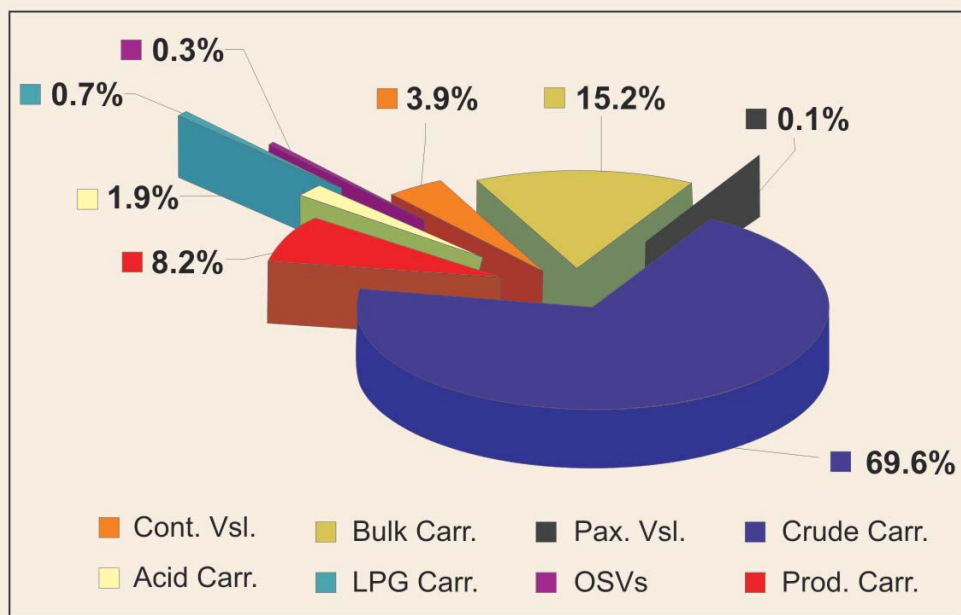
TOTAL INCOME (AMOUNT IN RS. CRORES)



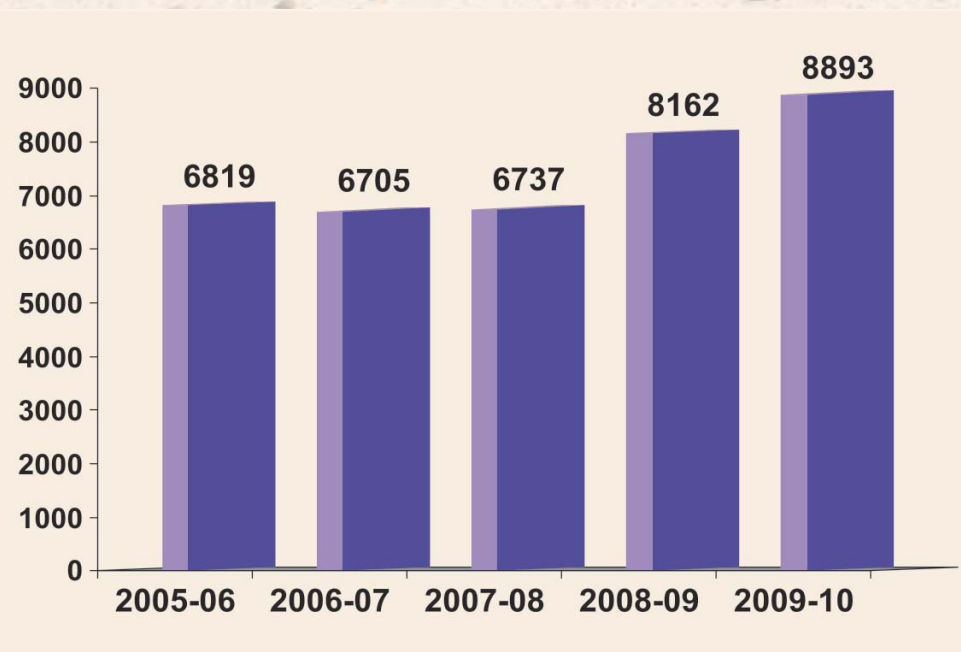
PROFIT BEFORE TAX (AMOUNT IN RS. CRORES)



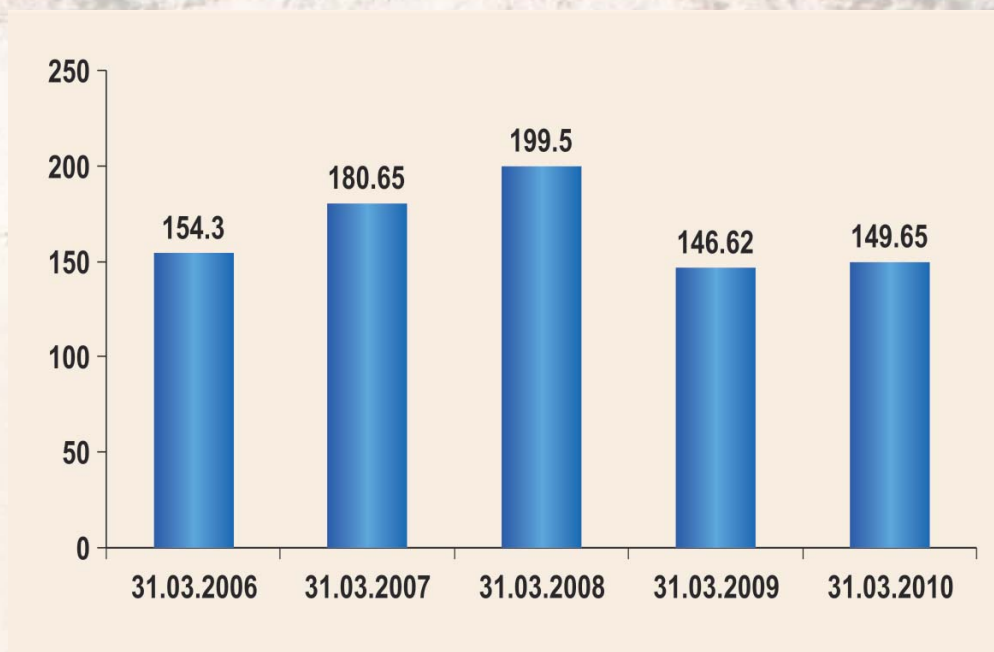
**COMPOSITION OF SCI FLEET
In Dwt. (%) as on 31.03.2010**



GROSS BLOCK (AMOUNT IN RS. CRORES)



BOOK VALUE OF SHARES (VALUE IN RUPEES)



During the financial year 2008 - 2009, the Corporation had issued 141151215 fully paid up equity shares of Rs. 10/- each as bonus shares.

DEBT / EQUITY RATIO



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the **60th Annual Report** on the working of your Company for the financial year ended 31st March 2010.

Accounting Year

The year under report covers a period of 12 months ended on 31st March, 2010.

Financial Performance

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

	(Rs. Crores)	
	2009-2010	2008-2009
Gross Earnings	3,896	4,564
Gross Profit (before interest, depreciation, items relating to earlier years, exceptional items & tax)	849	1,469
Less : Interest	53	65
Depreciation	380	324
Profit before items relating to earlier years, exceptional items & tax	416	1,080
Prior year's adjustments	(6)	4
Excess Provision/sundry credit balances written back	66	10
Profit before Exceptional items & tax	476	1,094
Exceptional items	-	(39)
Provision for Indian Taxation	99	(114)
Net Profit	377	941

Appropriations

The working results of your Company for the year 2009-2010 after considering prior period adjustments show a profit of Rs.376.91 crores. An amount of Rs.80 crores has been transferred to Tonnage Tax Reserve u/s 115VT of the Income Tax Act, 1960. After adding a sum of Rs.511.38 crores (being balance in profit and loss account brought forward from the previous year), the amount available for disposal works out to Rs.808.29 crores. Your Directors propose to make the following appropriations from this amount:

1. General Reserve	...	Rs. 40.00 crores
2. Staff Welfare Fund	Rs. 1.00 crore
3. Corporate Social Responsibility Reserve	...	Rs. 3.77 crores
Total	...	Rs. 44.77 crores

Dividend

Your Directors recommend payment of dividend @ 50% for the year 2009-10 absorbing a sum of Rs.211.73 crores. In addition, dividend tax of Rs.35.16 crores will be payable by the Company. After the proposed appropriations, the sum available is Rs.516.63 crores which is being carried forward to next year's accounts.

Fleet Position during the Year

During the year under report, eight vessels aggregating to 4,53,540 dwt. were disposed of; one newbuilding crude oil tanker and three newbuilding product tankers aggregating to 4,68,007 dwt. were delivered. Thus, the overall fleet position, which was 80 ships at the beginning of the year, closed at 76 ships at the end of the year as shown in the following table:

FLEET PROFILE DURING THE YEAR

Particulars	As on 1.4.2009		Additions		Deletions		As on 31.3.2010	
	No.	Dwt.	No.	Dwt.	No.	Dwt.	No.	Dwt.
1. (a) Crude Oil Tanker	30	35,89,597	1	3,21,137	5	3,35,875	26	35,76,271
(b) Product Tankers	9	3,67,240	3	1,46,870	2	90,937	10	4,23,172
(c) Chemical Tankers	3	99,174	-	-	-	-	3	99,174
(d) Gas Carriers	2	35,202	-	-	-	-	2	35,202
2. Bulk Carriers	19	8,08,505	-	-	1	26,728	18	7,81,777
3. Liner Ships	5	2,02,413	-	-	-	-	5	2,02,413
4. Offshore Supply Vessels	10	17,904	-	-	-	-	10	17,904
5. Passenger-Cum-Cargo Vessels	2	5,303	-	-	-	-	2	5,303
Total	80	51,25,338	4	4,68,007	8	4,53,540	76	51,41,216

NEWBUILDING VESSELS DELIVERED DURING THE YEAR

Vessel Name	Type	Yard Built	Dwt.
m.t. Desh Vishal	VLCC	DSME , S.Korea	3,21,137
m.t. Swarna Kalash	Product Tanker	Jinling Shipyard, China	47,878
m.t. Swarna Pushp	Product Tanker	Jinling Shipyard, China	47,795
m.t. Swarna Mala	Product Tanker	STX Shipyard, S. Korea	51,196*

* Resale vessel acquired on 25.1.2010.

VESSELS DISPOSED OF DURING THE YEAR

Vessel Name	Type	Yard Built	Dwt.
m.v. Lok Prakash	Bulk Carrier	1989	26,728
m.t. Major Somnath Sharma, PVC	Crude Oil Tanker	1984	67,225
m.t. Naik Jadunath Singh, PVC	Crude Oil Tanker	1984	67,169
m.t. CHM Piru Singh, PVC	Crude Oil Tanker	1984	67,161
m.t. Capt. G.S. Salaria, PVC	Crude Oil Tanker	1984	67,167
m.t. Major Dhan Singh Thapa, PVC	Crude Oil Tanker	1984	67,153
m.t. F.O. Nirmaljit Singh Sekhon, PVC	Product Tanker	1985	45,485
m.t. Lt. Arun Khetarpal, PVC	Product Tanker	1985	45,452

VESSELS ON ORDER AT THE END OF THE YEAR

Type	No.	Shipyard	Total Dwt.
LR-I Product Tankers	6	STX Shipbuilding Co. Ltd., S. Korea	4,33,800
LR-II Product Tanker	2	Hyundai Heavy Industries Co. Ltd., S. Korea	2,10,000
Aframax Crude Oil Carrier	4	Hyundai Heavy Industries Co. Ltd., S. Korea	4,60,000
Anchor Handling, Towing & Supply Vessel (AHTSV) (80T BP)	4	Bharati Shipyard Ltd., India	8,000
Handymax Bulk Carrier	6	STX (Dalian) Shipbuilding Co. Ltd., China	3,44,400
Panamax Bulk Carrier	4	STX (Dalian) Shipbuilding Co. Ltd., China	3,22,620
Anchor Handling, Towing & Supply vessel (AHTSV) (120 T BP)	2	Cochin Shipyard Ltd., India	3,940
Platform Supply Vessels (UT 755 Design)	2	Cochin Shipyard Ltd., India	6,120

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

The global economy witnessed a 0.7% contraction in GDP during 2009 after registering a moderate growth of around 3% in the previous year. The performance of major economies / regions during 2009 indicated that, with the exception of China and 'Other Asia' which recorded positive growths of 8.3% and 2.6% respectively, the economies of North America, OECD Europe and Japan shrunk by 2.5%, 3.9% and 5.4%, respectively.

China led the growth in the second half of 2009, mainly fuelled by its domestic demand with the government's stimulus package contributing to off-set slowdown in exports; and South Korea, Singapore and India also posted significant growth. North American economy reversed the trend of contraction in the second half of 2009 with a surge in manufacturing activity on account of strong exports and inventory build-up. OECD Europe also showed a similar trend, though the pattern was not uniform across the region with Germany and Italy experiencing moderate growth while the British and Spanish economies continued to contract. Japanese economy also reversed the trend by mid-2009 after a double digit rate of decline since late 2008.

Although global Dry Bulk trade contracted slightly during 2009, the year witnessed a massive rebound in Chinese imports with around 50% increase and a stronger than expected recovery in trade in other countries. Deliveries of vessels were 40% below schedule and there was widespread port congestion. Together, these developments contributed to improvement in spot rates throughout the year.

The global Oil trade was characterised by very weak OECD demand, which was off-set to some extent by a massive 12% increase in Chinese imports as also by strong demand in rest of Asia. Overall, the oil trade shrank during 2009 with the crude trade falling somewhat more than the product trade. The total fleet grew by around 7% during the year. The year thus witnessed unfavourable conditions with spot rates falling by around 65% from the previous year. Crude tanker spot rates touched the low levels not experienced since 2002. However, late 2009 and early 2010 brought some encouraging signs with the crude tanker spot rates maintaining a rising trend.

Global 'Dry Bulk' imports were 2.9 billion tonnes witnessing a fall of 0.5%. Global 'Crude oil' imports during 2009 were around 1.96 billion tonnes, 3.7% lower than in 2008. 'Products' imports were 0.8 billion tonnes, declining by 2.3% compared to its previous year's level. The total 'Oil' trade thus witnessed a decline of 3.3%. Global Container trade was in the region of 120 million TEUs, registering an unprecedented contraction of 7.7%.

The share of 'Oil' trade in the total 'Oil & Dry bulk' imports in 2009 declined marginally to 48.7% from 50% in the previous year. The share of 'Dry Bulk' trade correspondingly increased slightly to 51.3%.

Indian Scenario

As per the Advance Estimates of the Central Statistical Organisation (CSO), India's GDP growth for 2009-10 is reckoned at 7.2%, nearly the same level as in the previous year despite the unfavourable global economic scenario. This was aided by strong growth in manufacturing and services' sectors and a lower decline than previously expected in agriculture sector. As per another estimate, the IMF has projected India's GDP growth in 2009-10 at 6.75% while the RBI has projected 7.5% growth. India's Foreign Exchange reserves have increased by almost 10% from their year ago level and stood at US\$ 277 billion at the end of March 2010. India's Merchandise Exports in 2009-10 are estimated at US\$176.5 billion, lower by 4.7% than the previous year mainly due to global economic meltdown. Imports during the same period were US\$278.7 billion, a fall of 8.2% from last year.

The total Cargo traffic handled by the Major Indian ports during 2009-10 was around 561 million tonnes, increasing by 5.7%. This comprised around 175 million tonnes of POL (Petroleum and Other Liquids) remaining constant at previous year's level, 189 million tonnes of major Dry Bulk cargoes (Iron Ore, Fertilisers, Coal) which increased by 3.7%, 101 million tonnes of Container traffic showing a substantial increase of 8.6% (however, in terms of TEUs, the increase was around 4.3% indicating that heavy weight cargo was handled at major ports) and 95 million tonnes of "Other Cargoes" (i.e. minor bulks, breakbulk etc.), which declined by 21%.

The share of 'Dry Bulk' cargo in India's Major ports traffic was around 34%, followed by 'POL' at 31%, Containerised cargoes at 18% and "Other cargo" accounting for the remaining 17%. The change in the traffic pattern from the previous year indicates that the share of Dry Bulk and POL cargoes has declined with Containerised cargoes and 'Minor bulk & Breakbulk' cargoes increasing their share in the trade.

B. OPPORTUNITIES & THREATS

Global Economy

Global GDP is expected to expand by 3.7% in 2010, indicating a considerable improvement over the contraction experienced in 2009. A slightly higher growth at 3.9% is projected for 2011 with similar growth likely to be witnessed over the next three years. However, even this improvement is still below the 4.7% growth witnessed during the 2004-2007 boom period. The overall scenario thus appears to present a somewhat limited growth opportunity for global trade and commerce. As per a recent CMIE (Centre for Monitoring Indian Economy) Report, world trade volume contracted by almost 13% in 2009 with a modest recovery of 5% projected for 2010, subject to a sustained global recovery setting in.

In the dry bulk segment, the Chinese infrastructure spending is expected to slow down and its steel demand projected to mature, with the growth in its overall imports likely to average around 7% p.a. over the next five years. Global demand is also expected to be quite strong over the next two years. However, with the bulk carrier fleet projected to continue growing rapidly in 2010, considerable tonnage would be available for employment. This trend of substantially high addition to the fleet is expected to continue for the next two years.

In the tanker segment, global oil trade is expected to recover in 2010 with both crude and product trades increasing by a little over 3% each. Long-haul shipments such as from Middle East to North America and Europe are projected to rise significantly. However, a new pipeline from Russia to China is scheduled to become operative in late 2010, which would slightly curtail seaborne import shipments. Also, the anticipated decline in floating storage of oil over the coming year would release additional tanker tonnage thereby tempering the demand for tankers. Although global economic growth is projected to accelerate slightly from 2011 to 2014, the demand for oil is expected to grow at a moderate pace as other energy forms such as LNG and nuclear power are likely to increase their market shares. Oil trade is thus projected to grow by around 3% p.a. during this period, with the product trade growing slightly faster than crude trade. China is reckoned to continue to be the most significant market in this segment, followed by 'Developing Asia' with India's oil demand expected to be twice the level of this region. On the fleet side, tanker deliveries are expected to remain relatively high through 2011, and the tanker & combination carrier fleet is expected to continue to expand substantially through 2012.

The projections for the overall economic growth of various countries and regions and the developments in seaborne trade and shipping indicated above are expected to impact global trade as given below.

Global Trade

During 2010 'Dry Bulk' trade is expected to present substantial opportunity for shipping with a robust growth of 10.5% over 2009, however, in 2011 the growth is expected to slow down to about 6.1%.

The 'Oil' trade is expected to witness a modest growth of 3.2% in 2010 with both crude and product trades increasing by a little over 3% each. However, in 2011, a lower growth of around 2.8% is projected for the total 'Oil' trade with 'crude oil' segment witnessing slower growth and the 'products' segment likely to register a higher growth compared to their previous year's levels.

The Container trade is expected to recover after a drastic contraction in 2009 with a substantial upswing of 8% in 2010, followed by 9% in 2011.

Indian Economy & Trade

A number of investment banks, including certain foreign-owned, have forecast India's GDP growth of 8.5% for 2010-11. However, one of the foreign banks has projected a slightly lower GDP growth of 8.1% reflecting the global uncertainty arising from the European sovereign debt crisis. A recent CII (Confederation of Indian Industry) survey reckons the growth to be between 7.5% and 8.5%, fuelled mainly by rising capital investment and expanding exports.

C. OUTLOOK

With supply of dry bulk tonnage outpacing the expected growth in demand, the shipping market in this sector is projected to weaken during 2010 with average freight rates declining by more than 20% compared to their 2009 levels. The anticipated deliveries of vessels would continue to exert downward pressure on rates through the first half of 2012, and a recovery is expected to gain momentum only in 2013.

In the tanker segment, crude tanker spot rates are likely to fall back relative to their high levels in January 2010, however, they are expected to remain above 2009 average levels through to 2012. Thereafter, the rates are projected to witness an upturn during the next two years.

Your Company has formulated its Ship Acquisition Programme for the 11th Five Year Plan (2007-12) period reflecting the strategy of focusing on value-adding businesses by building on its core competencies so as to realize the objective of enhancing shareholder value. This Acquisition programme for expansion / diversification/ modernisation of SCI's fleet envisages acquisition of 62 vessels aggregating to over 2.5 million GT (4.5 million Dwt.) and includes Bulk Carriers (Capesize / Panamax / Handymax), Crude Tankers (VLCC / Suezmax / Aframax, etc.), Product Tankers (LR-II / MR), Offshore Vessels, etc. The Ship acquisition programme is reviewed from time to time in order to sync it with the latest trend of pricing and the conditions of charter market. During the last financial year, your company acquired a resale MR Product tanker built in a first class Korean Yard for US\$ 32.9 million (originally priced at US\$ 45.2 million) from a Greek owner. Your Company is also on the look-out for suitable Liner vessels. Your Company believes that in the wake of erstwhile meltdown, opportunities for value buying in limited manner may come up and, the Company will consider these proposals.

D. RISKS & CONCERNS

Although global economic recovery is presently reckoned to continue at a relatively steady pace over the next few years, there is considerable uncertainty with regard to the US economy, which may experience a recession during the second half of 2010, especially if its private sector demand does not improve as the Government's stimulus package gets phased out. In such a scenario, global GDP growth would not continue at the pace being projected now, and consequently, there would be an adverse impact on trade and shipping activities.

As a result of improvement in freight rates / markets, there is a possibility of reduced slippages (postponement) in the deliveries of dry bulk and tanker vessels from the shipyards than what is presently envisaged and in case the slippages reduce substantially, the increased addition to the respective fleets would result in much faster deterioration in the freight rates.

Another concern would be a much faster reduction of floating storage (in tankers) of refined products than presently reckoned which would also release much greater tonnage of tankers for employment than projected, thereby putting further downward pressure on rates.

These developments, singly or in combination, would adversely affect revenues and profitability of shipping operations.

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 & DEVELOPMENTS

World Scenario

The global credit crisis and world economic downturn in 2008-09 dramatically undermined the prospects for tonnage demand for all main ship types; thus, the year 2009-10 opened amid far more negative sentiment than a year earlier.

In the financial year 2009-10, the shipping industry faced rough weather with tanker freight markets not being steady at all. There were huge declines in spot earnings, both for clean and dirty tankers, mainly due to (i) poor oil demand, particularly in the mature industrial economies, and resulting cuts in crude imports (ii) increased oil output from US and Former Soviet Union (FSU); in particular, a 0.58 mb/d (million barrels per day) rise in its domestic crude oil production made the US less dependent on imported supplies, (iii) far faster net fleet growth (net fleet expansion was also compounded by fewer removals from the fleet, as interest in buying 'single-hulled' ships for conversion (to bulk carriers or FPSOs) had diminished significantly) (iv) relatively strict adherence by OPEC members to the oil output cuts that had been enacted from late 2008 onwards.

The fourth quarter of 2009-10 showed an upward trend in the tanker freight market as a steady recovery in oil demand (mainly non-OECD), amid bettering economic conditions, and rising offshore storage, pushed up the demand for tonnage.

Indian Scenario

The oil and gas industry has been instrumental in fuelling the rapid growth of the Indian economy. According to the Ministry of Petroleum, India has total reserves of 775 million metric tonnes (mmt.) of crude oil and 1074 billion cubic metres (bcm.) of natural gas as on April 1, 2009.

Under New Exploration Licensing Policy (NELP VIII), 1.62 sq.km. of area comprising 70 blocks was put up for bidding.

Production

By the end of the Eleventh Plan, the refinery capacity is expected to reach 240.96 million metric tonnes per annum (mmtpa.).

- Crude oil production during 2009-10 was 33.68 mt. as compared to 33.50 mt. in 2008-09.
- Refinery production in terms of crude throughput was 160.03 mt. in 2009-10.
- The production of natural gas went up to 47.57 bcm. in 2009-10 from 32.84 bcm. in 2008-09.

Consumption

The sales/consumption of petroleum products during 2008-09 was 133.40 mt. (including sales through private imports) registering an increase of 3.45 per cent over sales of 128.94 mt. during 2007-08, according to the Ministry of Petroleum.

India's domestic demand for oil and gas is on the rise. As per the Ministry of Petroleum, demand for oil and gas would 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 177.97 million tonnes per annum (mtpa.) as on April 1, 2009 as compared to 148.968 mtpa. as on April 1, 2008.

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 2011.

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

B) OPPORTUNITIES & THREATS

Opportunities

It is expected that there would be recovery in the global economy thereby brightening the near-term outlook for tanker trade. A pick up in vessel scrapping due to Marpol single-hull phase out deadline would tame growth in tonnage supply in 2010. Tonnage demand is also likely to grow faster with rising long-haul trade and offshore storage. The refining capacity is expected to grow at about 3.24 million bpd (barrels per day) across the world between the years 2009-14. The Indian refining capacity and utilization are set to increase which provides increased opportunity for tanker trade. Increased oil imports in 2 million barrel parcels is resulting into enhanced usage of VLCCs and thus an opportunity for acquisition of more VLCC units. Emergence of India as a significant refining base and the expansion of RIL refinery and Essar refinery would result in enhanced exports of products from India, which would require Clean LR-I and LR-II tankers. With the phase-out of single hulls, freight market levels are likely to improve in Indian crude oil import trade.

Threats

High supply growth next year on the back of hefty deliveries would place downward pressures in 2010 and 2011 as the tonnage supply may improve. Slack oil demand, particularly in the mature industrial economies viz. USA and Japan would adversely affect the trade activity. Demand growth, especially in short term, is heavily dependent on growth in India and China. However, this growth cannot offset the declines in imports by more mature markets such as the US.

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.

During the year 2009-10, the total quantity of crude oil transported by your Company was about 24.89 mmt., which includes 2.89 mmt. in cross trade, 11.42 mmt. of imported crude for Indian Oil Industry and 6.90 mmt. coastal movement. In addition, through in-chartered vessels, your Company transported about 3.68 mmt. of imported crude for Indian Oil Industry.

Of the total 15.10 mmt. of crude oil transported by your Company for Indian PSU refineries, 75% was carried by owned vessels and 25% carried by in-chartered vessels.

Your Company, as an integrated service provider, has also handled lighterage operations during the year 2009-10 at various locations along the Indian Coast and has lightened liquid and dry bulk cargo of 7.16 mmt.

Ship-to-Ship (STS) Lighterage operations

During 2009-10, your Company's Lighterage Cell carried out 192 STS lighterage operations for STS transfer of 2.541 mmt.(million metric tonnes) of crude oil (import and indigenus) at various locations off the East & West Coasts of India, and 45 lighterage operations for STS transfer of 4.617 mmt. of bulk Iron ore off Goa.

In January 2010, the Lighterage Cell also commenced STS operations for transfer of Clean Petroleum Products (CPP) for M/s. Reliance Industries Ltd.(RIL) off Sikka.

During 2009-10, the Lighterage Cell supervised/conducted 52 Single Buoy Mooring (SBM) operations of storage tankers at Mumbai High and satellite oilfields.

Contract of Affreightment (COA)

During the year 2009-10, your Company successfully performed COA with HPCL and BPCL. The contracted quantities are 11 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.

Your company is transporting Mumbai high crude to various Coastal refineries viz. M/s. MRPL(Mangalore Refinery & Petrochemicals Ltd.), M/s. HPCL, M/s. BPCL, M/s. IOCL and M/s.CPCL (Chennai Petroleum Corporation Ltd).

Product Carriers

During the year 2009-10, eight (8) product vessels were gainfully employed with the Indian Oil Industry on time charter basis and one vessel had been employed outside. Out of these, two vessels were phased out during the year.

Your Company took deliveries of 3 new MR tankers. m.t. "Swarna Kalash" was delivered on 10.10.2009, m.t. "Swarna Pushp" on 27.01.2010 and m.t. "Swarna Mala" on 25.01.2010.

Specialized Vessels

Your Company's LPG/Ammonia carriers were operated for carriage of both LPG and Ammonia. After spotting, for few voyages, these vessels, for a major part of the year, were deployed on time charter to M/s. Indian Oil Corporation Ltd.

The three chemical tankers continue to be deployed under COA with M/s. Maroc Phosphor and performed few coastal voyages for M/s. Sterlite Industries.

D) OUTLOOK

A recovery in the global economy, rising demolitions and a slowing pace of new tonnage deliveries are some factors which may bring some positive outlook for the tanker market. Global oil demand is now projected to recover by 1.9% in 2010, driven up by strong non-OECD demand. However, downside risks still remain, with OECD oil demand forecast to further decline by 0.6% (or 110,000 bpd) from 2009. Moreover, oil product stocks in the US, even after declining significantly over the quarter, still stand at a significantly high level.

However, the tanker freight market is expected to witness downward pressures on freight rates over the next two years viz. 2010 and 2011 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, tonnage supply is forecast to expand at a much more rapid pace of 7% per year, further widening the tonnage supply-demand gap. Going further, decline in floating storage over the next twelve months shall increase the tonnage supply.

In short, the outlook for tanker market in the year 2010-11 looks grim as demand gains are likely to be offset by lower floating storage and steady fleet growth.

Your Company is expected to grow its tanker fleet in the financial year 2010-11 with new deliveries of LRIs, LR2s and Aframax tankers.

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 2010 with two extensions of one year each at charterers' option.

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

The movement of clean petroleum products (CPP) 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.

D) RISKS & CONCERNS

Economic slump, higher 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, SCI expects to tide over the challenges posed by the current market environment.

Taking into account the current levels of vessels on order and the further tonnage acquisition planned, SCI is likely to retain its dominant position among Indian Shipowners in terms of tonnage and 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 will become 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 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 on line against 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 31.03.2010, payment under various heads outstanding from the oil industry was approximately Rs.149.92 crores. A substantial portion of the outstandings 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 & DEVELOPMENTS

World Scenario

The average BDI (Baltic Dry Index) during the year 2009-10 was 2978 (as compared to 4896 during 2008-09).

The Baltic Supramax Index (BSMI) also witnessed a decline from 2009-10 where the average stood at 2001 as compared to 2999 during 2008-09.

As mentioned earlier, 2009-10 started with a negative sentiment. The difficulties facing vessel owners were set to be accentuated by softer cargo demand at a time of accelerating net fleet growth. Though the year began in a depressed state, there were series of upturns witnessed during this year. These were largely linked to (a) continued firm import demand by China and (b) the build up of huge volumes of port congestion at some key dry bulk terminals in East Coast Australia and China. Dry bulk carrier earnings predominantly rose in the fourth quarter of financial year 2009-10.

Indian Scenario

Indian Iron Ore shipments and Coal imports are the driving forces for dry bulk demand in India. During the period from April to January 2010, India imported about 61.01 million tones of Coal as against 49.90 million tones imported during the period from Apr-Jan 2009. The iron ore traffic accelerated to 7.1% of total port cargo traffic

in 2009-10 from a modest 2.3% in 2008-09. The exports of iron ore, a key ingredient in steel manufacturing, increased in 2009-10 as compared to last year. Your Company's Handymax fleet continued to perform well in this segment. Growing domestic demand for steel and the augmentation of power generation capacities are driving the Coal demand and SCI is a major transporter for these imports.

B) OPPORTUNITIES & THREATS

Opportunities

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 and their requirements would be met mainly through shipping imports. Indian Power generation is projected to increase by 21355 MW (7.2%) in 2010-11. The thermal coal imports are projected at 30 MMT in 2008, 60 MMT in 2009 and 81 MMT in 2012. Indian Companies are acquiring coal mines abroad from which coal are to be shipped to India. Coking Coal imports are expected to increase in line with Steel capacity and thus, increasing shipping activity. Coastal Trade is increasing. Deepwater ports with better infrastructure are being developed thereby enabling Indian owners to opt for larger vessels like Panamax for shipments. World GDP growth is projected to grow in near future and dry-bulk trade has close co-relation 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. Eurozone 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 in which SCI has been an active participant. Leading ore supplier M/s. VALE has embarked on large scale conversion of VLCCs to VLOCs. If shipments from Brazil to China take place on Very Large Ore Carriers (VLOCs), better economies of scale can be achieved and Chinese importers may shift to imports from Brazil. In the iron ore sector, China's proposed import ban on lower grade iron ore below 'Fe' content 60% is likely to curb exports from India. Fleet growth of 10% per year till 2012 will delay any significant rise in freight rates. India's exports of iron ore will decline as domestic demand is increasing and the Government has just raised the duty on iron ore exports (from 5% to 10% for iron ore lumps and from zero to 5% on fines).

C) SEGMENTWISE PERFORMANCE

Your Company owns 18 bulk carriers (average age 20 yrs.) as on 31st March, 2010 comprising of 15 Handymax and 3 Handysize vessels.

Eleven (11) units of Handymax vessels were primarily deployed on a triangular voyage for transportation of coking Coal from Australia to ECI both on COA and spot basis for Steel Authority of India Ltd. (SAIL), Kolkata and then mainly deployed for carrying iron ore from ECI to China on spot basis. On account of SAIL, SCI tonnages had lifted from Australia about 13,43,850 mt. during the year 2009-10.

Few Handymax vessels, which are less older tonnages of 45000 DWT, were deployed on short period charter and occasionally to lift urea parcel under COA arrangements and 3 units of Handysize vessels were mainly employed on cross-trades or short-term period charters to carry cargoes like urea, steel, grain, fertilizers, agri-products etc.

D) OUTLOOK

The Baltic Dry Index (BDI) opened the year in January 2010 at 3005 and reached 3300 in the middle of January 2010. However, the BDI then slipped back to close fourth quarter of 2009-10 at 2998. The major factor affecting poor business in the middle of Q4 of 2009-10 was China going into holiday mode and enquiry levels, therefore, declined drastically. Another issue that affected the freight market, especially the Pacific, was the uncertainty over the pricing of iron ore.

The world dry bulk fleet at the end of Q4 of 2009-10 stood at 469 million dwt. and by end of this year it is expected to increase to 518 million dwt. showing an increase of 14% 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.

With deliveries likely to accelerate further in the short term as slipped and delayed vessels finally get completed,

the outlook for the dry market remains weak. Demand is not expected to be sufficiently strong to meet the wave of dry bulk deliveries from shipyards.

Despite indications of some vessel cancellations and delays in 2010, dry bulk vessel supply is expected to negate any improvement in demand, capping freight market gains. However, if China again performs strongly this year and global demand recovers, the glut in supply could be negated to some extent.

E) RISKS & CONCERNS

Ageing fleet demands high level of maintenance and repairs which is adversely affecting Company's profitability.

Due to shortage of shipbuilding steel globally, the cost of steel renewal in ship repair yard is rising.

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 vessels 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 had been on a decline on Y-O-Y basis has, however, remained competitive despite poor market conditions. The bulk carriers continued its contribution; the crude sector showed a decline in earnings as crude tanker shipping suffered a heavy fall in 2009-10 but the vessels on period charter served as a hedge both for revenues and against fluctuating bunker prices. The product tankers have performed satisfactorily and the performance of LPG vessels has also been impressive. 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 Rs.2670.94 crores in 2009-10 as compared to Rs.3271.01 crores in 2008-09. The segment recorded a Profit before Tax of Rs.485.93 crores in 2009-10 as against Rs.980.11 crores in 2008-09.

(2) LINER & PASSENGER SERVICES

A) INDUSTRY STRUCTURE & DEVELOPMENTS

World Scenario:

The trend of contraction in global Container trade witnessed during 2008 continued in 2009 as well with trade volumes shrinking steeply by an unprecedented 7.7%. The contraction was particularly severe in the two premier lanes, the Asia-Europe West-Bound (15%) and the Transpacific East Bound (17%).

Operators embarked on a major programme of capacity management to substantially curtail vessel capacity through two measures i.e. 'slow steaming' of vessels and vessel lay-ups. The total container capable fleet growth fell drastically from a 12% annual pace at start of 2009 to 6% by year end. Further, there were record high scrappings and deferring of deliveries of new-building ships from the shipyards. By end of 2009, scrappings accounted for 2.8% of the cellular fleet capacity and deferment of deliveries amounted to 43% of total scheduled deliveries.

The container ship markets experienced the worst ever conditions with freight rates and charter rates declining sharply in 2009. Despite small charter rate gains in January 2010, the rates remained near historical lows, in most cases below operating expenses. Freight rate increases in early 2010 in the premier lanes are basically attributed to strict capacity control actions, although market fundamentals have also started to show improvement. For 2009 as a whole, however, most of the liner companies world wide have experienced substantial losses.

Indian Scenario:

The Major Indian ports handled 6.87 Million TEUs of Container traffic in 2009-10 which was only 4.3% higher than the previous year. This is equivalent to 101 Million Tonnes of containerised cargo, representing a significant growth of 8.6%. 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, Middle-East / West Asia Gulf etc. However, several international container majors are offering direct services or calling Indian ports enroute on their East-West services.

B) OPPORTUNITIES & THREATS

Global Container trade is projected to rebound by 8% in 2010, which is, however, on a negative growth base seen in 2009. Subsequently, the projections indicate robust growth of 9% in 2011, followed by 8.5% average annual growth upto 2014. The positive growth in container trade is based on expectations of rapid economic growth in both emerging and developed economies. The expansion of emerging economies is particularly attributed to China and India as also Latin America etc., which would accelerate trade to these regions.

On the fleet side it is expected that delivery slippage of container vessels would reduce to around 33% of scheduled deliveries in 2010 and 2011. While this would ease fleet growth in the near term, it would in any case result in faster capacity expansion in later years. The container-Capable fleet is expected to grow by an average of 7% during the next three years (i.e. 2010 to 2012). Most of the expansion is in the Panamax and Post-panamax sizes, especially mega-ships of over 7500 TEU. Though the Smaller size fleet of under 3000 TEU is likely to actually decline slightly over next three years, the cascading down of larger vessels is likely to reduce the demand for charter-vessels and hinder recovery of charter rates.

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

C) Segmentwise Performance of 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.

Type of Ships	As on 31.03.2009		Additions		Scrapping		As on 31.03.2010	
	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 the five(5) owned Container vessels: Approx. 11 years, out of which 2 vessels are around 2 years old.

As on 31.03.2010, the in-chartered container vessel tonnage operated by SCI comprised of 4 vessels of a total Dwt. of 1,62,399 tonnes and 11,784 TEU total 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 service in consortium with M/s Mediterranean Shipping Lines (MSC) with SCI deploying 2 owned and 1 in-chartered vessel and MSC 4 vessels in this service. It has round voyage duration of 49 days.

Ports of call: Colombo / JNP / Mundra / Salalah / Port Said / Barcelona / Hamburg / Antwerp / Felixstowe / Jeddah / Colombo.

Due to recession, the freight rates had reduced severely. However, the freight rates have now shown signs of recovery.

Far Eastern Sector:

India / Far East Cellular (INDFEX 1): Service

This service commenced in June, 2001 with 5 vessels of 1,600 to 1,800 TEU capacity. It was upgraded in stages and the service is presently operated as a weekly direct service from India's West Coast to Central China, Korea, Hong Kong, Singapore and Malaysia with 5 vessels of 1950–2250 TEU on a round voyage schedule of 35 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 which is shared by the partners (50% by Wan Hai & 50 % by other 3 Partners).

The One vessel deployed by SCI is of 2700 TEU capacity and the average weekly allocation for SCI is about 532 TEU considering owner's merit.

India / Far East Cellular (INDFEX 2) Service

This service commenced in June 2002, connecting East coast of India to North China and is operated as a weekly direct service with 5 vessels on a round voyage schedule of 35 days.

The constituents of the consortium are SCI, PIL, K LINE and HANJIN.

The main ports of call are Chennai / Vizag / Singapore / Hong Kong / Xingang / Dalian / Qingdao / Hong Kong / Shekou / Singapore / Port Kelang and Chennai.

Through the INDFEX 1 and INDFEX 2 services, SCI covers the Chinese market extensively with direct calls at 6 mainland Chinese ports and Hong Kong. Due to recession the freight rates continued to be severely affected in the Far East Sector. However, the Freight rates in the sector have started improving, and there is optimism that the Far- East services will improve in the current year.

SCI Middle East India Liner Express (SMILE) Service

SCI is operating this new independent weekly service (commenced in March 2008) to the Gulf with its 3 owned vessels on a round voyage schedule of 21 days.

This service covers 'India & the Indian Subcontinent - West Asia Gulf' sector catering to the trade requirement in the Gulf markets as also the Far East, Red Sea, UK-Continent through transshipment at Colombo.

Upper Gulf locations are also covered by feeder services ex-Jebel Ali. In December 2008, the SMILE service was expanded to carry feeder and coastal cargoes on the west coast of India. With this service SCI is now one of the leading coastal carriers for domestic cargo on west coast of India.

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

The freight rates between India and Gulf owing to recession have also dropped. However, catering to coastal shipping and some feeder cargoes mitigated the losses. As this service is also acting as feeder to other services, the revenues on this service also are reflected in other mainline services.

India-Red Sea Service

This is a new service launched at the end of 2008-09. This service was affected by the recession in the industry. In order to cut costs, this service has been discontinued and the vessel mv SCI Trust has been suitably redeployed in other services.

Break-Bulk Services

SCI is 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 jointly with Rickmers Linie on space sharing basis on their vessels.

Feeder Service

SCI makes feeder arrangements with ‘Common Carriers’ between various destinations on the Indian subcontinent depending on market requirements.

SCIMAX Feeder Service

SCI operated a feeder service in consortium with another Indian Feeder operator i.e. Maxicon Line. This service was catering to Kolkata – Colombo sector. Besides SCI’s own captive cargoes, this service also catered to other mainline operators’ cargo as a feeder operator. With the completion of the charter period and redelivery of the vessel, SCI has suspended this service. Currently SCI is using common feeder lines to cater to its feeder cargoes in this sector.

Currently SCI is using common feeder lines to cater to its feeder cargoes in this sector.

Coastal Operations

Domestic Passenger-Cum-Cargo Service

In addition to International operations, the SCI with its 2 Owned Passenger-cum-Cargo vessels and 30 Managed vessels operates domestic passenger & cargo transportation services between the Mainland and Andaman & Nicobar and Lakshadweep groups of Islands and inter-island, on behalf of the Government of India.

Other Coastal Services:

SCI also manages / mans certain other types of (Coastal) Research vessels on behalf of Government agencies / departments viz. 3 vessels of Ministry of Steel and 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 31.03.2009			Additions Nos.	Scrapped Nos.	As on 31.03.2010		
	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

The deployment pattern of the above mentioned owned fleet of your Company was as under:

- m.v.”Harshavardhana” was deployed in the Mainland/Andaman Sector.
- m.v.”Ramanujam” was deployed in the Inter-Island Services of the Andaman and Nicobar Islands.

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 Organisations/Departments:

Type of Ships	As on 31.03.2009			Additions Nos.	Scrapped Nos.	As on 31.03.2010		
	Nos.	Pax. Cap.	Cargo Cap. (mt.)			Nos.	Pax. Cap.	Cargo Cap. (mt.)
Pax-Cum-Cargo Ships	29	9,178	6,498	1	-	30	9,278	6,498
Other vessels	6	-	-	-	-	6	-	-
Total	35	9,178	6,498	1	-	36	9,278	6,498

The deployment of these vessels on behalf of various organizations was as follows:

- Twenty Six (26) Ships on account of the A&N Administration, of which 4 are for carrying Passengers and cargo between the Mainland and Andaman and Nicobar Islands and 22 for Inter-Islands run.
- Five (5) Ships on account of the Union Territory of Lakshadweep Administration, of which two (2) are for carrying Passengers and cargo between the Mainland and Lakshadweep Islands, 2 for Inter Islands and the remaining One (1) is an Oil Barge.
- Five (5) Research vessels on behalf of various Governmental organisations/ Departments, of which three (3) ships on behalf of the Ministry of Steel and Mines (Geological Survey of India) and two (2) on behalf of the Ministry of Earth Sciences (Department of Ocean Development).

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 (mt.)
Mainland/A&N Islands	1,76,962	16,485.62
Mainland/UTL Islands	24,718	NIL
Total	2,01,680	16,485.62

Marketing

Your Company has intensified the marketing efforts for its break-bulk and container services. Sales calls are being regularly made by the SCI's marketing team, through own offices and also through agents appointed at various ports in India and abroad so as to build a sound rapport with its customers viz. various Government of India Departments, Public Sector Undertakings and major Export / Import Business Houses. Your Company has adopted a proactive approach towards competition by undertaking an all India customer contact programme, gathering market intelligence on trade activities, cargo prospects and projects in pipeline etc. Marketing efforts have also been specifically directed at various Departments of the Government of India, Public Sector Undertakings etc., for retaining their valuable patronage and cargo support.

D) OUTLOOK

Global container trade started to show signs of recovery in the fourth quarter of 2009-10 / first quarter of 2010-11, with only slight positive impact on the container freight rates. The losses in the SCI's Container services segment during 2009-10 are on account of severe drop in the freight rates and are a matter of serious concern to the management. The major reasons attributed to the dismal results are higher cost of operations like bunkers and port dues along with abysmally low freight rates ever experienced in the liner services.

The SCI's flagship ISE (Indian Subcontinent Europe) service has undergone a change with the earlier partners having withdrawn from the consortium. The service is now continuing with a new partner, M/s. Mediterranean Shipping Company, Geneva. SCI has deployed two owned vessels and one in-chartered vessel at a very attractive charter rate in the service, and the service is expected to perform well in the future.

In the Far East sector, two of the high cost vessels were redelivered in 2009, thereby reducing the outgo of about US\$ 50,000 per day, which has a positive effect in the INDFEX services. In the current year also, SCI is redelivering 2 inchartered vessels with high charter rates, which will reduce the input costs and thus improve the profitability of the services. However, INDFEX 2 Service would still be hampered by the deployment of m.v. SCI Vijay, which is a relatively higher cost vessel.

The freight rate levels, as on date, are showing signs of revival in various sectors, and it is expected that this trend will improve. On its part, the Management is continuing to work on the loss mitigating plan in order to ensure overall profitability of SCI. Efforts are being made for acquiring the required tonnage from the market at attractive prices. This will enable the SCI to be insulated from the fluctuating charter markets in future and reap the benefits once the global economy recovers.

SCI has also obtained the freight forwarding licences, and is now registered as a Multimodal Transport Operator (MTO). With this, the SCI is also rendering in a limited way 3PL (Third Party Logistics) business using its vast experience and agency network.

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 SCI's joint service with M/s Rickmers Linie on space sharing basis on their vessels for imports from European ports to India.

Your Company will continue to operate Coastal and Passenger Services successfully by deploying its owned / managed vessels for the Andaman & Nicobar Administration, Ministry of Steel and Mines (Geological Survey of India), Ministry of Earth Sciences (Dept. of Ocean Development) and Union Territory of Lakshadweep Administration (till July 2010).

Developments of material nature affecting the financial position of the Company subsequent to the close of the year 2009-10 i.e. after 31.03.2010:

In the passenger-cum-cargo coastal service, UTL Administration has decided to take over 4 vessels and one vessel will be scrapped during 2010-11.

E) RISKS & CONCERNS

There is a concern regarding relapse of the global economic crisis in view of the debt problem in EU countries, a "job-less" economic recovery in the US, and an over-heating Chinese economy. These factors could affect the global economic recovery with the possibility of a "W" shaped recovery scenario which would have adverse impact on world trade. In such an event, the prospects of shipping industry including container shipping would not be very encouraging in the year ahead.

F) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The freight rates on almost all the container services have been severely impacted by the global recession which has adversely affected performance of the Liner Services.

In the Breakbulk sector, your Company continued to achieve very encouraging 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 revenue of Rs.833.64 crores in 2009-10 as against Rs.825.46 crores in 2008-09. However, as compared to loss of Rs.187.23 crores in 2008-09, the Liner Division has recorded a loss of Rs. 225.09 crores in the year 2009-10.

(3) OTHERS

TECHNICAL & OFFSHORE SERVICES

OFFSHORE SERVICES

(A) DEVELOPMENTS

During the year under review, all the 10 Offshore Supply Vessels (OSVs) of your Company continued to be gainfully employed with ONGC. All the 10 vessels secured the contract against ONGC's global tender floated in 2006 for charter hire of OSVs, Anchor Handling Tug Supply Vessels (AHTSVs) and Platform Supply Vessels (PSVs) for Offshore operations. The contract period is for 5 years from the date of mobilization of vessels. As per the ONGC's tender requirements, the vessels were upgraded by installing DP1, Fresh water generator and partial UKOOA compliance. SCI has also imparted training, especially to Masters and other officers, to man these vessels.

Your Company also continued the Operation & Maintenance management (O&M) of ONGC's Seismic Survey Vessel (SSV) 'Sagar Sandhani' since 1986 on 'cost plus' basis. The previous contract expired on 31.03.2007 and the same was renewed for a period of 39 months upto 30.06.2010 on 'cost plus' basis. The terms and conditions of the contract are similar, with some changes with regard to increase in payment of monthly advance to SCI and inclusion of 'Monsoon lay up repairs' in Drydocking clause. The review of percentage of SCI's remuneration beyond 31.03.2008 had also been done and the same has been increased from 5% to 6% w.e.f. 01.04.2008.

Your Company has also continued to provide O&M services onboard ONGC's Well Simulation Vessel (WSV) Samudra Nidhi on 'cost plus' basis. The present contract is upto 31.03.2011.

Your Company continues to provide O&M services to ONGC's two Multi Support Vessels (MSVs) "Samudra Sevak" and "Samudra Prabha" and one Geotechnical vessel (GSV) "Samudra Sarvekshak" since March 2003 on nomination basis under 'cost plus' arrangement. The existing contract is valid upto 23.03.2011.

Your company continues to provide O&M services to ONGC's 16 "SAMUDRIKA" series OSVs on nomination basis under 'cost plus' arrangement.

ONGC has also entrusted O&M contract of ONGC owned 14 'Sindhu' series OSVs to your Company 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. This contract is valid till 31.03.2011. The terms and conditions of the contract are similar to existing "SAMUDRIKA" vessels' O&M contract.

Outstanding amount from ONGC: An amount of Rs. 14.96 crores was outstanding charter hire as of 31.03.2010 from ONGC against SCI owned OSVs (including service tax).

B) OUTLOOK

Due to the global financial crisis, there was a slowdown in the industrial output which has had a direct impact on the demand for oil. In the first half of 2009-10, the oil prices were prevailing at low US\$ 70 per barrel due to which many deep-sea exploration and new oil well drilling activities had been put on a slow burner. This had negatively impacted the offshore sector. However due to long 'period charter' arrangements, your Company was not affected with the falling charter rates for AHTSVs.

In the second half of the financial year 2009-10, however, things have started to look bright with the oil prices having risen to US\$87.4 per barrel. Oil prices averaged to US\$ 73 per barrel over the last 12 months and have been relatively stable. OPEC has increased its estimate for 2010 world oil demand growth and expects a 9,50,000 bpd increase for the year.

Considering the country's low level of self sufficiency in the energy sector (only about 22%) and the recovery in the international crude oil prices, future prospects of the Indian offshore sector would remain attractive for many years to come. Your Company is taking active measures to increase its exposure in this promising sector.

C) 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 competition, your Company would require adequate resources in the form of modern vessels and expertise. Your Company's offshore fleet is about 25 years old and is being replaced in phased manner.

Considering Indian Oil Industry's requirement of advanced vessels which are equipped with DP1, Reverse Osmosis, etc., SCI also needs to acquire vessels such as MSVs, DSVs, PSVs, etc. meeting the existing / future offshore logistic requirement.

Information relating to period from 01.04.2009 till date:

O&M of ONGC owned Vessels

16 SAMUDRIKA series OSVs:

Your Company has taken over sixteen (16) ONGC OSVs, out of which, as on 31.03.2010, fifteen (15) OSVs were put in operation. The remaining vessel "Samudrika-7" was not considered a viable proposal for revamping and ONGC has requested SCI to dispose of the vessel.

14 SINDHU series OSVs:

As requested by ONGC, the balance seven (7) Sindhu series vessels are being taken in phased manner, out of which three (3) Sindhu series vessels have been taken over till date. All these vessels are not viable for revamping; hence, ONGC has advised SCI to dispose of all these fourteen (14) vessels. One vessel (Sindhu-17) is being disposed of shortly and action is being initiated for disposing remaining vessels.

SSV 'Sagar Sandhani':

ONGC has given extension to SSV 'Sagar Sandhani' O&M Contract upto 31.03.2011.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The "Others" segment which includes the Technical & Offshore Services recorded a revenue of Rs.177.42 crores in 2009-10 as against Rs. 190.44 crores in 2008-09. The Profit before Tax stood at Rs.48.64 crores in 2009-10 as against Rs. 53.69 crores in 2008-09.

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 25 years of age. This has been achieved by carrying out strict planned maintenance schedule for better upkeep of the vessels.

TECHNICAL SERVICES

Technical Managerial services for acquisition of ships & supervision of construction of ships

During the year under report, your 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

The year under report is the third year of the Country's Eleventh Five Year Plan. The Government had approved a total outlay of Rs. 13,135 crores for SCI under the Eleventh Five Year Plan. As per SCI's acquisition plan, SCI was to place orders for 62 vessels of diversified fleet profile during the current Five Year Plan period and by the end of the year 2009-10 (i.e. third year of the 11th Plan), SCI has placed orders for 24 vessels. The Company's tonnage acquisition programme for the year 2009-10 envisaged acquisition of 20 vessels with an outlay requirement of Rs.2,408 crores, which included existing commitments as well as outlay for new projects.

During the period under report, your Company placed orders for 2 nos. Anchor Handling, Towing and Supply Vessels (AHTSVs) of 120T Bollard Pull capacity each and 2 nos. Platform Supply Vessels (PSVs) of 3,060 dwt. each (UT 755 Design) at Cochin Shipyard Ltd. The AHTSVs are scheduled to be delivered during March and June 2011 and the PSVs are scheduled to be delivered during September and December 2011.

The depressed shipping markets during 2009-10 also gave opportunities to cash rich companies to acquire tonnage at substantially reduced prices compared to the boom period. Your Company also made attempts to acquire vessels from the secondhand/resale market and, as mentioned earlier, we are pleased to inform that during the period under report, your Company was able to acquire one Resale MR size Product Tanker of 51,196 DWT from M/s. Prikonissos Maritime S.A. The vessel was built at M/s. STX Shipyard, S. Korea which is one of the world renowned shipyards.

While your Company had originally planned to acquire 4 Capesize bulk carriers, 4 Very large crude oil carriers and offshore vessels from the newbuilding market, considering the downturn in the shipping markets and likely correction in the shipbuilding prices, the vessel acquisition projects were kept on hold. The shipbuilding market appears to have stabilized and your Company will initiate its vessel acquisition programme and will start investing in assets procurement during the next few months.

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 ship's systems have been adopted which further minimize/eliminate risk of oil pollution. The Company took various steps to conserve energy loss at sea through the exhaust of Marine Diesel Engines/ Boilers in addition to other forms of conservation e.g. use of Fresh Water Generator, application of Tin-free Self-Polishing Paints, etc. Ballast Water Management and Silt Water Management are being introduced for the recent/new ships under construction. Vessels antifouling coating has also been changed to TBT free paints. Your Company also took delivery of two vessels which have the notation for "Green Passport". These are the first two newly built Indian Flag vessels complying to such high standards.

Technology Absorption

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 emission standards which are higher than the mandatory requirements.

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 - Environment friendly approach from building to recycling of the vessels: 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.

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 2006 and is valid till 14.03.2011. The DOC is subject to periodical verification by the Administration. Last periodical verification of Phase I & Phase II vessels was successfully completed in February 2010.

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.

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 subject to surveillance audit at intervals of one year.

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

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. As on 31.3.2010, your Company has disposed of all the applications and all appeals received from the parties within the time prescribed under the Act.

PERSONNEL & ADMINISTRATION

Industrial Relations

As far as the fleet is concerned your Company had harmonious industrial relations.

In the shore establishment, the salary revision of the employees is pending due to mismatch between the expectation of the FORA representing the employees and the offers that have been made which has caused a degree of discontent to the shore employees. However, this has not affected the business and productivity level. Your company expects that the matter would be resolved.

Fleet Personnel

During the year, your Company faced a shortage of Management level Nautical and Engineer Officers as is being faced by shipping companies all over the world. Continuous recruitment of Trainee Navigating Officer Cadets has resulted in easing the situation of the shortage of junior level officers on board.

In order to cater to the manpower requirements of the growing 'Offshore' industry, your Company has commenced training of NWKO (NCV) (Navigational Watch Keeping Officers Near Coast Vessels) cadets on board vessels during the year under review.

To find sustainable solution to the manpower shortage, your company has increased training, aligned the wages of the officers with the market and improved its interface with the seafaring people. Your Company is also in the process of leveraging technology in the management of fleet personnel.

Your Company has taken over the manning of India LNG Transport Company No.3's LNG vessel m.t. "Aseem" from the delivery yard in November 2009 with the complete complement consisting of SCI officers and ratings.

Maritime Training Institute

During the year 2009-10, the Maritime Training Institute (MTI) at Powai, Mumbai, has conducted 318 Courses during the year. The total man-days trained during the year is 13289 covering both internal and external customers.

Affiliation of Diploma Program in Nautical Sciences run at MTI has been shifted to Indian Maritime University from IGNOU.

To address the supply side constraints, MTI has increased the intake of nautical cadets for pre-sea training. A proposal for commencing a Graduate Marine Engineering Program at MTI is also being pursued. Physical infrastructure at MTI is also under enhancement.

Shore Personnel

Your Company traditionally has a low proportion of professional human capital, particularly in the shore based offices. Since 2005, a conscious plan of professionalizing the executive cadre is under way. The manpower attrition, as a matter of policy, is substituted by the intake of young professionals at junior and middle management level. Significant intake of young professional is done at entry level executive grade. Your Company has also commenced the practice of visiting IIMs, IITs and professional institutes for campus recruitment. During the year, 46 professionals have been appointed from open market to various junior and middle management positions. In addition, 8 marine professionals (Master Mariners / Marine Engineers) have been absorbed from fleet to shore officers at various levels.

Your Company is also actively updating and enhancing the competency level of employees through various interventions. The executives are exposed to programs at Administrative Staff College of India, Indian Institute of Management and other professional Organizations. 689 training man days have been spent during the year. The total number of employees as on 31.3.2010 was 3648 comprising of 980 shore staff and 2668 floating staff.

Corporate Social Responsibility (CSR)

Your Company, as a corporate policy, has decided that 1% of net profit after tax of the preceding year would be earmarked in the SCI's annual budget towards CSR program. Assistance of Tata Institute of Social Sciences (TISS), Mumbai, had been sought for evolving effective program design, management and delivery of CSR initiatives and an MOU has been signed with the TISS on 26.11.2009 for a three year partnership. The CSR initiatives accordingly took off with the partnership of TISS immediately after signing of the MOU on 26.11.2009.

Your company has implemented following initiatives following the articulation of the CSR policy:

- Fifty four students have been granted scholarships and an amount of Rs.23.88 lakhs disbursed during the year. All expenses of the students belonging to SC/ST communities or BPL (below poverty line) families pursuing Nautical Science course at SCI-MTI, are borne out of CSR initiatives. Nineteen such students have taken benefit under this scheme and an amount of Rs.44.66 lakhs incurred for this purpose.
- Your Company has teamed up with National Foundation of Communal Harmony (an autonomous organization with the Ministry of Home Affairs) for providing assistance for care and education of child victims of communal caste, ethnic or terrorist violence. For this purpose, your Company has funded the care and education of such child victims at Mumbai main and suburban districts for specifically identified children. An amount of Rs.0.96 lakhs has been spent on this project.
- Under the guidance of TISS, in association with Stree Mukti Sanghatan, your Company has conducted 20 general 'check-up' camps for 500 adolescent girls and 4 'health' camps for 400 waste pickers women at Deonar, Chembur and Mankurd. An amount of Rs.2.09 lakhs has been spent on the project.
- On the occasion of Dr. Ambedkar's Mahaparinirvan Din, the SC/ST Welfare Association had organized 'social service' camp and set up an 'awareness' stall where students were given career guidance and counseling. An amount of Rs.4.3 lakhs was spent for this purpose.
- SCI ladies (wives of employees) have organized into an institute named Purna Charitable Trust. The Trust has carried out a number of initiatives for the under privileged. It raises resources through various events for its activities. SCI has granted a project-tied assistance of Rs.5 lakhs to the Trust for specific initiatives. The resources were spent through Purna on health and educations initiatives.

In order to institutionalize the arrangements, your Company has proposed to partner with voluntary organizations for delivery of CSR initiatives. The scheme has been finalized in consultation with TISS.

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 2010 (Iranian Year 1388) earned net profit after tax of Iranian Rials 168.78 billion (US\$ 16.80 million). The consolidated net loss of your joint venture company and its subsidiaries for the Iranian year ended 20th March 2010 stood at Iranian Rials 26.49 billion (US\$ 2.75 million). The fleet owned by your Joint Venture Company together with its subsidiaries, as at 20th March 2010, stood at seven ships with an aggregate of 0.64 million dwt.

Your Joint Venture Company paid a dividend of Rials 10.00 billion (Euro 682,780.28) for the year 2008-09 (Iranian year 1387) to shareholders, SCI and IRISL, out of which an amount equivalent to Euro 334217.94, being 49% share, was paid to SCI on 05.11.2009

IHSC 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. These bonus shares are under process of issuance.

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

From the inception of the two Joint Venture Companies (JVCs) in May 2001 viz. India LNG Transport Companies Nos. 1 & 2 till 31st March 2010, both vessels, SS "Disha" and SS "Raahi" have carried about 233 cargoes and 198 cargoes of LNG each. SS "Raahi" which started its operations from 16.12.2004 was dry-docked for the second time in June 2009 and was back in service during 2009-10.

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 2009-10, an amount of US\$ 2.58 million as repayment of Shareholders' Loan and US\$ 2.28 million as interest on Shareholders' loan has been repaid by the joint ventures to your company. The outstanding amount of Shareholders' Loan as on 31st March, 2010 is US\$ 30.46 million. Your company has taken over the management of SS "Raahi" & SS "Disha" from 24.12.2008 and 29.12.2008, respectively. Your Company is managing techno-commercial operations of these LNG tankers independently and has received US\$1.19 million towards Management Fee & Accounting fee during the year 2009-10.

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 as on 31st March, 2010 is US\$ 20 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. Your Company is manning the tanker from inception i.e. delivery of the tanker with its officers and crew.

Joint Venture Company for Chemical Carriers (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 owning 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.

M/s. SCI Forbes Ltd. received the delivery of its three tankers viz. m.t. "Asavari", m.t. "Bhairavi" and m.t. "Neelambari" during the financial year 2009-10. The fourth vessel m.t. "Malhari" was delivered on 28th May, 2010. M/s. SCI Forbes Ltd. has received External Commercial Borrowings (ECB) from consortium of HSBC/NATIXIS for funding acquisition of its vessels in debt equity ratio of 80:20.

During 2009, the global economy faced severe downfall which impacted all the industries. M/s.SCI Forbes' operations were also impacted due to slowdown in shipping industry and its vessels could not earn charter rates at expected level. SCI Forbes management is reviewing the strategic plan of the JVC. Going ahead the global economy is expected to improve, which in turn, will improve the chemical tanker market also.

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

SCI has been catering to SAIL's logistics requirements over a decade and both the companies have developed an excellent commercial relationship. To foster this relationship further, SAIL and SCI have come together to form a shipping Joint Venture Company (JVC), which will primarily provide various shipping related services to SAIL for importing coking coal. A Joint Venture Agreement (Shareholders' Agreement) was signed between SAIL and SCI on 29.03.2010. Both SAIL and SCI will hold 50% equity each in the JVC. As per the Business Plan, the new venture will cater to 1.2 m.t. cargo of SAIL initially by way of acquiring two Panamax Bulk carriers of about 80,000 dwt. each.

SCI's participation in the Sethusamudram Ship Canal 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, the SCI Board decided to participate in the project with a capital investment upto Rs.50 crores. The SCI's total contribution towards equity in SCL is Rs. 50 crores.

Resolutions passed by way of Postal Ballots

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 was sought for passing the following Resolutions:-

During the year under review

Increase in the borrowing power limits from existing Rs. 5,000 crores to Rs. 12,000 crores. The announcement of result of the Postal Ballot took place on 22nd March, 2010 when the Chairman declared the Ordinary Resolution as passed with requisite majority.

After 31st March 2010:

Increase in the authorized share capital of the Company from existing Rs. 450 crores to Rs.1000 crores. The announcement of result of the Postal Ballot took place on 21st July, 2010 when the Special Resolution was declared as passed with requisite majority.

Memorandum of Understanding (MOU) with the Department of Shipping, Ministry of Shipping, Road Transport & Highways

Your Company's performance based on audited results under the MOU system has been rated as "Excellent" for over a decade and half including the year 2008-09. SCI has signed the MOU for the financial year 2010-11 as per the guidelines issued by the Department of Public Enterprises (DPE) incorporating very challenging targets despite the adverse global economic environment and market conditions. In addition to the financial parameters, the MOU continues to accord due emphasis on other important areas / activities such as Quality Management, HRD, fleet expansion & modernization, IT and fleet productivity. The parameter for 'Sustainable Development' includes activities pertaining to 'Occupational Health & Safety Management and Environmental Management'. Parameters on 'Corporate Social Responsibility', 'Research & Development' and 'Readiness to implement International Financial Reporting Standards (IFRS)' have also been included. The wide range of important parameters have been incorporated in the MOU for achieving continuous improvement in the Company's overall performance and growth.

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

SCI's Enterprise Transformation through Information Technology (SET-IT) project has commenced in January, 2008 with the assistance of M/s. TCS Ltd., the program manager and consultant. This project involves implementation of the best of breed of software packages i.e Enterprise Resource Planning (ERP) –SAP and Commercial off the Shelf (COTS) packages viz. Danaos for fleet management and chartering, and Information Dynamics for liner operations to meet the current and future business needs of the SCI. This project would benefit SCI in better management of the existing business activities related to 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 and all the related business activities in shipping. It would improve the work efficiency, provide transparency in information sharing, and do real-time integration of information across the functional divisions in SCI. It would implement the best of the business practices adopted across the shipping industry and would make SCI competitive in the global shipping market. This project would go live by September, 2010.

Role of Vigilance Division in SCI

During the year under report, the Vigilance Division made efforts to improve the efficiency of the Company by carrying out:

- a) **Preventive Vigilance**
- b) **Punitive Vigilance**
- c) **Surveillance and detection**

The Vigilance Division, besides normal activities of investigation into complaints of corruption / mal-practice, scrutiny of Annual Property Returns (APRs), etc. conducted periodic inspections of areas where the Company was expected to interface with public. Certain high value activities were also chosen for carrying out surprise inspections where the scope of irregularities would have been higher. Selective scrutiny of the voyage repairs, major works, dry-docking bills, voyage accounts, general accounts, agents' ports accounts, pre-funding and post-funding of agents' accounts were conducted. The Company's Conduct, Discipline & Appeal (CDA) Rules were strictly enforced and where complaints were established to be correct, disciplinary actions against the errants, as per the Company's CDA Rules, were recommended to the Management. Suggestions were given to the Management, from time to time, for streamlining the procedures in order to check corruption and bring greater transparency.

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.

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.

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.

In terms of the directives of the Central Vigilance Commission, Vigilance Awareness Week was observed from 3rd to 7th November, 2009 in all offices of SCI and a pledge was taken by all the employees. Vigilance Division has also published the annual news letter "SCI VOYAGER"- Volume II completely dedicated to vigilance. The Vigilance Division has tried to create awareness among the employees on "prevention of corruption/ Vigilance Awareness" through various programs. For the first time, Vigilance Division instituted 2 annual awards to be given during the Vigilance Awareness Week.

1. Best Vigilance Officer Award
2. Best Participating Division Award (Rolling Trophy)

The division has also been taking up several major contracts for CTE type inspection (i.e. intensive examination) covering all the divisions of SCI. Recommendations/suggestions are being offered to the management for improving the systemic procedures for more fair and transparent processes.

SCI Vigilance Division is now ISO 9001:2008 certified. Further, by evolving a systemic and sound procedure for complaints handling mechanism & issuance of 'No Objection' Certificate, Vigilance Division of SCI may perhaps be among the first few of Vigilance Wings of PSU's getting a separate and exclusive ISO 9001:2008 Certification. The ISO Audit has been conducted and a separate certificate is in the process of being issued by the Indian Register Quality Systems.

With the active scrutiny, intervention and rigorous follow up by the CVO, SCI could save lakhs of rupees. Proper vigilance increases productivity and profitability by clogging seepage of resources. Thus, Vigilance Division also acts as a profit centre for the company.

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.

The Central Vigilance Commission (CVC), in its endeavor to enhance and ensure transparency, equity and competitiveness in public procurement, had suggested implementation of an Integrity Pact programme in major procurement activities in major Public Sector Undertakings. The SCI Board had desired its implementation in SCI in consultation with CVO.

Your Company entered into a Memorandum of Understanding (MoU) with Transparency International India and the Integrity Pact was signed by Shri S. Hajara, Chairman & Managing Director and Adml. (Retd.) R. H. Tahiliani of TII on 26.03.2009 and was implemented on 15.05.2009. With the signing of this pact, your Company is committed to have most ethical and corruption free business dealings with the counterparties whether they are bidders, contractors or suppliers. Integrity Pact is a tool developed in Berlin by M/s. Transparency International for enhancing the degree of fairness and transparency in procurement and contracts, resulting in substantial improvement in the systems and reduction in corruption in public dealings. The same will go a long way in enhancing the image of the organisations as well as the nation. Its implementation is observed by the Independent External Monitors (IEMs) of impeccable integrity, appointed by the Central Vigilance Commission (CVC). SCI has also been able to draw persons of eminence with impeccable record and integrity to be IEMs. Your Company is pleased to inform that SCI's IEMs are Shri D.T. Joseph, Former Secretary (Shipping), Shri Sudesh Punhani, Functional Director (Retd.) Air India and Shri S.K. Singh, Former Managing Director, State Bank of Saurashtra.

The SCI Management has decided to keep the threshold value for implementation of Integrity Pact in domestic goods and service contracts to Rs.1crore only so that any contract of Rs. 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.

UNGC compliance

Your Company is now an active member of the United Nations Global Compact (UNGC). The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Your Company stands committed to the principles enshrined in the Global Compact. This is being achieved through appropriate policies and programmes adopted by SCI, besides compliance of the relevant statutes. SCI's commitment to the ten universally accepted principles in the four major areas is as follows:

Human Rights

Your Company has always focused on the protection of human rights. The Company follows policies that protect human rights of employees and other stakeholders. SCI has a well-defined Citizens' Charter and Public Grievances Redressal Procedure and rights to information to aid and assist the stakeholders.

Labour

Your Company has always considered "human resources" as most valuable asset and has provided them with safe and healthy working conditions.

SCI follows the Government guidelines with regard to reservation in employment for Scheduled Castes/Scheduled Tribes/Other Backward Classes and Physically Handicapped persons. Presently, the Company has approximately 33% workforce in these categories.

For promoting gender equality, SCI has employed approximately 18% of women employees in its shore cadre, which is one of the highest in Indian Corporate.

Environment

The Company is committed to doing business consciously and responsibly and believes in setting up sustainable systems to protect the environment as per International Conventions for the prevention of pollutions from ships. The following actions highlight the Company's commitment:

- Company's all vessels are fully compliant of MARPOL protocol and hold valid International Oil Pollution Prevention Certificate (IOPP). Each vessel is provided with a Ship board Oil Pollution Emergency Plan (SOPEP) or Shipboard Marine Pollution Emergency Plan (SMPEP)
- Each vessel holds valid International Sewage Pollution Prevention Certificate (ISPP) and International Air Pollution prevention Certificate (IAPP).
- Company has Garbage Management Plan and each vessel complies with the same.
- In order to reduce the disposal of lead and other hazardous substances into the sea/land; lead – acid batteries and other batteries are returned to the manufactures.
- The company has developed an in-house manual known as "HAZMAT". This document highlights Company's policies and procedures in respect of carriage of hazardous and dangerous goods.
- The Company, while acquiring new building vessels, ensures full compliance with the stringent international regulations in force by the International Maritime Organization (IMO) on environmentally friendly technologies.

- The Company has recently placed order for New Platform Supply vessels which are of world renowned Design and one of its kind with “Clean Notation”.
- In order to meet the forthcoming IMO Legislations on the subject of green passport, all tankers ordered by the Company after October 2007 are green passport compliant.

Ethical Practice

- Your Company is committed to fostering ethical and corruption free business environment. The Company values its relationship with all vendors and contractors and deals with them in a just, fair and transparent manner. Annual conference of vendors is held to familiarize the vendors with SCI’s system of procurement and take on record their suggestions for improvement.
- As stated earlier, SCI has taken a leap forward towards ensuring further transparency, equity and competitiveness in public procurements by adopting Integrity Pact Programme (of Transparency International India) for major public procurements.

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 made concerted efforts during the year under report with a view to spreading use of Official Language Hindi in its day-to-day official work and ensuring implementation of the provisions of the Official Language Act, 1963 and the Official Language Rules, 1976 framed thereunder. Your Company also continued to impart Hindi training to its employees by way of conducting Hindi workshops/computer software training regularly at its Maritime Training Institute to enable achieve targets of training and official correspondence as set out in the Annual Programme issued by the Central Government. Your Company’s website is posted in Hindi and English.

Your Company organized quarterly meetings of its Departmental Official Language Implementation Committee to review an overall progress of Hindi in its offices so that appropriate follow up action could be taken. In order to promote and popularize the use of Hindi amongst its employees, your Company also organized a number of Hindi competitions and programmes during the year under report.

Particulars of Employees

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

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

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

- Foreign exchange earned and saved including deemed earned and saved Rs. 3605.42 crores.
- Foreign exchange used including deemed used Rs. 3576.33 crores.

Expenses on Entertainment, Foreign Tours, etc.

During the year under report your Company spent Rs. 41 lakhs on entertainment, Rs. 294 lakhs on publicity & advertisements and Rs. 362 lakhs on foreign tours of Company’s executives.

Board of Directors

S/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.

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, seven non-official part time (independent) Directors have been appointed/reappointed on the Board of Directors. S/Shri Nasser Munjee, Sushil Tripathi and U. Sundarajan 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 Ministry of Shipping, Road Transport & Highways is taking necessary steps to nominate one more non-official part time (Independent) Director on the Board of Directors as per the requirement of Clause 49 of the Listing Agreement with regard to composition of the Board.

Shri B.K. Mandal, Shri Kailash Gupta and Shri J.N. Das are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for appointment.

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, 2010, 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, 2010 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, Road Transport & Highways, and look forward to his support and guidance. Your Directors also express their gratitude to Shri A.P.V.N. Sarma, former Secretary to the Government of India, who superannuated in October 2009, and Smt. (Dr.) Kiran Dhingra, Secretary, Ministry of Housing and Urban Poverty Alleviation, who took over temporary charge, for the support and guidance extended to your Company.

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

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

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

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 30th July, 2010

S. Hajara
Chairman & Managing Director

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

SCI's Philosophy on Corporate Governance

SCI constantly keeps the Corporate Governance issues in focus. It is SCI's policy to provide adequate and timely information to all stakeholders. SCI's endeavour in this respect has been acknowledged and appreciated year after year. SCI has been awarded accolades for providing meaningful information on its activities. This year too, SCI will strive to meet the expectations of various stakeholders.

SCI's Code of Conduct

The Board of Directors of the Company adopted "Code of Conduct for Board & Senior Management Personnel". This Code of Conduct is bifurcated into the "Code of Conduct for Board Members" & "Code of 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 15 members with a mix of 6 executive (including Chairman & Managing Director) and 9 non-executive Directors. Of the 9 non-executive Directors, 2 Government Directors represent the Promoters i.e. Government of India and 7 are Independent Directors.

The Board of Directors of your Company, until 27th July, 2010, had comprised of 16 members with a mix of 6 executive, 2 Government and 8 independent Directors. The tenure of directorships of 6 Independent Directors had ceased w.e.f. 28th July, 2010. However, in terms of the nominations received from the Ministry of Shipping, the administrative Ministry of the Shipping Corporation of India Ltd., dated 4th August, 2010, seven 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 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. The Ministry of Shipping is taking necessary steps to nominate one more non-official part time (Independent) Director on the Board of Directors as per the requirement of Clause 49 of the Listing Agreement with regard to composition of the Board.

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, 2010 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 U.C. Grover	Director (Technical & Offshore Services)	NIL	NIL	NIL
Shri Kailash Gupta	Director (Personnel & Administration)	NIL	NIL	NIL
Shri J.N. Das	Director (Liner & Passenger Services)	NIL	NIL	NIL
Capt. K.S. Nair	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 A.K. Mago*	Director	04	01	01
Shri A.D. Fernando*	Director	01	NIL	NIL
Shri U. Sundararajan*#	Director	03	02	NIL
Shri J.N.L. Srivastava*	Director	01	NIL	01
Dr. Bakul H. Dholakia*	Director	03	02	02
Shri Keshav Saran*	Director	01	01	NIL
Shri Nasser Munjee#	Director	14	04	04
Shri S.C. Tripathi#	Director	06	NIL	NIL

** In accordance with Clause 49(l)(C) of the Listing Agreement with the Stock Exchanges, only directorships on public limited companies have been considered and the directorships on private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 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.

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

Shri A. K. Mago	28.07.2010
Shri A. D. Fernando	28.07.2010
Shri U. Sundararajan	28.07.2010
Shri J. N. L. Srivastava	28.07.2010
Dr. Bakul H. Dholakia	28.07.2010
Shri Keshav Saran	28.07.2010

The following Directors have been reappointed on the Board w.e.f. the date mentioned alongside his name :

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

Board Meetings / Annual General Meeting

During the financial year 2009-2010, 15 Board Meetings were held, the dates being 13.04.2009, 27.04.2009, 21.05.2009, 15.06.2009, 29.07.2009, 11.08.2009, 05.10.2009, 24.10.2009, 31.10.2009, 11.11.2009, 25.11.2009, 11.01.2010, 30.01.2010, 02.03.2010 and 10.03.2010.

The details about attendance of the Directors at the Board Meetings and at the 59th Annual General Meeting (AGM) held on 30.09.2009 are given below:

Name of the Director	No. of Meetings		Attendance at the last AGM held on 30.09.2009
	held during the tenure of Directors	attended	
Shri S. Hajara	15	14	Yes
Shri Vijay Chhibber	15	08	No
Shri Rajeev Gupta	15	12	No
Shri J.N. Das	15	15	Yes
Dr. Bakul H. Dholakia	15	04	No
Shri A.D. Fernando	15	08	No
Shri U.C. Grover	15	15	Yes
Shri Kailash Gupta	15	15	Yes
Shri A.K. Mago	15	15	No
Shri B.K. Mandal	15	15	Yes
Shri Nasser Munjee	15	04	No
Capt. K.S. Nair	15	15	Yes
Shri Keshav Saran	15	14	No
Shri J.N.L. Srivastava	15	14	No
Shri U. Sundararajan	15	10	Yes
Shri S.C. Tripathi	15	12	No

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 or any other matter, which in the view of Chairman & Managing Director requires the attention of the Committee. During the year under review, 3 (three) meetings of the Contracts Committee of the Board were held.

Sub Committee of the Board for raising finances

This Committee of the Board was formed on 24.11.2008 for the purpose of raising finances from the Banks/other Financial Institutions, with Shri Nasser Munjee as Chairman and Shri U. Sundararajan and Shri B.K. Mandal, Director(Finance), as its other two members. Shri Nasser Munjee and Shri U. Sundararajan are independent Directors. The total amount which the Committee can authorise to borrow is upto US\$ 500 million per transaction either in Indian Rupees or in foreign exchange or partly in one and partly in others. During the year under review, 2 (two) meetings of the Sub Committee of the Board for raising finances were held.

Special Committee of the Board for Liner services

This Committee of the Board was constituted on 31.10.2009 with Shri U. Sundararajan as Chairman, Shri A. K. Mago as co-Chairman and Dr. Bakul H. Dholakia, Shri Keshav Saran, Shri Nasser Munjee, one of the Government Directors, Shri B. K. Mandal, as its members, and Shri J. N. Das, as convenor. The terms of reference of the Committee inter alia include an analysis of the past performance of liner business, present scenario of container business, future opportunities, etc. During the year review, 4 (four) meetings of the Special Committee of the Board were held. The tenure of three independent Directors viz. Shri A. K. Mago, Shri Keshav Saran and Dr. Bakul. H. Dholakia have ceased w.e.f. 28.07.2010.

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 was 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. 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 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	13
Shri A.K. Mago*	15	15
Dr. Bakul H. Dholakia*	15	03
Shri Keshav Saran*	15	14

* The following Directors ceased to be Directors on the Board 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 following Director has been reappointed on the Board w.e.f. the date mentioned alongside his name:

Shri U. Sundararajan	11.08.2010
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The Audit Committee was reconstituted on 11.08.2010 with Shri U. Sundararajan, as Chairman, and Shri Arun Ramanathan and Shri Arun Kumar Verma as its members. All are independent Directors.

The Chairman of Audit Committee was present at the Annual General Meeting of the Company held on 30.09.2009.

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 hold their Meetings promptly to effect the transfers.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee of the Board met four times during the financial year 2009-2010 i.e. on 15.06.2009, 29.07.2009, 31.10.2009 and 30.01.2010, which were attended by all its members. The Committee consisted of three members viz. Shri A. K. Mago as Chairman and Shri Keshav Saran and Shri B. K. Mandal, as its members till 27.07.2010. Shri A. K. Mago and Shri Keshav Saran were independent directors. The Shareholders'/Investors' Grievance Committee was reconstituted on 11.08.2010 with Shri Arun Ramanathan as Chairman, and Shri Arun Kumar Verma and Shri B. K. Mandal as its members.

- ♦ **Grievances & their redressals :** During the year under review, 11 complaints were received. All the complaints have been replied/sorted out within 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	08	08	Nil
Stock Exchange, Mumbai	02	02	Nil
Shareholders (other than SEBI)	Nil	Nil	Nil
NSE	01	01	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" 245, Madame Cama Road, Nariman Point, Mumbai - 400 021	Tel. : 2277 2213 (D) 2202 4572 (D) Fax : 2202 2906 E-mail : dipankar.haldar@sci.co.in
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Investors can lodge their complaints, if any, on shippingcorp@shareproservices.com by providing their folio number, contact number 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
2003-04 (Spl.Interim)	03.10.2003	02.11.2010
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

Unpaid/ unclaimed balance of the interim dividend 2002-03 was due for transfer to IEPF after 31.03.2010 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
57th AGM (FY 2006-2007)	28.09.2007	1530 hrs.	Registered Office of the Company, Mumbai
58th AGM (FY 2007-2008)	29.09.2008	1130 hrs.	Registered Office of the Company, Mumbai
59th AGM (FY 2008 - 2009)	30.09.2009	1530 hrs.	Registered Office of the Company, Mumbai

57th Annual General Meeting : At this meeting, no Special Resolution was proposed.

58th 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.

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

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

During the year ended March 31, 2010, 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 borrowing power limits from existing Rs. 5,000 crores to Rs. 12,000 crores.

The notices of the Postal Ballot along with the Postal Ballot Forms were dispatched on 15th February, 2010 to the Shareholders whose name stood on the Register of Members as on 12th February, 2010 and the last date for receiving the responses from the shareholders was 17th March, 2010. Mr. Upendra Shukla, Practising Company Secretary, was appointed Scrutineer.

The announcement of result of the Postal Ballot took place on 22nd March, 2010 when the Chairman declared the Ordinary Resolution as passed with requisite majority.

The voting pattern was as follows:

Voting	No. of Votes	Percentage of Total Votes
Votes in favour	381665375	99.19
Votes not in favour	3090441	0.80
Invalid votes	21418	0.01
Total	384777234	100.00

Resolution passed by way of Postal Ballot after 31st March, 2010:

After 31st March, 2010, 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 Rs. 450 crores to Rs.1000 crores. Mr. Upendra Shukla, Practising Company Secretary, was appointed scrutineer.

The announcement of result of the Postal Ballot took place on 21st 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

<p>Half-yearly Report sent to each household of shareholders</p>	<p>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. The unaudited financial results for the quarters ended 30.06.2009, 30.09.2009 and 31.12.2009 were also posted on the EDIFAR website whereafter the practice was discontinued as the requirement of posting the results on the EDIFAR was dispensed with.</p>
<p>Quarterly Results published in newspapers</p>	<p>Yes, the newspapers being:</p> <p>For Quarter ended June 2009 -</p> <ol style="list-style-type: none"> DNA, Mumbai Edition. Financial Express, Mumbai Edition. Business Standard, Mumbai Edition. Business Line, Mumbai Edition. Free Press Journal, Mumbai Edition. Nav Shakti, Mumbai Edition. Hamara Mahanagar - Mumbai Edition. <p>For Quarter ended September 2009 -</p> <ol style="list-style-type: none"> Hindustan Times, Mumbai Edition. DNA, Mumbai Edition. Financial Express, Mumbai Edition. Business Standard, Mumbai Edition. Hindustan, Delhi Edition. Business Line, Mumbai Edition. Free Press Journal, Mumbai Edition. Nav Shakti, Mumbai Edition. Mint, Mumbai Edition. Hamara Mahanagar, Mumbai Edition. <p>For Quarter ended December 2009 -</p> <ol style="list-style-type: none"> Hindustan Times, Mumbai Edition. DNA, Mumbai Edition. Free Press Journal, Mumbai Edition. Nav Shakti, Mumbai Edition. Hindustan, Delhi Edition. Business Line, Mumbai Edition. Financial Express, Mumbai Edition. Mint, Mumbai Edition. Hamara Mahanagar, Mumbai Edition. Business Standard, Mumbai Edition. <p>For Year ended 31st March 2010</p> <ol style="list-style-type: none"> Business Standard, Mumbai Edition. Hamara Mahanagar, Mumbai and Delhi Editions. DNA, Mumbai Edition. Hindustan Times, Mumbai and Delhi Editions. Mint, Mumbai and Delhi Editions. Free Press Journal, Mumbai Edition. Nav Shakti, Mumbai Edition. Business Line, Mumbai Edition. Financial Express, Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kochi and Mumbai Editions. Hindustan, Delhi Edition.

Website, where results and/or official news are displayed	On the Company's Website www.shipindia.com On the EDIFAR Website www.sebiedifar.nic.in (For the quarters ended 30.06.2009, 30.9.2009 and 31.12.2009)
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 Shareholders' Information

Annual General Meeting Date, Time & Venue	- 29th September, 2010, at 1630 hrs. at the Registered Office of the Company, "Shipping House", 245, Madame Cama Road, Mumbai - 400 021.	
Financial Calendar	<ul style="list-style-type: none"> • The financial year under review covers the period from 1st April 2009 to 31st March 2010. • First Quarter Results - July 2009. • Second Quarter Results - October 2009. • Third Quarter Results - January 2010. • Audited Results in lieu of Fourth Quarter Results - May 2010. 	
Date of Book Closure	22.09.2010 to 29.09.2010 (Both days inclusive)	
Proposed Dividend	The Board of Directors has recommended a final dividend @Rs.5 per share, which subject to approval at the AGM, will be paid to the shareholders within the statutory time period.	
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 2009-2010 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 2009-2010	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	Investors’ Relation Centre: 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021. Telephone No. 67720700
	Fax: 022-28591568/28508927 E-mail: sharepro@shareproservices.com	
Share Transfer System	The transfers’ processing are done by the Registrar and Transfer Agents and approved by the Share Transfer Committee of the Company. There are no pending share transfer requests as on 31st March, 2010.	
Distribution of Shareholding as on 31st March, 2010	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 2010, 99.96 % of the paid-up equity share capital, representing 423302384 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 2009-2010.

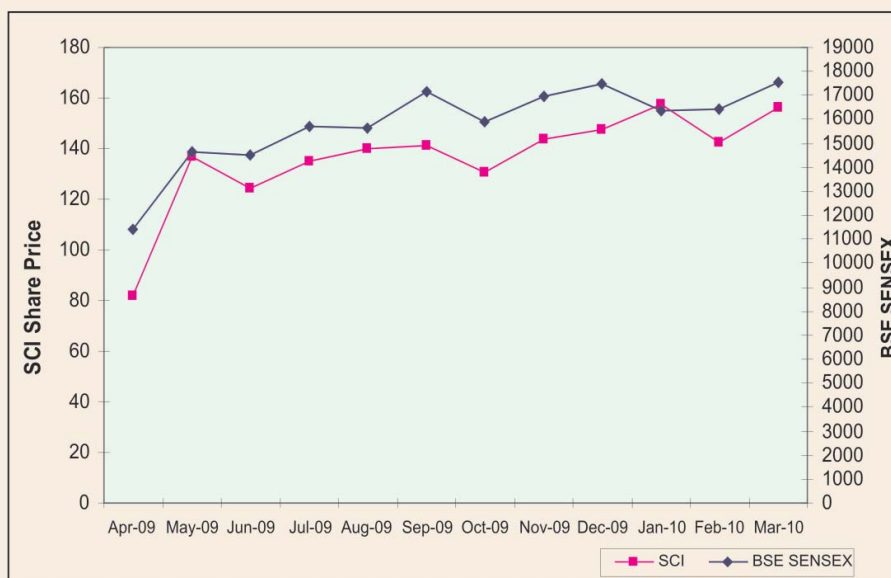
Month	Share Price on BSE		Share Price on NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April-09	100.00	76.75	99.40	76.55
May-09	141.50	83.50	141.90	83.25
June-09	153.60	115.05	153.80	114.70
July-09	136.25	111.50	136.30	111.70
August-09	143.10	121.55	143.00	121.30
September-09	150.80	134.10	151.30	135.55
October-09	147.80	126.50	147.90	126.40
November-09	155.00	123.15	155.00	120.15
December-09	151.55	139.55	153.00	139.55
January-10	181.90	146.80	181.75	146.35
February-10	159.60	139.00	159.90	138.50
March-10	163.80	143.00	164.00	143.20

ANNEXURE – ‘B’

Stock Performance in comparison to BSE Sensex

Month	SCI's Closing Price (Rs.)	BSE Sensex
April-09	82.15	11,403.25
May-09	136.60	14,625.25
June-09	124.60	14,493.84
July-09	134.70	15,670.31
August-09	140.10	15,666.64
September-09	141.50	17,126.84
October-09	130.40	15,896.28
November-09	143.65	16,926.22
December-09	147.25	17,464.81
January-10	157.45	16,357.96
February-10	142.35	16,429.55
March-10	156.40	17,527.77

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



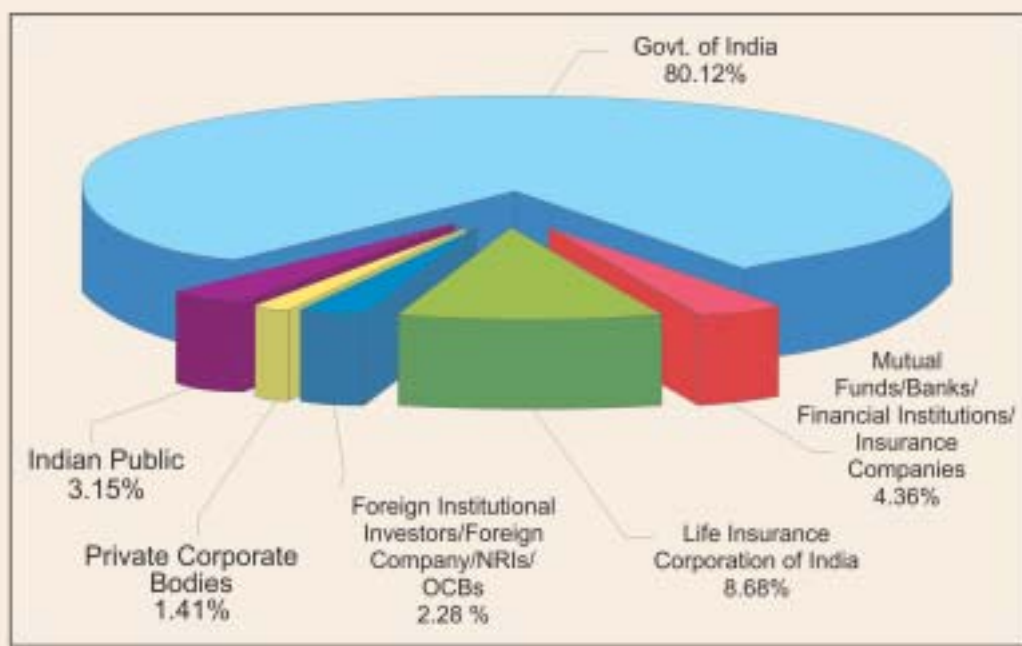
ANNEXURE – ‘C’

Distribution of Shareholding as on 31st March, 2010 *

No. of Shares Held	Dematerialised Holding		Physical Holding		Total		%	
	No. of Folios	No. of Shares	No. of Folios	No. of Shares	Total No. of Folios	Total No. of Shares	Folios	Holding
1-500	43129	5128006	148	24989	43277	5152995	89.13	1.22
501-1000	2780	2088014	12	9750	2792	2097764	5.75	0.49
1001-2000	1339	1936403	5	6622	1344	1943025	2.77	0.46
2001-3000	454	1165251	2	5050	456	1170301	0.94	0.28
3001-4000	135	482545	0	0	135	482545	0.28	0.11
4001-5000	126	587060	0	0	126	587060	0.25	0.14
5001-10000	201	1431422	1	6000	202	1437422	0.42	0.34
10001-Above	218	410483683	3	98850	221	410582533	0.46	96.96
TOTAL	48382	423302384	171	151261	48553	423453645	100.00	100.00

*The figures are rounded off, wherever necessary.

Distribution of Shareholding by ownership as on 31st March, 2010



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:

(Rupees)

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	1076386	772056	-	-	1848442
Shri B.K. Mandal	1003202	555156	-	-	1558358
Shri U C Grover	879392	722083	-	-	1601475
Shri Kailash Gupta	1045092	408127	-	-	1453219
Shri J.N. Das	844178	567981	-	-	1412159
Capt. K.S. Nair	934918	570093	-	-	1505011
Non-Executive Director (Part-Time Ex-Officio)					
Shri Vijay Chhibber	-	-	-	-	-
Shri Rajeev Gupta	-	-	-	-	-
Non-Executive Directors (Part-Time Independent)					
Shri A.K. Mago	-	-	-	780000	780000
Shri A.D. Fernando	-	-	-	160000	160000
Shri U. Sundararajan	-	-	-	580000	580000
Shri J.N.L. Srivastava	-	-	-	280000	280000
Dr. Bakul H. Dholakia	-	-	-	140000	140000
Shri Keshav Saran	-	-	-	720000	720000
Shri Nasser Munjee	-	-	-	180000	180000
Shri S.C. Tripathi	-	-	-	240000	240000

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

- i) SCI, being a Government Company, the remuneration of the Executive Directors, who are Government appointees, is decided by the Government.
- 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 Rs.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 A.K. Mago holds 150 shares in the SCI. 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.

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. However the related party disclosures, as required under the 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 party 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.

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.

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

During the year under review, the Company has not raised any money through public issue, right issue, preferential issue, etc.

Management Discussions and Analysis Report

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

Material Financial and Commercial Transactions of Senior Management Personnel

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

CEO/CFO Certification

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

COMPLIANCE WITH NON MANDATORY REQUIREMENTS OF CLAUSE 49

Maintenance of Office and reimbursement of expenses of Non Executive Chairman

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

Tenure of Independent Directors on the Board

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

Remuneration Committee

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

However, a Remuneration Committee of the Board for deciding on annual bonus/variable pay pool and policy for distribution to employees below board level, was formed on 24.01.2009 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.

Shareholder Rights - Declaration of financial performance

The financial results are posted on the Company's website immediately. The results for the quarters ended 30.06.2009, 30.09.2009 and 31.12.2009 were also posted on the EDIFAR website which practice was discontinued for the annual financial results as the requirement of posting the results on the EDIFAR was dispensed with on 1st April 2010. The results of the Company are also published in the newspapers within the time limits prescribed under the Listing Agreement.

Audit Qualifications

There are no qualifications made by Statutory Auditors and the Comptroller & 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. Keeping the above in view, it appears that there is no requirement for training of Board members at the current juncture.

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.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 16th August, 2010.

S. Hajara
Chairman & Managing Director

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CHAIRMAN AND 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 2009-2010 and a confirmation to this effect has been obtained from the Directors & Senior Management personnel.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 19th May, 2010.

S. Hajara
Chairman & Managing Director

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF THE SHIPPING CORPORATION OF INDIA LTD.**

We have examined the compliance of conditions of Corporate Governance by THE SHIPPING CORPORATION OF INDIA LTD. ("the Corporation") for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Corporation with Stock Exchanges.

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 Corporation 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 Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **KHANDELWAL JAIN & CO.,**
Chartered Accountants
Firm Regn. No.: 105049W

(NARENDRA JAIN)
Partner
Membership No. 048725

Place : Mumbai
Dated : 16th August, 2010

AUDITORS' REPORT

To the shareholders of The Shipping Corporation of India Ltd:

- 1) We have audited the attached Balance Sheet of The Shipping Corporation of India Ltd. as at 31st March, 2010, 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 (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and as per the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order as are applicable to the Corporation.
- 4) Further to our comments in the Annexure referred to in Paragraph (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 Corporation 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) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Corporation are disqualified as on 31st March 2010 from being appointed as directors in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
 - f) We draw attention to;

Note No. 15 of Schedule 25 to the accounts regarding balances of Sundry Creditors, Debtors, Loans & Advances and Deposits which are subject to confirmation and reconciliation.

g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the 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 Corporation as at 31st March, 2010;
- ii) in the case of the Profit and Loss Account, of the Profit of the Corporation 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 **S. BHANDARI & CO.,**
Chartered Accountants
Firm Registration No.:000560C

For **KHANDELWAL JAIN & CO.,**
Chartered Accountants
Firm Registration No.: 105049W

(S. S. BHANDARI)
Partner
Membership No. 11332

(NARENDRA JAIN)
Partner
Membership No. 48725

Mumbai,
Dated the 29th May 2010.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the accounts of The Shipping Corporation of India Limited for the year ended March 31, 2010:

- i) (a) The physical verification of the fixed assets was conducted by the Management at reasonable intervals. In our opinion, the frequency of the verification is reasonable and commensurate with the size and operations of the Corporation and the nature of its assets. We are also informed that no material discrepancies were noticed on such verification as compared to book records.
- (b) The Corporation generally maintains proper records showing full particulars including quantitative details and situation of fixed assets.
- (c) The Corporation has not disposed off a substantial part of its fixed assets during the year, so as to affect the going concern status of the Corporation.
- ii) (a) We are informed that the Management has conducted physical verification of fuel oil and bonded items on board at reasonable intervals during the year and of stores and spares lying in godowns at the year end.
- (b) In our opinion, the procedures followed by the Management for such physical verification are reasonable and adequate in relation to the size of the Corporation and nature of its business.
- (c) The Corporation is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operations of the Corporation and the same have been properly dealt with in the books of account.
- iii) Based on the records examined by us and according to the information and explanations given to us, there are no loans granted/taken to/from companies, firms or other parties required to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Corporation and the nature of its business for the purchase of inventory and fixed assets and rendering of services. The Corporation does not have any sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems of the Corporation.
- v) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that there are no transactions during the year that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- vi) In our opinion and according to the information and explanations given to us, the Corporation has not accepted any deposits attracting provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 or any other relevant provision of the Act.
- vii) The Corporation has an internal audit system commensurate with its size and nature of its business. The audit is carried out by an independent firm of Chartered Accountants.

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) We have been informed that the provisions of the Employees State Insurance Act are not applicable to the Corporation. The Corporation is generally regular in depositing dues payable in respect of Provident Fund, Investor Education and Protection Fund, Income Tax, Service Tax, Wealth Tax, Value Added Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities except for dues relating to service tax where there have been delays in few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are disputed statutory dues which have not been deposited as given herein below :

Sr. No	Name of the Statute	Nature of Dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Tax u/s 195	195	2003-04	ITAT, Mumbai
2	Income Tax Act, 1961	Tax u/s 195	41	2004-05	ITAT, Mumbai
3	Income Tax Act, 1961	Tax u/s 195	87	2005-06	ITAT, Mumbai
4	Income Tax Act, 1961	Tax u/s 154 read with Sec.143 (3)	3051	2006-07	CIT Appeals, LTU, Mumbai
5	Income Tax Act, 1961	Tax u/s 154 read with Sec.115 WE (3)	10	2006-07	CIT Appeals, LTU, Mumbai

x) The Corporation has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

xi) According to the information and explanations given to us and records examined by us, the Corporation has not defaulted in repayment of dues to a financial institution or bank.

xii) Based on our examination of documents and records and according to the information and explanations given to us, the Corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the nature of the activities of the Corporation does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.

xiv) In our opinion, the Corporation is not dealing in and trading in shares, securities, debentures and other investments.

- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Corporation has given guarantees for loans taken by others from banks are not prejudicial to the interest of the Corporation.
- xvi) On the basis of the records examined by us, we have to state that, the Corporation has, prima facie, applied the term loans 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 financial statements of the Corporation, we are of the opinion that, prima facie the Corporation has not utilised the funds raised on short term basis for long term investments.
- xviii) The Corporation has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- xix) The Corporation has not issued any debentures.
- xx) The Corporation has not raised any money through a public issue during the year.
- xxi) On the basis of information and explanations given to us by the Management, we report that no material fraud on or by the Corporation has been noticed or reported during the year.

For **S. BHANDARI & CO.,**
Chartered Accountants
Firm Registration No.: 000560C

For **KHANDELWAL JAIN & CO.,**
Chartered Accountants
Firm Registration No.: 105049W

(S. S. BHANDARI)
Partner
Membership No. 11332

(NARENDRA JAIN)
Partner
Membership No. 48725

Mumbai,
Dated the 29th May 2010

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE SHIPPING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of The Shipping Corporation of India Limited for the year ended 31 March 2010 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 29 May, 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of The Shipping Corporation of India Limited for the year ended 31 March, 2010. 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 : 8 July, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	42,345		42,345
Reserves & Surplus	2	591,355		578,500
			633,700	620,845
LOAN FUNDS				
Secured Loans	3		269,686	247,167
TOTAL			903,386	868,012
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	4	889,322		816,184
Less : Depreciation		438,641		433,393
Net Block		450,681		382,791
Assets under Construction	5	185,470		209,985
			636,151	592,776
ASSETS HELD FOR DISPOSAL				
INVESTMENTS	6		16,666	11,146
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	8,321		6,334
Sundry Debtors	8	33,806		42,945
Cash & Bank Balances	9	240,646		267,283
Deposit with Public Financial Institutions		27,000		16,000
Other Current Assets	10	13,912		10,106
Amounts advanced to Joint Venture Companies	11	23,483		26,343
Loans and Advances	12	31,985		33,141
				402,152
Less :				
CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors & Other Liabilities	13	94,524		97,361
Provisions	14	34,062		40,703
			128,586	138,064
NET CURRENT ASSETS			250,567	264,088
TOTAL			903,386	868,012
SIGNIFICANT ACCOUNTING POLICIES				
	24			
NOTES ON ACCOUNTS				
	25			

As per our report of even date attached hereto.

For S BHANDARI & CO.,
Chartered Accountants

For KHANDELWAL JAIN & CO.,
Chartered Accountants

For and on behalf of the Board of Directors,

(S. S. Bhandari)
Partner
Membership No. 11332

(Narendra Jain)
Partner
Membership No. 48725

Dipankar Halder
SVP (LA) &
Company Secretary

B K Mandal
Director
(Finance)

S. Hajara
Chairman &
Managing Director

Mumbai,
Dated the 29th May, 2010

Mumbai,
Dated the 29th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees in lakhs	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
INCOME				
Operating Earnings	15	346,312		416,664
Profit on sale of Ships (Net)	16	12,252		3,446
Interest Income	17	21,815		27,271
Other Income	18	3,273		7,686
			383,652	455,067
EXPENDITURE				
Operating Expenses	19	277,101		281,569
Administration Expenses	20	20,060		20,559
Other Expenses, Provisions etc.	21	1,611		6,099
Interest	22	5,253		6,467
Depreciation	4	38,011		32,388
			342,036	347,082
PROFIT BEFORE ITEMS RELATING TO EARLIER YEARS AND EXCEPTIONAL ITEMS				
			41,616	107,985
Prior period adjustments (net) (Refer Note No.7 of Schedule 25)		(636)		367
Excess provision/Sundry credit balances written back	23	6,617		1,015
			5,981	1,382
PROFIT BEFORE EXCEPTIONAL ITEMS				
			47,597	109,367
Less : Provision towards loss of Ship / other incidental charges		-		2,140
Less : Provision towards NYSA USA pension liability due to exit from IDX Service		-		1,768
			-	3,908
PROFIT BEFORE TAX				
			47,597	105,459
Provision for Indian Income Tax - Current		10,000		11,500
- Fringe Benefit Tax		-		400
- Wealth Tax		-		-
(Rs. 0.30 lakhs Prev. Yr Rs. 0.27 lakhs)				
		10,000		11,900
Less: Excess Provisions written back		94		508
			9,906	11,392
PROFIT AFTER TAX				
			37,691	94,067
Less: Transferred to Tonnage Tax Reserve u/s 115VT of Income Tax Act			8,000	20,000
BALANCE				
Add : Balance brought forward from last year			29,691	74,067
			51,138	46,039
AMOUNT AVAILABLE FOR APPROPRIATION				
			80,829	120,106
Appropriations				
Staff Welfare Fund		100		75
Corporate Social Responsibility Reserve		377		941
Capital Reserve		-		750
General Reserve		4,000		35,000
Interim Dividend		-		-
Tax on Interim Dividend		-		-
Proposed Dividend		21,173		27,524
Tax on Proposed Dividend		3,516		4,678
			29,166	68,968
BALANCE CARRIED TO BALANCE SHEET				
			51,663	51,138
			Rs.	Rs.
Earnings per share (Basic / Diluted)			8.90	22.21
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 S BHANDARI & CO.,
Chartered Accountants

For KHANDELWAL JAIN & CO.,
Chartered Accountants

For and on behalf of the Board of Directors,

(S. S. Bhandari)
Partner
Membership No. 11332

(Narendra Jain)
Partner
Membership No. 48725

Dipankar Haldar
SVP (LA) &
Company Secretary

B K Mandal
Director
(Finance)

S. Hajara
Chairman &
Managing Director

Mumbai,
Dated the 29th May, 2010

Mumbai,
Dated the 29th May, 2010

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE '1'

SHARE CAPITAL

	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Authorised :		
45,00,00,000 (Prev. yr. 45,00,00,000) Equity Shares of Rs. 10 each	45,000	45,000
Issued and subscribed :		
In cash :		
26,46,12,870 (Prev. yr. 26,46,12,870) Equity Shares of Rs. 10 each fully paid	26,461	26,461
*For Consideration Other than Cash :		
15,88,40,765 (Prev. yr. 15,88,40,765) Equity Shares of Rs. 10 each fully paid	15,884	15,884
Partly in Cash and partly for Consideration other than Cash :		
10 Equity Shares of Rs. 10 each fully paid	-	-
Received in Cash Rs. 1.80 each		
For Consideration other than Cash Rs. 8.20 each		
TOTAL	42,345	42,345

* Of the above, 14,11,51,215 equity shares of Rs. 10 each were allotted in FY 2008-09 as fully paid up bonus shares in the ratio of 1:2 by way of capitalisation of Rs. 14115 lakhs from General Reserve

SCHEDULE '2'

RESERVES AND SURPLUS

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Capital Reserve	12,539		11,789
Add : Transferred from Profit & Loss Account	-		750
		12,539	12,539
General Reserve :			
As per Last Balance Sheet	272,783		256,007
Add : Transferred from Profit & Loss Account	4,000		35,000
Less: Issue of Bonus Shares	-		14,115
Less: Currency Exchange difference transferred to Assets / Asset under construction	-		4,109
		276,783	272,783
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	20,000		69,500
Add : Transferred from Profit & Loss Account	8,000		20,000
Less : Tonnage Tax Reserve utilised U/s 115VT of I.T.Act			69,500
		28,000	20,000
Tonnage Tax Reserve (Utilised)			
As per last Balance Sheet	99,500		30,000
Add : Tonnage Tax Reserve utilised during the year	-		69,500
		99,500	99,500
Staff Welfare Fund :			
As per Last Balance Sheet	99		145
Add : Interest Received	13		17
	112		162
Less: Expenses incurred	94		138
	18		24
Add : Transferred from Profit and Loss Account	100		75
		118	99
Corporate Social Responsibility Reserve			
As per Last Balance Sheet	941		-
Add : Transferred from Profit & Loss Account	377		941
	1,318		941
Less : Transferred to Allocated Corp. Social Responsibility Reserve	199		-
		1,119	941
Allocated Corporate Social Responsibility Reserve			
As per Last Balance Sheet	-		-
Add : Transferred from Corporate Social Responsibility Reserve	199		-
	199		-
Less: Expenses Incurred	66		-
		133	-
Balance in Profit & Loss Account		51,663	51,138
TOTAL		591,355	578,500

SCHEDULE '3'

SECURED LOANS

	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
State Bank of India:		
Secured by Statutory first ship mortgage of m.v. A.K. Azad (Installments due within one year Rs.1067 lakhs; Prev. yr. Rs. 1067 lakhs)	1,600	2,667
Oriental Bank of Commerce		
(Out of the total balance of Rs. 10050 lakhs		
1) A sum of Rs. 4519 lakhs (Prev yr. 6,741 lakhs) is secured by Statutory first ship mortgage of m.t. Desh Shakti		
2) A sum of Rs.5531 lakhs (Prev yr. Rs. 7778 lakhs) is secured by Statutory first ship mortgage over m.t.Desh Shanti (Installments due within one year Rs. 4469 lakhs; Prev. yr. Rs. 4469 lakhs)	10,050	14,519
Bank of Maharashtra		
Secured against mortgage of part of the fleet (Installments due within one year Rs.4000 lakhs; Prev. yr. - 4000 lakhs)	8,000	12,000
United Bank of India		
Secured by Statutory first ship mortgage of M.T Suwarna Mala (Installments due within one year Rs.864 lakhs; Prev yr. Rs. Nil)	12,100	-
FCNR Loan from State Bank of India		
Secured by Statutory first ship mortgage of vessel Desh Vishal (Installments due within one year Rs. 4661 lakhs; Prev. yr. Rs. 2633)	44,275	19,748
Foreign Banks (In Foreign Currency)		
Loans of Rs. 148540 lakhs (Prev. yr. Rs. 153591 lakhs) secured by mortgage of certain ships, Rs. 32028 lakhs (Prev. yr. Rs. 40090 lakhs) secured by Refundment Guarantee of EXIM Bank, Korea and Rs. 11079 lakhs (Prev. yr. 2276 lakhs) secured by Refundment Guarantee of SBI, Rs. 2014 lakhs (Prev. yr. Rs. 2276 lakhs) secured by Refundment Guarantee of Andhra Bank (Installments due within one year Rs. 24462 lakhs; Prev. yr. Rs. 22620 lakhs)	193,661	198,233
TOTAL	269,686	247,167

SCHEDULE '4'

FIXED ASSETS

Rupees in lakhs

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 31-3-2009	Additions	Deductions	Cost as at 31-3-2010	Upto 31-3-2009	Provided during the year	Deductions/ Adjust-ments	Upto 31-3-2010	As at 31-3-2010	As at 31-3-2009
Fleet	805,017	103,162	32,712	875,467	424,525	36,799	32,711	428,613	446,854	380,492
Ownership Containers	5,164	-	63	5,101	4,219	130	52	4,297	804	945
Freehold Land	271	-	-	271	-	-	-	-	271	271
Buildings	1,104	209	-	1,313	740	29	-	769	544	364
Ownership Flats and Residential Buildings	318	-	-	318	233	4	-	237	81	85
Furniture, Fittings & Equipments etc.	3,951	1,737	1	5,687	3,363	749	-	4,112	1,575	588
Motor Vehicles	72	31	-	103	67	9	-	76	27	5
Computer Software	287	775	-	1,062	246	291	-	537	525	41
Current Year's Total	816,184	105,914	32,776	889,322	433,393	38,011	32,763	438,641	450,681	382,791
Previous Year's Total	673,713	146,030	3,559	816,184	404,723	32,388	3,718	433,393	382,791	

- Notes : (1) Additions to Fleet include Rs. (-) 22,923 lakhs (Prev. yr. Rs. 27,788 lakhs) on account of currency exchange difference as per Significant Accounting Policy No. 8 (d) of Schedule 24.
- (2) Deductions / Adjustments in respect of containers include Rs. 4 lakhs (Prev. yr. Rs. NIL) towards cost of containers held for disposal and Rs. 3 lakhs (Prev. yr. Rs. NIL) towards depreciation in respect of such containers.
- (3) Buildings include cost of Shipping House at Bombay Rs. 134 lakhs (Prev. yr. Rs. 134 lakhs) which is on leasehold land valued at Rs. Nil.
- (4) Ownership Flats and Residential Buildings include :
Cost of shares and bonds in Cooperative Societies/Company of face value Rs. 0.73 lakh (1999-Rs. 0.72 lakh) against which certificates of face value of Rs. 0.09 lakh (Prev. yr. Rs. 0.73 lakh).

SCHEDULE '5'

ASSETS UNDER CONSTRUCTION

	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Ships - Work in progress & Advances	182,793	208,595
Intangible Assets - Work in Progress & Advances	2,612	1,389
Other Assets - Work in Progress & Advances	65	1
TOTAL	185,470	209,985

- (1) Ships - Work in Progress and Advances includes Rs.(-) 4123 lakhs (Prev. yr. Rs. 9818 lakhs) on account of currency exchange difference as per Significant Accounting Policy No. 8 (d) of Schedule 24.

SCHEDULE '6'

INVESTMENTS (At Cost - unless otherwise specified)

	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
QUOTED :		
Trade Investments :		
In Shares		
3438 Equity Shares of Rs. 20/- each of Scindia Steam Navigation Company Ltd., Fully paid (Rs. 0.30 lakhs; Prev. yr. Rs.0.30 lakh)	-	-
Less : Provision for Diminution in Value of Investment (Rs.Nil lakh, Prev. yr. Rs. 0.03 lakhs)	-	-
Market Value Rs.0.34 lakh (Prev. yr. Rs. 0.27 lakh).	<u>-</u>	<u>-</u>
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 of BIIS Maritime (Shares are received as gift from Irano-Hind Shipping Co. (P.J.S)	-	-
500 shares of Rs. 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 Rs. 10 each fully paid up of SCI Forbes Ltd.	6,100	6,100
1,90,00,000 (Prev. yr. Nil) ordinary Shares of Rs. 10 each Rs. 3 paid up of SCI Forbes Ltd.	570	-
4,95,00,000 (Prev. yr Nil) 0% Redeemable Preference Shares of Rs. 10 each fully paid up of SCI Forbes Ltd.	4,950	-
5,00,00,000 ordinary Shares of Rs. 10 each fully paid of Sethusamudram Corp. Ltd.	5,000	5,000
TOTAL	<u>16,666</u>	<u>11,146</u>

* 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.

Refer Note No. 9 of Schedule '25'

SCHEDULE '7'**INVENTORIES**

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Fuel Oil		7,985	5,880
Provisions on Board		-	1
Stores and Spares in Godown		6	12
Stores and Spares In Transit	687		861
Less :			
Adjustment made towards consumption	357		420
(Refer Significant Accounting Policy No. 7(e) of Schedule 24)		330	441
TOTAL		<u>8,321</u>	<u>6,334</u>

(As verified, valued and certified by the Management)

SCHEDULE '8'**SUNDRY DEBTORS (UNSECURED)**

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Debts outstanding for more than six months			
(a) Considered good	7,692		15,627
(b) Considered doubtful	5,379		5,470
	13,071		21,097
Less : Provision for Doubtful Debts	5,379		5,470
	7,692		15,627
Other debts - Considered good	26,114		27,318
TOTAL		<u>33,806</u>	<u>42,945</u>

SCHEDULE '9'

CASH & BANK BALANCES

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Cash on hand	15		12
Remittances in Transit	193		804
		208	816
Bank Balances			
With Scheduled Banks :			
In Current Accounts	11,867		9,759
In Deposit Accounts	220,778		250,262
		232,645	260,021
For Staff Welfare Fund :			
In Savings Bank Account (Prev. yr. 0.26 lakhs)	15		-
In Fixed Deposit Account	113		162
		128	162
		232,773	260,183
With Non-Scheduled Banks :			
In Current Account:			
Uttara Bank, Bangladesh (Maximum balance during the year Rs. 112 lakhs; Prev. yr. Rs.182 lakhs)	5		31
CIMB Bank (formerly Bhumiputra Commerce Bank), Berhad, Malaysia (Rs. 0.49 lakhs, Prev. yr. Rs. 0.51 lakhs) (Maximum balance during the year Rs. 0.51 lakhs; Prev. yr. Rs. 0.51 lakhs)	-		-
Unicredit Banca d'impresa (formerly Credito Italino Bank, Genoa) (Maximum balance during the year Rs. 128 lakhs; Prev. yr. Rs. 109 lakhs)	3		30
Bayerische Hypo-und Vereins Bank AG(formerly Vereins Bank, Hamburg) (Rs. Nil, Prev. yr. Rs.0.07 lakhs) (Maximum balance during the year Rs. 0.26 lakhs; Prev. yr. Rs. 496 lakhs)	-		-
Citi Bank London - USD Pool (Maximum balance during the year Rs. 639 lakhs; Prev. yr. Rs.669 lakhs)	26		250
Citi Bank London - Euro Pool (Maximum balance during the year Rs. 484 lakhs; Prev. yr. Rs.437 lakhs)	81		238
Citi Bank Denmark DKK Freight (Maximum balance during the year Rs.51 lakhs; Prev. yr. Rs. Nil lakhs)	49		-
Citi Bank Finland - ECU Freight (Maximum balance during the year Rs. 27 lakhs; Prev. yr. Nil)	26		-
Citi Bank UK GBP Freight Account (Maximum balance during the year Rs. 708 lakhs; Prev. yr. Rs. 1005 lakhs)	277		102
Citi Bank Sweden Freight (Maximum balance during the year Rs. 524 lakhs; Prev. yr. Rs. 22 lakhs)	349		8
Citi Bank Germany Euro Freight (Maximum balance during the year Rs. 786 lakhs; Prev. yr. Rs. 202 lakhs)	354		211
Citi Bank Netherlands Freight (Maximum balance during the year Rs. 489 lakhs; Prev. yr. Rs. 310 lakhs)	231		13
Citi Bank Belgium Euro Freight (Maximum balance during the year Rs. 188 lakhs; Prev. yr. Rs.116 lakhs)	47		120
Citi Bank France (Maximum balance during the year Rs. 5 lakhs; Prev. yr. Rs. 5 lakhs)	1		5
Citi Bank Spain Euro Freight (Maximum balance during the year Rs. 323 lakhs; Prev. yr. Rs. 309 lakhs)	295		136
Citi Bank Portugal Euro Freight (Rs. 0.02 lakhs, Prev. yr. Nil) (Maximum balance during the year Rs. 0.03 lakhs; Prev. yr. Rs. Nil)	-		-
Citi Bank Italy - ECU Freight (Maximum balance during the year Rs. 79 lakhs; Prev. yr. Nil)	60		-

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Citi Bank Poland - PLN Freight (Maximum balance during the year Rs. 63 lakhs; Prev. yr. Nil)	61		-
HSBC Honkong HKD Freight (Maximum balance during the year Rs. 188 lakhs; Prev. yr. Rs. 251 lakhs)	124		32
HSBC Japan- USD Freight (Maximum balance during the year Rs. 5 lakhs; Prev. yr. Nil)	4		-
HSBC Singapore SGD Freight (Maximum balance during the year Rs. 253 lakhs; Prev. yr. Rs. 250 lakhs)	106		255
HSBC Malaysia MYR Freight (Maximum balance during the year Rs. 135 lakhs; Prev. yr. Rs. 142 lakhs)	73		54
HSBC UAE AED Freight (Maximum balance during the year Rs. 520 lakhs; Prev. yr. Rs. 420 lakhs)	194		91
HSBC Egypt USD Freight (Maximum balance during the year Rs. 129 lakhs; Prev. yr. Rs. 91 lakhs)	32		82
HSBC London USD Pool (Maximum balance during the year Rs. 5938 lakhs; Prev. yr. Rs. 9266 lakhs)	4,601		4,036
HSBC Honkong USD Freight (Maximum balance during the year Rs. 207 lakhs; Prev. yr. Rs. 123 lakhs)	203		98
HSBC Honkong China USD Freight (Maximum balance during the year Rs. 883 lakhs; Prev. yr. Rs. 1398 lakhs)	4		2
HSBC Bank Japan - Yen Freight (Maximum balance during the year Rs. 256 lakhs; Prev. yr. Rs. 272 lakhs)	234		6
HSBC Honkong - HKD Freight Saving (Maximum balance during the year Rs. 1 lakh; Prev. yr. Rs. 11 lakhs)	1		1
Citi Bank Germany USD Freight Account (Maximum balance during the year Rs. 745 lakhs; Prev. yr. Rs. 476 lakhs)	153		475
HSBC Indonesia USD Freight (Maximum balance during the year Rs. 35 lakhs; Prev. yr. Rs. 65 lakhs)	5		7
Citi Bank UK Gibraltar Freight (Rs. 0.06 lakhs, Prev yr. Nil) (Maximum balance during the year Rs. 0.08 lakhs; Prev. yr. Nil)	-		-
HSBC Turkey USD Freight (Rs. 0.49 lakhs) (Maximum balance during the year Rs. 0.62 lakhs; Prev. yr. Rs. 1 lakh)	-		1
Citibank Belgium USD Freight (Maximum balance during the year Rs. 68 lakhs; Prev. yr. Nil)	66	7,665	6,284
In Deposit Account:			
Tokyo Time Deposit (Rs. 0.18 lakh Prev. yr Nil)		-	-
TOTAL		240,646	267,283

SCHEDULE '10'

OTHER CURRENT ASSETS

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Interest Accrued on :			
Deposits with Banks	4,129		3,706
Deposits with Public Financial Institutions	634		230
Loans to employees	623		661
		5,386	4,597
Silver Medals (Rs.0.01 lakh; Prev. yr. Rs. 0.01 lakh)		8,520	5,474
Unfinished Voyages		6	35
Course fee receivable		6	35
TOTAL		13,912	10,106

SCHEDULE '11'

AMOUNTS ADVANCED TO JOINT VENTURE COMPANIES

	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
* Shareholder's Contribution towards project cost - India LNG Transport Co. (No.3) Ltd.	6,973	7,879
* India LNG Transport Company (No. 1) Ltd - Loan	5,790	6,345
* India LNG Transport Company (No. 2) Ltd - Loan	5,453	6,359
Interest Receivable	4,430	5,002
Other recoverables	837	758
TOTAL	23,483	26,343

* Refer Note No. 9 of Schedule 25

SCHEDULE '12'

LOANS AND ADVANCES

	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
LOANS AND ADVANCES - (Considered good unless otherwise stated)		
(A) Secured :		
Loans and Advances to Employees and Employees' Co-operative Societies		
- Considered Good	1,352	1,521
- Considered Doubtful	2	2
	<u>1,354</u>	<u>1,523</u>
Less : Provision for doubtful Loans & Advances	2	2
	<u>1,352</u>	<u>1,521</u>
(B) Unsecured :		
Advances recoverable in cash or in kind or for value to be received :		
- Considered Good	23,817	24,636
- Considered Doubtful	3,390	3,421
	<u>27,207</u>	<u>28,057</u>
Less: Provision for doubtful Advances	3,390	3,421
	<u>23,817</u>	<u>24,636</u>
Excess of fair value of plan assets over actuarial gratuity liability (Refer Note No. 15(E) of Schedule 25)	5,063	5,777
Loans and Advances to employees and employees' Co-operative Societies under Staff Welfare Scheme (Rs. 0.35 lakh Prev. yr. Rs. 0.43 lakh)	-	-
Other Loans	34	41
Advance Indian Income Tax & Tax Deducted at Source (Net of Provisions)	81	-
Balances with Customs, Port Trust etc.		
(a) Considered good	1,376	953
(b) Considered doubtful	103	773
	<u>1,479</u>	<u>1,726</u>
Less: Provision for doubtful balances with Customs, Port Trust etc.	103	773
	<u>1,376</u>	<u>953</u>
Deposits	262	213
TOTAL	31,985	33,141

SCHEDULE '13'
SUNDRY CREDITORS & OTHER LIABILITIES

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Sundry Creditors :			
- Small and Medium Enterprises	185		211
- Others	71,591		77,303
		71,776	77,514
Interest accrued but not due		661	2,421
Advances and Deposits		10,676	6,748
Security and other Deposits		119	119
Other Liabilities		7,471	8,935
Unpaid Dividend (Note 1)		56	41
Unfinished Voyages		3,765	1,583
Bank Overdrafts			
Bayerische Hypo-und Vereins Bank AG (formerly Vereins Bank, Hamburg) (Nil Prev. yr. Rs. 0.07 lakhs) (Maximum debit balance during the year Rs. 0.19 lakhs; Prev. yr. Rs 0.10 lakhs)		-	-
City Bank Israel - USD Freight (Rs. 0.09 lakhs, Prev. yr. Rs. 0.01 lakhs) (Maximum debit balance during the year Rs. 0.17 lakhs; Prev. yr. Rs. 0.20 lakhs)		-	-
TOTAL		94,524	97,361

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

SCHEDULE '14'
PROVISIONS

	Rupees in lakhs	As at 31.03.2010 Rupees in lakhs	As at 31.03.2009 Rupees in lakhs
Foreign Taxation (Net of Advances)		836	541
Indian Income Tax (Net of Advance)			49
Leave Encashment		5,711	5,417
Post retirement medical scheme		2,826	2,494
Proposed Dividend		21,173	27,524
Tax on Proposed Dividend		3,516	4,678
TOTAL		34,062	40,703

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE '15'

OPERATING EARNINGS

	Rupees in lakhs	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
Freight (Net)		207,171	240,250
Charter Hire		121,738	160,012
Demurrage		10,219	9,538
Receipts towards Managed Vessels -			
- Remuneration	3,366		2,890
- Reimbursement of overheads	3,818		3,974
		7,184	6,864
TOTAL		346,312	416,664

SCHEDULE '16'

PROFIT ON SALE OF SHIPS (NET)

	Rupees in lakhs	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
Sales Realisation/Insurance Claims (Net)		12,968	3,724
Less : Book Value		-	-
Surplus		12,968	3,724
Less : Expenses incurred upto date of sale:			
Fuel Oil	545		117
Wages and Victualling	58		137
Insurance & P & I Club fee	52		
Stores and Maintenance	25		17
Sundries	36		7
		716	278
TOTAL		12,252	3,446

SCHEDULE '17'

INTEREST INCOME

	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
Interest earned (Gross): (TDS - Rs. 2612 lakhs; Prev. yr. Rs. 5308 lakhs)		
On Bank Deposits	18,893	22,657
On Deposits with Public Financial Institutions	992	2,160
Others	1,930	2,454
TOTAL	21,815	27,271

SCHEDULE '18'**OTHER INCOME**

	Rupees in lakhs	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
Sundry Receipts			
- Core shipping activities	1,777		1,181
- Incidental activities	1,065		590
		2,842	1,771
Profit on sale of Fixed Assets (other than Ships) (Rs. 0.28 lakhs)		-	17
Dividend on trade Investments		232	209
Currency exchange difference		-	5,643
Profit on Sale of Bunker		199	46
TOTAL		3,273	7,686

SCHEDULE '19'**OPERATING EXPENSES**

	Rupees in lakhs	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
DIRECT OPERATING EXPENSES :			
Agency fees	1,709		1,530
Brokerage	814		906
Commission	4,860		5,661
Stevedoring, Dunnage, Cargo expenses etc. & Slot Expenses on joint sector container services (Net)	25,170		26,938
Marine, Light and Canal Dues	30,513		25,267
Fuel Oil (Net)	73,593		75,359
Water charges	343		341
		137,002	136,002
HIRE OF CHARTERED STEAMERS		37,551	47,321
*INDIRECT OPERATING EXPENSES :			
Wages, Bonus and other expenses on Floating Staff	35,052		36,686
Gratuity	609		(1,142)
Contribution to Provident Fund	303		304
Victualling, Transfer and Repatriation and other benefits etc.	1,799		3,087
Stores & Spares	20,143		21,927
Sundry Steamer Expenses	2,097		1,675
Repairs and Maintenance, Survey expenses etc.	27,631		27,173
Insurance and Protection, Indemnity Club Fees & Insurance Franchise etc.	9,098		8,536
Currency Exchange Difference	5,816		
		102,548	98,246
TOTAL		277,101	281,569

* Net of recoveries on account of managed vessels.

SCHEDULE '20'**ADMINISTRATION EXPENSES**

	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
Salaries and Bonus	9,623	10,377
Gratuity	163	(763)
Contribution to Provident Fund	611	687
Staff Welfare Expenses	1,663	2,269
Remuneration to Directors	82	93
Directors' Sitting Fees	34	18
Directors' Travel Expenses	97	157
Donations & Grants (Rs. 0.43 lakhs)	-	50
Establishment Charges	4,770	4,988
Repairs and Maintenance-Buildings	999	668
Rent	553	550
Lease Rent to Shore Employees	1,140	1,197
Rates and Taxes	204	146
Insurance	21	15
Auditors' Remuneration	81	72
Bank charges	19	35
TOTAL	20,060	20,559

SCHEDULE '21'**OTHER EXPENSES, PROVISIONS ETC.**

	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
Provision for Off Hire etc.	728	729
Provision for Doubtful Debts and Advances	433	4,600
Foreign Taxation	377	650
Miscellaneous Expenses	26	118
Debts / Advances written off	7	2
Provision for contingencies etc.	39	-
Write off of expenses capitalised earlier	1	-
TOTAL	1,611	6,099

SCHEDULE '22'**INTEREST**

	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
On Term Loans	5,215	6,461
Others	38	6
TOTAL	5,253	6,467

SCHEDULE '23'**EXCESS PROVISIONS/SUNDRY CREDIT BALANCES WRITTEN BACK**

	Rupees in lakhs	2009-2010 Rupees in lakhs	2008-2009 Rupees in lakhs
A. Excess Provision written back (core activities)			
Direct Operation Expenses	-		219
Freight & Charter hire	280		139
Wages, Bonus & Other expenses on floating staff	2,193		91
Insurance, P&I, Cargo claims & P&I Club fees	1,163		20
Provision for Doubtful Debts & Advances	162		110
Foreign Taxation	34		43
Balances with Custom Ports	669		183
Pilotage	-		-
Provision for Off hire	1,768		-
Others	16		26
		6,285	844
B. Sundry credit balances written back (core activities)			
		332	171
TOTAL		6,617	1,015

SCHEDULE '24'

SIGNIFICANT ACCOUNTING POLICIES

1. 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 practices in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

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 adhoc slot operations, 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 an accrual basis based on voyages completed during the year.
 - (v) In respect of time charter arrangements, incomes and expenses are booked on accrual basis.
 - (vi) Demurrage income is recognised on estimated basis, based on past experience of settlements.
- (b) The criteria followed for the purpose of determining the Finished Voyages are as under:-
- (i) Passenger cum Cargo Vessels:- Disembarkation of passengers and discharge of cargo should be completed on or before the last date of the financial year.
 - (ii) Cargo Vessels (other than those serviced by Feeder or Daughter Vessels):- Discharge of cargo should be completed on or before the last date of the financial year.
 - (iii) Cargo vessels serviced by Daughter vessels:- The ultimate discharge of cargo by all daughter vessels should be completed on or before the last date of the financial year.
 - (iv) Cargo vessels serviced by feeder vessels:- The discharge of cargo at the transshipment port by the mainline and feeder vessels should be completed on or before the last date of financial year. Transshipment port is the point of commencement and completion of both the services. The completion of the mainline and feeder voyage is determined independent of each other.
- (c) Unfinished Voyages:-
- Any voyage, which does not fulfil the above mentioned criteria, is treated as an unfinished voyage. Collections made on account of freight and other charges in respect of such voyages are carried forward as Unfinished Voyage Earnings. Direct operating expenses booked for such voyages including hire and freight for vessels chartered-in are carried forward as Unfinished Voyage Expenses.
- (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 cost of acquisition less accumulated depreciation. Cost includes borrowing cost, duties and other expenses relating to acquisition of assets.

- 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 (not less than rates prescribed in Schedule XIV) as determined by Technical evaluation.

On additions made to the existing ships (including adjustments resulting on account of exchange rate fluctuation) depreciation is provided for the full year irrespective of the date of addition and balance over the remaining useful life of the ships.

Additions made to the ships which have completed their useful life are fully depreciated in the year of addition. However, in respect of additions made involving structural changes, on or after 1st April 2007, resulting in extension of useful life based on the technical evaluation, the depreciation is provided over the extended remaining useful life (not less than rates prescribed in schedule XIV).

- c) On assets other than ships, depreciation is charged on the “Written Down Value Method” as per the rates prescribed in Schedule XIV to the Companies Act, 1956 for the full year irrespective of the dates of additions and no depreciation is being charged on assets sold/discarded during the year.
- d) Computer software is amortised over the useful life not exceeding five years.
- e) Assets costing individually Rs.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, are charged to the cost of respective assets acquired/improved. 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 SHIPS

- (a) Ships which have been retired from operations for eventual disposal are withdrawn from the fixed assets and exhibited separately at book value in the Balance Sheet under “Ships Retired From Operation”.
- (b) 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.
- (c) Profits on sale of ships are accounted for only upon completion of sale thereof.

6. MAJOR REPAIRS AND RENEWALS OF SHIPS

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

7. VALUATION OF STOCKS:-

- (a) Inventories are valued at lower of cost and 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 'First-in-First-out' method.
- (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) Corporation maintains godowns for keeping certain limited items of stores pending issue to the ships. Stock of stores lying in the godowns at the year end are valued at lower of cost or net realisable value.
- (e) Store/Spares including paints, etc. are charged to revenue as consumed when delivered to ships. Items of Stores/Spares, which are not delivered to ships are shown under Stores/Spares-in-Transit and are treated as stock. Such stocks are valued at lower of cost and net realizable value. However, at the end of the financial year, provision for consumption is made for items which remain as Stores/Spares in transit for more than three months.

8. ACCOUNTING OF FOREIGN CURRENCY TRANSACTIONS:-

- (a) All transactions during the year are booked at 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 year-end foreign currency balances other than in US Dollars appearing in the books of account are converted into US Dollars at the 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 converted into rupees at SBI Mean Rate prevailing at the end of the financial year.
- (d) Exchange difference arising on repayment of liabilities and conversion of year-end foreign currency balances pertaining to long term loans for acquiring ships/ownership containers/other assets and asset under construction is adjusted in the carrying cost of ships/ownership containers/other assets and asset under construction.
- (e) The exchange difference arising on revenue and other account except as stated under (d) above is adjusted in the Profit & Loss Account.

9. EMPLOYEE BENEFITS:-

- (a) Liabilities towards provident fund are accounted for on accrual basis.
- (b) For defined benefit plans, in case of shore staff, officers afloat, and crew on Company's roster, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet 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 balance sheet represents the present value of defined benefit obligation as reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and 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 Corporation 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 Corporation 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:-

In view of opting for Tonnage Tax scheme, provision for income tax liability is made as per special provisions relating to income of shipping companies under Income Tax Act, 1961 from financial year 2004-05.

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

	31.03.2010 Rupees in lakhs	31.03.2009 Rupees in lakhs
1. 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)	502,861	599,790
2. Contingent Liabilities not provided for:-		
(i) Claim against the corporation not acknowledged as debts –		
(1) Claim made by M/s. Chokhani International Ltd. towards dry dock expenses pending before High Court, Chennai	3,788	3,569
(2) 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)	9,437	8,325
(3) Disputed demand of Income tax (As certified by the Management)	5,205	583
(ii) Guarantees given by the Banks on behalf of the Corporation	5,917	7,070
(iii) Undertaking cum Indemnity given by Corporation	1,000	1,000
(iv) Cargo Claims covered by P&I Club	177	480
(v) Bonds/Undertakings given by the Corporation to Customs Authorities	7,347	2,789
(vi) Corporate Guarantees/Undertakings		
– In respect of Joint Ventures	Not ascertainable	Not ascertainable
– Others	5,064	6,025
3. Remuneration to whole time Directors		
(a) Salaries and Allowances	66.64	77.36
(b) Contribution to Provident Fund	5.98	5.01
(c) Medical Expenses	8.89	10.68
(d) Monetary value of perquisites	12.28	11.54

In addition to above;

The Corporation has made a provision for defined benefit of Rs. 25 lakhs (Previous year Rs. 45 lakhs) during the year.

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 year:

(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.

(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 |
| 5. Shri. J.N. Das | 6. Shri K.S. Nair |

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

(i) Joint Venture Companies

Nature of Transaction	Name of the Party	2009-2010 (Rs. in lakhs)	2008-2009 (Rs. in lakhs)
Investments made during the year	SCI Forbes Ltd.	5,520	6,050
	Total	5,520	6,050
Dividends Received	Irano Hind Shipping Co. Ltd.	232	209
	Total	232	209
Interest Charged	India LNG Transport Co. (No. 1) Ltd.	539	568
	India LNG Transport Co. (No. 2) Ltd.	532	568
	India LNG Transport Co. (No. 3) Ltd.	591	362
	SCI Forbes Ltd.	NIL	279
	Total	1,662	1,777
Expenses Charged	Irano Hind Shipping Co. Ltd.	10	5
	India LNG Transport Co. (No. 1) Ltd.	11	7
	India LNG Transport Co. (No. 2) Ltd.	18	6
	India LNG Transport Co. (No. 3) Ltd.	38	NIL
	Total	77	18
Loans / Advances given / adjusted during the year	Irano Hind Shipping Co. Ltd.	3	2
	India LNG Transport Co. (No. 1) Ltd.	37	1,390
	India LNG Transport Co. (No. 2) Ltd.	19	1,394
	India LNG Transport Co. (No. 3) Ltd.	6,675	1,726
	SCI Forbes Ltd.	16	3
	Total	6,750	4,515
Loans / Advances realised / adjusted during the year	India LNG Transport Co. (No. 1) Ltd.	555	38
	India LNG Transport Co. (No. 2) Ltd.	906	39
	India LNG Transport Co. (No. 3) Ltd.	7,593	NIL
	SCI Forbes Ltd.	NIL	5,099
	Total	9,054	5,176
Receivables as at year end	Irano Hind Shipping Co. Ltd.	28	25
	India LNG Transport Co. (No. 1) Ltd.	7,415	8,657
	India LNG Transport Co. (No. 2) Ltd.	6,989	8,097
	India LNG Transport Co. (No. 3) Ltd.	9,016	9,561
	SCI Forbes Ltd.	19	3
	Total	23,467	26,343

Nature of Transaction	Name of the Party	2009-2010 (Rs. in lakhs)	2008-2009 (Rs. in lakhs)
Charter Hire Payments	SCI Forbes Ltd.	1,676	NIL
	Total	1,676	NIL
Management & Accounting Fees	India LNG Transport Co. (No. 1) Ltd.	284	76
	India LNG Transport Co. (No. 2) Ltd.	284	80
	Total	568	156
Manning Agent Fees	India LNG Transport Co. (No. 3) Ltd.	15	NIL
	Total	15	NIL
Fees for Supervision of Construction of Vessels	India LNG Transport Co. (No. 3) Ltd.	137	NIL
	Total	137	NIL

ii) Key Management Personnel

Nature of Transaction	Name of the Party	2009-2010 (Rs. in lakhs)	2008-2009 (Rs. in lakhs)
Remuneration	Shri Hajara S.	16	18
	Shri B. K. Mandal	14	17
	Shri U. C. Grover	14	20
	Shri Kailash Gupta	12	17
	Shri J. N. Das	12	15
	Shri K. S. Nair	13	6
	Total	81	93
Loans recovered during the year	Key Management Personnel	1	1
	Total	1	1
Loan amount due as at year end	Shri B. K. Mandal	3	4
	Shri J. N. Das	1	1
	Total	4	5

4. 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 31.03.10	Percentage of Interest As on 31.03.09
1. Irano Hind Shipping Company Ltd.	Equity Shareholding	Iran	49.00%	49.00%
2. India LNG Transport Company (No. 1) Ltd.	Equity Shareholding	Malta	29.08%	29.08%
3. India LNG Transport Company (No. 2) Ltd.	Equity Shareholding	Malta	29.08%	29.08%
4. India LNG Transport Company (No. 3) Ltd.	Equity Shareholding	Malta	26.00%	26.00%
5. SCI Forbes Ltd.	Equity Shareholding	India	50.00%	50.00%

ii) Corporation's Interest in the Joint Venture

Name	As on	Assets (Rs. in lakhs)	Liabilities (Rs. in lakhs)	For the period ended	Income (Rs. in lakhs)	Expenditure (Rs. in lakhs)
1. Irano Hind Shipping Company Ltd.	20-03-09	62707.70	23738.77	20-03-09	24129.27	13615.47
2. India LNG Transport Company (No. 1) Ltd.	31-12-09	22383.97	25866.65	31-12-09	3457.74	2913.03
3. India LNG Transport Company (No. 2) Ltd.	31-12-09	23208.06	26826.02	31-12-09	3151.59	3441.34
4. India LNG Transport Company (No. 3) Ltd.	31-12-09	30197.07	32791.97	31-12-09	257.60	464.31
5. SCI Forbes Ltd.	31-03-10	27504.20	17283.78	31-03-10	1231.49	1211.41

The above figures are based on latest available audited accounts except the figures of India LNG Transport Company (No. 3) Ltd. and SCI Forbes Ltd. which are based on unaudited accounts.

6. EARNINGS PER SHARE:

	As on 31.03.2010	As on 31.03.2009
a) Profit after tax (Rs. in lakhs)	37691	94067
b) Weighted average number of Equity Shares (Nos)	423453645	423453645
c) Basic & Diluted Earnings per Share (in Rs.)	8.90	22.21
d) Nominal Value per Equity Share (in Rs.)	10.00	10.00

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

7. Prior year's adjustments (Net) amounting to Rs. 636 lakhs (Dr.) [Previous year Rs. 367 lakhs (Cr.)] includes income of Rs. 662 lakhs (Previous Year Rs. 881 lakhs) and expenses Rs. 1298 lakhs (Previous year Rs. 514 lakhs).

The summary of income is as follows:

	2009-2010 (Rs. in lakhs)	2008-2009 (Rs. in lakhs)
Freight	414	(-) 557
Charter Hire	(-)320	(-) 14
Demurrage	(-)35	769
Recovery of Container Related Costs	495	632
Remuneration from managed vessels	33	46
Currency Exchange Difference	NIL	NIL
Insurance	NIL	NIL
Interest – others	NIL	1
Sundry receipts	75	1
Others	NIL	3
Service tax	NIL	NIL
Total	662	881

The summary of expenses is as follows:

	2009-2010 (Rs. in lakhs)	2008-2009 (Rs. in lakhs)
Stevedoring	338	87
Marine, Light & Canal Dues	471	24
Brokerage & Commission	216	1
Agency Fees	23	16
Fuel Oil	197	41
Wages, Bonus & Other Exp. - Floating Staff	3	4
Stores, Repairs & Maintenance	24	(-) 223
Charter Hire Payments	35	NIL
Insurance & P&I	109	2
Hire of Chartered Steamer	131	138
Establishment Expenses	14	(-) 2
Sundry Steamer Charges	(-)152	38
Salaries – shore staff	(-)114	(-) 2
Currency Exchange Difference	(-)7	(-) 128
Service tax	NIL	(-) 690
Provision for OFF Hire	NIL	1289
Interest	NIL	(-) 74
Others	10	(-) 7
Total	1298	514

8. Auditors' Remuneration:

	2009-2010 (Rs. in lakhs)	2008-2009 (Rs. in lakhs)
Audit Fees (including service tax)	26.70	24.27
Certification Work (incl. limited review fees)	23.84	22.97
Travelling & Out of Pocket Expenses	30.37	24.67

9. India LNG Transport Companies No. 1 & 2 Ltd. are two joint venture companies promoted by the corporation and three Japanese companies Vis. M/S Mitsui O.S.K.lines Ltd. (MOL), M/S Nippon Yusen Kabushiki Kaisha Ltd (NYK Lines) and M/S Kawasaki Kisen Kaisha Ltd (K Line) and M/S Qatar Shipping Company (Q Ship), Qatar. SCI and MOL are the largest shareholders, each holding 29.08% shares while NYK Line 17.89%, K Line 8.95% & Q Ship holds 15% respectively. The Shares held by the Corporation and other partners in the two joint venture Companies have been pledged against loans provided by lender banks to these companies.

India LNG Transport Company No.1 Ltd owns and operates one LNG tanker SS Disha and India LNG Transport Company No. 2 Ltd owns and operates one LNG Tanker SS Raahi.

The entire operation and management of the two companies was taken over by SCI from 1st January, 2009 and it has received a management and accounting fee of US \$ 1.19 million (Rs. 568 lakhs) during the financial year [previous year US \$ 313166 (Rs.156 lakhs)].

India LNG Transport Company No. 3 Ltd. is a Joint Venture Company promoted by the corporation along with M/S Mitsui O.S.K. Line Ltd (MOL), M/S Nippon Yusen Kabushiki Kaisha Ltd (NYK Lines) and M/S Kawasaki Kisen Kaisha Ltd (K Line), M/S Qatar Gas Transport Company Ltd. (QGTC) and M/s Petronet LNG Ltd. (PLL) to construct, own and operate one LNG Tanker of about 155,000 cbm, and is chartered under a long-term Time Charter Agreement for 25 years. The tanker was delivered in mid November 2009 and has been operating on the same leg as that of SS Disha & SS Raahi i.e, Ras Laffan, Qatar to Dahej, India. The Shares held by the Corporation and other partners in the joint venture Company have been pledged against loans provided by lender banks to the company.

Details of contribution to Joint Ventures

Name of the company	India LNG Transport Co. No. 1 Ltd.		India LNG Transport Co. No. 2 Ltd.		India LNG Transport Co. No. 3 Ltd.	
	USD	Rupees	USD	Rupees	USD	Rupees
Contribution towards Equity	6,421	3,11,665	6,421	3,11,665	2,600	1,25,197
Contribution towards shareholders loan	1,28,31,414	57,90,17,554	1,20,83,953	54,52,88,377	1,54,52,060	69,72,74,208

As per the requirements under the Time Charter Agreement and in proportion to its shareholding, SCI assumed certain obligations towards Joint Venture Companies (India LNG Transport companies No.1, No.2 and No.3) including providing the Performance Bank Guarantee (PBG) to the charterer totalling to USD 7.1626 million (Rs. 3232 lakhs), which has been included under contingent liabilities in Note No. 2(ii) of Schedule 25. It may be noted that the Performance Bank Guarantee of India LNG Transport companies No.3 Ltd. has been reduced from USD 3.53 million (Rs. 1592 lakhs) to USD 2.35 million (Rs.1060 lakhs) after the delivery of the vessel MT Aseem on 16.11.09. However, it is expected that these obligations may not devolve upon SCI in the normal circumstances on account of highly experienced Japanese LNG operators who are the partners in the Joint Venture Companies. Corporate Guarantees / undertakings have also been given in respect of loans taken by Joint Ventures which have been included under Contingent Liabilities in Note 2(vi) of Schedule 25 and quantification of the same is not ascertainable.

10. Sethusamudram Corporation Ltd. (SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 at Chennai (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 Rs.5,000 lakhs in the proposed project. SCI's total contribution as on 31.03.2010 amounted to Rs. 5,000 lakhs (previous year Rs. 5,000 lakhs).
11. During the financial year 2009-2010, three vessels of SCI Forbes were delivered. "M.T.Asavari" was delivered on 05.08.2009, "M.T.Bhairavii" was delivered on 31.10.2009 and "M.T.Neelambari" was delivered on 17.03.2010. The fourth vessel "M.T.Malhari" is expected to be delivered in May 2010. The three delivered vessels are being operated in WOMAR pool.

During the financial year 2009-10, the share capital of SCI Forbes was revised so as to conform to the norms of ECB taken for ship financing. The authorised share capital comprising equity and preference share capital was increased from Rs. 16000 lakhs (during 2008-09) to Rs 33500 lakhs (comprising of equity capital of Rs 16000 lakhs and preference capital of Rs 17500 lakhs). The paid-up share capital of Rs. 12200 lakhs was increased to Rs.23240 lakhs by way of (i) issuing additional 3,80,00,000 equity share of Rs. 10 each against which Rs. 3 are paid up and (ii) 9,90,00,000 fully paid up preference shares of Rs. 10 each. Being 50% owner, SCI contributed Rs. 570 lakhs towards additional equity contribution and Rs. 4950 lakhs towards Preference Capital.

12. The company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006, (MSMED Act) as at 31-3-2010. The disclosure pursuant to the said Act is as under :

Particulars	As on 31.03.10 (Rs. in lakhs)	As on 31.03.09 (Rs. in lakhs)
Principal amount due to suppliers under MSMED Act, 2006	184.77	211
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 year	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 year 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.

13. SEGMENT REPORTING:

(Rs. in Lakhs)

Sr.	Particulars	2009-10	2008-09
1	Segment Revenue		
	i) Liner Segment	83364	82546
	ii) Bulk Segment	267094	327101
	iii) Others	17742	19044
	iv) Unallocated Revenue	254	221
	Total	368454	428912
2	Segment Results		
	Profit/(Loss) before tax & interest		
	i) Liner Segment	(-)22509	(-) 18723
	ii) Bulk Segment	48593	98011
	iii) Others	4864	5369
	Total	30948	84657
	Less : Unallocated Expenditure (Net of income)	(-) 87	2
	Add : Interest (Net)	16562	20804
	Total Profit before tax	47597	105459
	Segment Assets		
	Liner Segment	89073	94454
	Bulk Segment	569369	542979
	Others	54473	35936
	Total	712915	673369
	Unallocable Corporate Assets	319057	332659
	Total	1031972	1006028
	Segment Liabilities		
	Liner Segment	14640	12296
	Bulk Segment	56070	65677
	Others	27452	21486
	Total	98163	99459
	Unallocable Corporate Liabilities	300110	285725
	Total	398273	385184
	Capital Expenditure during the year		
	Liner Segment	(-) 4968	67788
	Bulk Segment	110076	77246
	Others	806	998
	Total	105914	146032
	Depreciation		
	Liner Segment	5889	4189
	Bulk Segment	31805	27192
	Others	317	1007
	Total	38011	32388

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.
14. 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:

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

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

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Status	Funded	Funded	Unfunded	Unfunded	Unfunded	Unfunded
At the beginning of the year	11532	13508	5417	3928	2494	1982
Current service cost	1220	1268	742	541	198	177
Interest Cost	830	1014	380	302	186	165
Actuarial (gains) and losses (including for prior years)	367	(2972)	(330)	1087	76	279
Benefits Paid	(1121)	(1286)	(498)	(441)	(128)	(109)
At the end of the year	12828	11532	5711	5417	2826	2494

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

Particulars	2009-10	2008-09
Total Amount of defined benefit obligation	21365	19443
Amount of funded Defined benefit obligation	12828	11532
Percentage of funded defined benefit obligation	60.04%	59.31%
Percentage of defined benefit obligation not funded	39.96%	40.69%

D) Movement in Fair Value of plan assets during the year

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Opening value of fair value of plan assets	17309	17290	NIL	NIL	NIL	NIL
Expected Return on plan assets	1481	1374	NIL	NIL	NIL	NIL
Benefits Paid	(1121)	(1286)	NIL	NIL	NIL	NIL
Actuarial gain/(loss) on plan assets	222	(69)	NIL	NIL	NIL	NIL
Closing value of fair value of plan assets	17891	17309	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

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Present value of obligations at the end of the year	12828	11532	5711	5417	2826	2494
Less: Fair value of assets as the balance sheet date	17891	17309	NIL	NIL	NIL	NIL
Net Liability/(Asset) disclosed in the balance sheet	(5063)	(5777)	5711	5417	2826	2494

F) Total Expense recognised in the profit and loss account

(Rs. in Lakhs)

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Current Service Cost	1220	1268	742	541	198	177
Interest Cost	830	1014	380	302	186	165
Expected return on plan assets	(1481)	(1374)	-	NIL	-	NIL
Actuarial (gains) and losses	367	(2972)	(330)	1087	76	279
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	(498)	(441)	(128)	(109)
Actuarial gains/loss on plan assets	(222)	69	NIL	NIL	NIL	NIL
Charged to profit and loss	714	(1995)	294	1489	332	512

* For gratuity, the benefits are paid by the trust and are not debited to the profit and loss of the Corporation. 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

(Rs. in Lakhs)

Particulars	2009-10		2008-09	
	Fair Value	% of Total	Fair Value	% of Total
Investment in Government securities	8274	46.24%	6374	36.83%
Investment in Bonds	3576	19.99%	3612	20.87%
Investment in deposits including bank balances	5531	30.92%	6896	39.84%
Other Assets including accrued interest	510	2.85%	427	2.46%
Total	17891		17309	

- (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: Rs. 1703 Lakhs (Previous Year Rs. 1304 lakhs).

H Principal actuarial assumptions at the balance sheet date:

Particulars	Gratuity		Leave Encashment		Post Retirement Medical Benefit Scheme	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Discount rate at 31 March	7.87%	7.13%	7.87%	7.13%	7.87%	7.13%
Expected return on plan assets at 31 March	9.00%	8.00%	NIL	NIL	NIL	NIL
Future salary increases	7.50%	7.50%	7.50%	7.50%	NA	NA
Mortality Rate	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96
Medical cost incremental trend rates	-	-	-	-	16%	16%
Normal Retirement Age	60Years	60Years	60Years	60 Years	60Years	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.

Particulars	Post Retirement Medical Benefit Scheme			
	Aggregate of the current service cost and interest cost		Accumulated post-employment benefit obligation for medical costs	
	2009-10	2008-09	2009-10	2008-09
Effect of one percentage up	11	10	236	211
Effect of one percentage down	(9)	(9)	(216)	(193)

- 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 upto the current period on accrual basis.
15. 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 Corporation and same are under reconciliation wherever replies have been received. The management, however, does not expect any material changes.
16. Pending implementation of pay revision of employees retrospectively from 1st January, 2007, the Corporation has made requisite provisions in the books of accounts for the years 2006-07, 2007-08, 2008-09 and 2009-10. During the year 2009-10, a provision of Rs.3710 lakhs has been made and the cumulative balance of provision in this regard stands at Rs.8911 lakhs as on 31st March, 2010.
17. Service tax department has issued show cause notices to the corporation proposing to impose levy of service tax under the category of "Storage and Warehousing Service" aggregating to (a) Rs.2679 lakhs for the period from 01/10/2002 to 31/12/2007 (b) Rs.754 lakhs for the period from 01/01/2008 to 31/01/2009 and (c) Rs. 405 lakhs for the period from 01/02/2009 to 30/09/2009 and also interest and penalty alleging that corporation 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.
18. Borrowing cost and Interest capitalised during the year is Rs. 1514 lakhs (Previous year Rs. 2888 lakhs).
19. The Corporation has obtained exemption from complying with Para 4 (D) (a), (b), (c) & (e) of Part II of Schedule VI of the Companies Act, 1956.
20. Loans and Advances include an amount of Rs. 4.04 lakhs (Previous year Rs 5.23 lakhs) due from whole time directors - maximum amount due during the year Rs. 5.23 lakhs (Previous year Rs.6.51 lakhs)
21. During the year, the Corporation has reviewed its fixed assets for impairment loss as required by Accounting Standards 28 - "Impairment of Assets" In the opinion of management no provision for impairment is considered necessary.
22. 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

1	1
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 Registration No.

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 Balance Sheet Date

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2	0	1	0
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Day Month Year

II. Capital Raised During The Year

(Amount in Rs.Lakhs)

Public Issue	Rights Issue												
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			N	I	L								
			N	I	L								
Bonus Issue	Private Placement												
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			N	I	L								
			N	I	L								

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Lakhs)

Total Liabilities	Total Assets														
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1	0	3	1	9	7	2									
1	0	3	1	9	7	2									
<i>Sources of Funds</i>	<i>Reserves & Surplus</i>														
Share Capital	<table border="1" style="display: inline-table;"><tr><td>5</td><td>9</td><td>1</td><td>3</td><td>5</td><td>5</td></tr></table>	5	9	1	3	5	5								
5	9	1	3	5	5										
<table border="1" style="display: inline-table;"><tr><td>4</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table>	4	2	3	4	5	Unsecured Loans									
4	2	3	4	5											
Secured Loans	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L								
			N	I	L										
<table border="1" style="display: inline-table;"><tr><td>2</td><td>6</td><td>9</td><td>6</td><td>8</td><td>6</td></tr></table>	2	6	9	6	8	6									
2	6	9	6	8	6										
<i>Application of Funds</i>	<i>Investments</i>														
Net Fixed Assets	<table border="1" style="display: inline-table;"><tr><td>1</td><td>6</td><td>6</td><td>6</td><td>6</td></tr></table>	1	6	6	6	6									
1	6	6	6	6											
<table border="1" style="display: inline-table;"><tr><td>6</td><td>3</td><td>6</td><td>1</td><td>5</td><td>3</td></tr></table>	6	3	6	1	5	3	Misc. Expenditure								
6	3	6	1	5	3										
Net Current Assets	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>-</td></tr></table>						-								
					-										
<table border="1" style="display: inline-table;"><tr><td>2</td><td>5</td><td>0</td><td>5</td><td>6</td><td>7</td></tr></table>	2	5	0	5	6	7									
2	5	0	5	6	7										
Accumulated Losses															
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L									
			N	I	L										

IV. Performance of The Company

(Amount in Rs.Lakhs)

Turnover	Total Expenditure												
<table border="1" style="display: inline-table;"><tr><td>3</td><td>8</td><td>9</td><td>6</td><td>3</td><td>3</td></tr></table>	3	8	9	6	3	3	<table border="1" style="display: inline-table;"><tr><td>3</td><td>4</td><td>2</td><td>0</td><td>3</td><td>6</td></tr></table>	3	4	2	0	3	6
3	8	9	6	3	3								
3	4	2	0	3	6								
Profit/(Loss) Before Tax	Profit/(Loss) After Tax												
<table border="1" style="display: inline-table;"><tr><td> </td><td>4</td><td>7</td><td>5</td><td>9</td><td>7</td></tr></table>		4	7	5	9	7	<table border="1" style="display: inline-table;"><tr><td> </td><td>3</td><td>7</td><td>6</td><td>9</td><td>1</td></tr></table>		3	7	6	9	1
	4	7	5	9	7								
	3	7	6	9	1								
Earnings Per Share Rs.	Dividend Rate %												
<table border="1" style="display: inline-table;"><tr><td> </td><td>0</td><td>8</td><td>.</td><td>9</td><td>0</td></tr></table>		0	8	.	9	0	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>5</td><td>0</td></tr></table>				5	0	
	0	8	.	9	0								
			5	0									

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

Item Code No.	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L		
Product Description	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L		

Note: This is a Shipping Company.

As per our report of even date.

For S BHANDARI & CO.,
Chartered Accountants

For KHANDELWAL JAIN & CO.,
Chartered Accountants

For and on behalf of the Board of Directors,

(S. S. Bhandari)
Partner
Membership No. 11332

(Narendra Jain)
Partner
Membership No. 48725

Dipankar Haldar
SVP (LA) &
Company Secretary

B K Mandal
Director
(Finance)

S. Hajara
Chairman &
Managing Director

Mumbai,
Dated the 29th May, 2010

Mumbai,
Dated the 29th May, 2010

CASH FLOW STATEMENT

	2009-10 Rs. in lakhs	2008-09 Rs. in lakhs
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax, extraordinary items & prior period adjustments	48233	105092
ADJUSTMENTS FOR :		
Depreciation	38011	32388
Interest Income	(21815)	(27271)
Interest paid	5253	6467
Dividend Received	(232)	(209)
Surplus on sale of Fixed Assets (other than ships)	0	(17)
Surplus on Sale of Ships	(12252)	(3446)
Provision for doubtful debts & Advances (Net)	271	4490
Debts & Advances written off	7	2
Sundry credit balances written back	(332)	(171)
	8911	12233
Operating profit before working capital changes	(i) 57144	117325
Adjustments for : Increase in working capital		
(a) Trade & other receivables	7653	(14185)
(b) Inventories	(1987)	2673
(c) Trade payables	161	15046
	5827	3534
Cash generated from operations	(ii) 62971	120859
Tax paid (Net of Refunds)	(10036)	(10702)
Cash flow before prior period adjustments	52935	110157
Prior period adjustments (Net)	(636)	367
Net Cash From Operating Activities	(A) 52299	110524
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase / Acquisition of Fixed Assets (including Assets under construction)	(81399)	(159404)
Investment with Public Financial Institutions	(11000)	0
Receipts from Maturity of Investments	0	500
Sale of Fixed Assets	12265	3304
Income from Investments	1895	1986
Interest Received	19363	24311
Sale / Purchase of Investments	(5520)	(7000)
Advances to Joint Venture Companies	2288	707
Net cash used in investing activities	(B) (62108)	(135596)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loans Borrowed (Net of Repayments)	22519	101747
Dividends Paid (Incl. Dividend Tax)	(32187)	(13227)
Interest Charges	(7013)	(5164)
Staff Welfare Activities (Net)	(81)	(121)
Corporate Social Responsibility Activities	(66)	0
Net cash flow from financing activities	(C) (16828)	83235
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(A+B+C) (26637)	58163
Cash & cash equivalents at the Beginning of the Year	267283	209120
Cash & cash equivalents at the end of the Year.	240646	267283

As per our report of even date.

For S BHANDARI & CO.,
Chartered Accountants

For KHANDELWAL JAIN & CO.,
Chartered Accountants

For and on behalf of the Board of Directors,

(S. S. Bhandari)
Partner
Membership No. 11332

(Narendra Jain)
Partner
Membership No. 48725

Dipankar Haldar
SVP (LA) &
Company Secretary

B K Mandal
Director
(Finance)

S. Hajara
Chairman &
Managing Director

Mumbai,
Dated the 29th May, 2010

Mumbai,
Dated the 29th May, 2010

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

Indian Register Quality Systems

(A Department of Indian Register of Shipping)

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

ACCREDITED BY THE RvA



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OF SHIPPING 1993



Certificate Of Approval

This is to certify that the Quality Management System of

The Shipping Corporation of India Ltd.

"Shipping House"

245, Madame Cama Road, Mumbai - 400 021

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

ISO 9001 : 2008

with respect to the following scope:

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

*This approval is subject to continued satisfactory maintenance of the
Quality Management System of the Organisation to the above Standard
which will be monitored by IRQS.*

Certificate No.: **IRQS/1010479** issued at Mumbai on: *7th June 2010*

Original Approval Date : *8th May 2007* for ISO 9001:2000

Current Certificate Expiry: **7th May 2013**


S. Kumar
Managing Director

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

Conditions overleaf