
Auditor's Report on Standalone Quarterly and year to date Financial Results of The Shipping Corporation of India, pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To,
The Board of Directors
The Shipping Corporation of India Limited

1. We have audited the quarterly standalone financial results of **The Shipping Corporation of India Limited** ("the Company") for the quarter ended March 31, 2019 and the year to date results for the period April 01, 2018 to March 31, 2019 attached herewith, being submitted by the Company pursuant to requirements of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") for Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

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

2. Opinion:

In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year to date results:

- are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- give a true and fair view of the net profit/ loss and other financial information for the quarter ended March 31, 2019 (date of the quarter end) as well as the year to date results for the period from April 01, 2018 to March 31, 2019.

3. Emphasis of Matter:

We draw attention to the following:

- We draw attention to Note No. 8 of the financial results, C&AG has raised an observation relating to payment of Performance Related Pay (PRP) of Rs 11.03 crores for the FY 2014-15. Audit observed that the company did not follow the DPE guidelines for determining the PBT for the FY 2014-15. The Company has submitted its response and the matter is under the consideration of C&AG and final outcome is awaited.
- We draw attention to Note No. 10 of the financial results, the Company is in process of analyzing the probable impact of gratuity payable to its regular fleet officers who have opted for Contract wages, on prudent basis, gratuity liability has been adequately provided for in books of accounts.



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iii) Trade Receivables including reimbursables, Trade Payables and Deposits are subject to the balance confirmations, subsequent reconciliation and consequential adjustments, if any, as on March 31, 2019.

Our Opinion is not modified in respect of this matter.

4. Others Matters:

The Statement includes results for the quarter ended March 31, 2019 and March 31, 2018 being balancing figures between audited figures in respect of full financial year and published unaudited year to date figures up to the third quarter of the current financial year i.e. December 31, 2018 and December 31, 2017 which were subjected to limited review by us.

Our opinion is not modified in respect of above matter.

For G. D. Apte & Co
Chartered Accountants
FRN: 100515W



CA Chetan R. Sapre
Partner
ICAI Membership No. 116952
Place: Mumbai
Date: May 28, 2019

For A. Bafna & Co.
Chartered Accountants
FRN: 003660C



CA Mukesh Kumar Gupta
Partner
ICAI Membership No.073515
Place: Mumbai
Date: May 28, 2019

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Auditor's Report on Consolidated Financial Results of The Shipping Corporation of India, pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To,

The Board of Directors

The Shipping Corporation of India Limited

1. We have audited the accompanying Statement of Consolidated Financial Results (the "Statement") of **The Shipping Corporation of India Limited** ('the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit/(loss) after tax and total comprehensive income / loss of its joint ventures for the quarter ended March 31, 2019 and for the period from April 01, 2018 to March 31, 2019 ("the Statement"), being submitted by the parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related interim consolidated financial statements which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements.
3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

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

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.



4. Opinion:

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the audited financial statement of subsidiaries and management certified unaudited financial statements, of Joint Ventures referred to in paragraph 6 below, the Statement:

- a) includes the results of the entities as mentioned in **Annexure A** in so far as they relate to the consolidated results in the statement
- b) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended; and
- c) gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total comprehensive income (comprising of net profit/ (loss) and other comprehensive income/ (loss)), and other financial information of the group for the quarter ended March 31, 2019 and for the period April 01, 2018 to March 31, 2019.

5. Emphasis of Matter

We draw attention to the following:

- i. We draw attention to Note No. 8 of the financial results, C&AG has raised an observation relating to payment of Performance Related Pay (PRP) of Rs. 11.03 crores for the FY 2014-15. Audit observed that the company did not follow the DPE guidelines for determining the PBT for the FY 2014-15. The Company has submitted its response and the matter is under the consideration of C&AG and final outcome is awaited.
- ii. We draw attention to Note No. 10 of the financial results, the Company is in process of analyzing the probable impact of gratuity payable to its regular fleet officers who have opted for Contract wages, on prudent basis, gratuity liability has been adequately provided for in books of accounts.
- iii. Trade Receivables including reimbursables, Trade Payables and Deposits are subject to the balance confirmations, subsequent reconciliation and consequential adjustments, if any, as on March 31, 2019.

Our Opinion is not modified in respect of these matters.

6. Other Matters

- a)
 - i. We did not audit the financial statements of Subsidiary company, 'Inland and Coastal Shipping Limited whose financial statements reflect total assets of Rs. 5.30 Lakhs as at March 31, 2019, total revenues of Rs. 0.33 Lakhs and net cash outflows amounting to Rs. 0.12 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the



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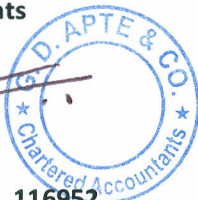
Management and our opinion on the consolidated financial result, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

- ii. The consolidated financial statements also include the Group's share of net profit of Rs.5932 lakhs and total comprehensive income of Rs. 499 Lakhs for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of 4 joint ventures, whose financial statements have not been audited by us. These financial statements are unaudited for the year ended March 31, 2019 and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Company, is based solely on information provided by the management.
- b) The Statement includes results for the quarter ended March 31, 2019 & March 31, 2018 being balancing figures between audited figures in respect of full financial year and published unaudited year to date figures up to the third quarter of the current financial year i.e. December 31, 2018 & December 31, 2017 which were subjected to limited review by us.

Our opinion on the Consolidated Financial Results is not modified in respect of the above matters.

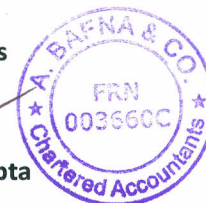
For G. D. Apte & Co
Chartered Accountants
FRN: 100515W

CA Chetan R. Sapre
Partner
ICAI Membership No. 116952
Place: Mumbai
Date: May 28, 2019



For A. Bafna & Co.
Chartered Accountants
FRN: 003660C

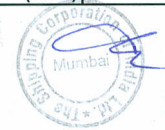
CA Mukesh Kumar Gupta
Partner
ICAI Membership No.073515
Place: Mumbai
Date: May 28, 2019



THE SHIPPING CORPORATION OF INDIA LTD.
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in lakhs)

Sr No.	Particulars	STANDALONE					CONSOLIDATED	
		QUARTER ENDED			YEAR ENDED		YEAR ENDED	
		31.03.2019 (AUDITED)	31.12.2018 (UNAUDITED)	31.03.2018 (AUDITED)	31.03.2019 (AUDITED)	31.03.2018 (AUDITED)	31.03.2019 (AUDITED)	31.03.2018 (AUDITED)
1	Revenue from operations	1,01,896	1,07,487	91,690	3,92,586	3,46,947	3,92,586	3,46,947
2	Other income	8,355	16,243	3,635	21,823	14,800	21,824	14,800
3	Total Income (1+2)	1,10,251	1,23,730	95,325	4,14,409	3,61,747	4,14,410	3,61,747
4	Expenses							
	Cost of services rendered	65,937	66,807	58,084	2,57,197	2,22,381	2,57,197	2,22,381
	Employee benefits expense	12,411	11,561	15,710	45,244	48,592	45,244	48,592
	Finance costs	6,200	6,344	4,696	24,586	17,979	24,586	17,979
	Depreciation and amortisation expense	17,013	17,000	15,292	65,846	61,025	65,846	61,025
	Other expenses	4,977	1,964	3,923	29,021	8,822	29,021	8,822
	Total expenses (4)	1,06,538	1,03,676	97,705	4,21,894	3,58,799	4,21,894	3,58,799
5	Profit before exceptional items, share of net profits of investments accounted for using equity method and tax (3-4)	3,713	20,054	(2,380)	(7,485)	2,948	(7,484)	2,948
6	Share of net profit of associates and joint ventures accounted for using equity method	-	-	-	-	-	5,932	5,275
7	Profit before exceptional items and tax (5+6)	3,713	20,054	(2,380)	(7,485)	2,948	(1,552)	8,223
8	Exceptional items	-	-	-	-	-	-	-
9	Profit before tax (7-8)	3,713	20,054	(2,380)	(7,485)	2,948	(1,552)	8,223
10	Tax expense							
	Current tax	1,490	2,000	600	7,090	6,000	7,090	6,000
	Deferred tax	(1,242)	-	(28,427)	(1,242)	(28,427)	(1,242)	(28,427)
	MAT Credit Entitlement	(1,134)	-	-	(1,134)	-	(1,134)	-
	Total tax expense (10)	(886)	2,000	(27,827)	4,714	(22,427)	4,714	(22,427)
11	Profit for the period (9-10)	4,599	18,054	25,447	(12,199)	25,375	(6,266)	30,650
12	Other comprehensive income							
	<i>Items that will not be reclassified to profit or loss:</i>							
	Remeasurements gain/(loss) of defined benefit plans	431	44	475	564	1,103	564	1,103
	Share of OCI of associates and joint ventures, net of tax	-	-	-	-	-	499	2,252
	Other comprehensive income for the period, net of tax (12)	431	44	475	564	1,103	1,063	3,355
13	Total comprehensive income for the period (11+12)	5,030	18,098	25,922	(11,635)	26,478	(5,203)	34,005
14	Paid Up Equity Share Capital (Face value Rs.10 each)	46,580	46,580	46,580	46,580	46,580	46,580	46,580
15	Reserve excluding Revaluation Reserves	-	-	-	6,51,541	6,63,176	6,71,742	6,76,945
16	Earnings per equity share							
	(1) Basic earnings per share	0.99	3.88	5.46	(2.62)	5.45	(1.35)	6.58
	(2) Diluted earnings per share	0.99	3.88	5.46	(2.62)	5.45	(1.35)	6.58



Segment-Wise Revenue, Results, Assets and Liabilities								(₹ in lakhs)
Sr No.	PARTICULARS	STANDALONE				CONSOLIDATED		
		QUARTER ENDED			YEAR ENDED		YEAR ENDED	
		31.03.2019 (AUDITED)	31.12.2018 (UNAUDITED)	31.03.2018 (AUDITED)	31.03.2019 (AUDITED)	31.03.2018 (AUDITED)	31.03.2019 (AUDITED)	31.03.2018 (AUDITED)
1	Segment Revenue							
	i. Liner	17,633	16,656	19,264	63,263	67,621	63,263	67,621
	ii. Bulk Carrier	13,255	16,158	11,771	58,603	41,394	58,603	41,394
	iii. Tanker	64,595	69,912	52,338	2,46,195	2,13,135	2,46,195	2,13,135
	iv. Technical & Offshore	6,005	6,377	7,768	22,832	22,763	22,832	22,763
	v. Others	791	82	549	1,693	2,034	1,693	2,034
	Total	1,02,279	1,09,185	91,690	3,92,586	3,46,947	3,92,586	3,46,947
	Unallocated Revenue	5,321	11,936	1,794	12,777	6,169	12,777	6,169
	Total	1,07,600	1,21,121	93,484	4,05,363	3,53,116	4,05,363	3,53,116
2	Segment Results							
	Profit/(Loss) before Tax and Interest							
	i. Liner	(3,601)	(1,749)	5,939	(8,960)	7,966	(8,960)	7,966
	ii. Bulk Carrier	(2,152)	2,448	2,480	3,277	(631)	3,277	(631)
	iii. Tanker	9,807	9,989	(7,744)	18,225	(5,108)	24,158	167
	iv. Technical & Offshore	(2,317)	1,917	2,783	(1,270)	2,694	(1,270)	2,694
	v. Others	335	(430)	365	(171)	1,478	(171)	1,478
	Total	2,072	12,175	3,823	11,101	6,399	17,034	11,674
	Add: Unallocated income (Net of expenditure)	5,190	11,613	(3,349)	(3,045)	5,898	(3,045)	5,898
	Profit before Interest and Tax	7,262	23,788	474	8,056	12,297	13,989	17,572
	Less: Interest Expenses							
	i. Liner	-	7	50	125	231	125	231
	ii. Bulk Carrier	1,166	1,197	1,048	4,788	4,417	4,788	4,417
	iii. Tanker	1,591	1,700	1,572	6,859	6,178	6,859	6,178
	iv. Technical & Offshore	460	599	549	2,182	2,239	2,182	2,239
	v. Others	-	-	-	-	-	-	-
	Total Segment Interest Expense	3,217	3,503	3,219	13,954	13,065	13,954	13,065
	Unallocated Interest expense	2,983	2,841	1,477	10,632	4,914	10,632	4,914
	Total Interest Expense	6,200	6,344	4,696	24,586	17,979	24,586	17,979
	Add: Interest Income	2,651	2,610	1,842	9,045	8,630	9,045	8,630
	Profit/(Loss) before Tax	3,713	20,054	(2,380)	(7,485)	2,948	(1,552)	8,223
3	Segment Assets							
	i. Liner	88,707	65,170	66,963	88,707	66,963	88,707	66,963
	ii. Bulk Carrier	1,80,927	1,82,386	1,79,920	1,80,927	1,79,920	1,80,927	1,79,920
	iii. Tanker	6,75,248	6,70,250	6,63,899	6,75,248	6,63,899	6,75,248	6,63,899
	iv. Technical & Offshore	1,47,960	1,54,542	1,55,810	1,47,960	1,55,810	1,47,960	1,55,810
	v. Others	821	845	891	821	891	821	891
	Total Segment Assets	10,93,663	10,73,193	10,67,483	10,93,663	10,67,483	10,93,663	10,67,483
	Unallocable Assets	3,21,164	3,67,384	3,69,371	3,21,164	3,69,371	3,41,364	3,83,141
	Total Assets	14,14,827	14,40,577	14,36,854	14,14,827	14,36,854	14,35,027	14,50,624
4	Segment Liabilities							
	i. Liner	1,07,395	1,04,459	1,22,280	1,07,395	1,22,280	1,07,395	1,22,280
	ii. Bulk Carrier	1,09,133	1,13,790	1,24,566	1,09,133	1,24,566	1,09,133	1,24,566
	iii. Tanker	2,11,428	2,19,815	2,35,054	2,11,428	2,35,054	2,11,428	2,35,054
	iv. Technical & Offshore	72,597	71,664	72,001	72,597	72,001	72,597	72,001
	v. Others	485	720	680	485	680	485	680
	Total Segment Liabilities	5,01,038	5,10,448	5,54,581	5,01,038	5,54,581	5,01,038	5,54,581
	Unallocable Liabilities	2,15,668	2,37,039	1,72,517	2,15,668	1,72,517	2,15,667	1,72,518
	Total Liabilities	7,16,706	7,47,487	7,27,098	7,16,706	7,27,098	7,16,705	7,27,099



THE SHIPPING CORPORATION OF INDIA LTD.
AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

(₹ in lakhs)

Particulars	STANDALONE		CONSOLIDATED	
	As at 31 March 2019 (AUDITED)	As at 31 March 2018 (AUDITED)	As at 31 March 2019 (AUDITED)	As at 31 March 2018 (AUDITED)
ASSETS				
Non-current assets				
Property, plant and equipment	11,11,656	11,34,748	11,11,656	11,34,748
Capital work-in-progress	763	781	763	781
Other intangible assets	253	52	253	52
Investments accounted for using the equity method	-	-	27,571	21,139
Financial assets				
i. Investments	7,714	7,482	350	118
ii. Loans	2,036	1,885	2,036	1,885
iii. Other financial assets	7	91	7	91
Income Tax assets (net)	12,054	14,879	12,054	14,879
Other non-current assets	8,180	7,921	8,180	7,921
Total non-current assets	11,42,663	11,67,839	11,62,870	11,81,614
Current assets				
Inventories	15,979	11,653	15,979	11,653
Financial assets				
i. Investments	-	5,605	-	5,605
ii. Trade receivables	59,892	66,264	59,892	66,264
iii. Cash and cash equivalents	9,538	24,178	9,538	24,179
iv. Bank balances other than (iii) above	90,278	86,953	90,282	86,957
v. Loans	22,381	23,618	22,381	23,618
vi. Other financial assets	47,676	31,878	47,666	31,868
Current Tax Assets (net)	3,508	-	3,508	-
Other current assets	22,905	18,838	22,904	18,838
Assets classified as held for sale	7	28	7	28
Total current assets	2,72,164	2,69,015	2,72,157	2,69,010
Total assets	14,14,827	14,36,854	14,35,027	14,50,624
EQUITY AND LIABILITIES				
Equity				
Equity share capital	46,580	46,580	46,580	46,580
Other Equity	6,51,541	6,63,176	6,71,742	6,76,945
Total equity	6,98,121	7,09,756	7,18,322	7,23,525
LIABILITIES				
Non-current liabilities				
Financial liabilities				
i. Borrowings	2,52,666	3,30,657	2,52,666	3,30,657
ii. Other financial liabilities	41	94	41	94
Provisions	9,773	9,004	9,773	9,004
Deferred tax liabilities (net)	9,153	10,395	9,153	10,395
Total non-current liabilities	2,71,633	3,50,150	2,71,633	3,50,150
Current liabilities				
Financial liabilities				
i. Borrowings	1,58,748	1,27,441	1,58,748	1,27,441
ii. Trade payables				
(a) total outstanding dues of micro enterprises and small enterprises; and	545	2,579	545	2,579
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,27,075	95,787	1,27,075	95,787
iii. Other financial liabilities	1,28,142	1,15,670	1,28,142	1,15,671
Other current liabilities	9,168	15,259	9,167	15,259
Provisions	891	932	891	932
Liabilities directly associated with assets classified as held for sale	20,504	19,280	20,504	19,280
Total current liabilities	4,45,073	3,76,948	4,45,072	3,76,949
Total liabilities	7,16,706	7,27,098	7,16,705	7,27,099
Total equity and liabilities	14,14,827	14,36,854	14,35,027	14,50,624



Notes:

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 28.05.2019.
2. These results have been audited by the statutory auditors of the Company. The financial results are prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India.
3. Segment Results:
 - a. Segment definitions: Liner segment includes break-bulk, container transport, passenger vessels & research vessels managed on behalf of other organisations. Bulk Carriers include dry bulk carriers. Tankers segment includes both crude and product carriers, gas carriers, phosphoric acid carriers. Technical & Offshore services segment includes company owned offshore vessels, offshore vessels managed on behalf of other organisations and income from technical consultancy. Others segment include income earned from Maritime Training Institute. Unallocable items and interest income/expenses are disclosed separately.
 - b. Expense and Revenue items are allocated vessel wise wherever possible. Expenses and revenue items that cannot be allocated vessel wise are allocated on the basis of age of the vessel i.e (Current year – Built year) +1.
 - c. Agent Advances are allocated to segments in the ratio of payable to the agents.
4. Effective April 1, 2018, the Company has adopted Ind AS 115, Revenue from contracts with customers using the modified retrospective transition approach, which is applied to contracts that were not completed as of April 1st, 2018. The adoption of this standard did not have a material impact on the financial results for the year ended 31st March 2019.
5. During the year ended 31st March, 2019, tanker vessel, M.T. 'Desh Vaibhav' on its way to Fujairah, UAE, suffered an explosion in one of its cargo tank, off Oman coast. This vessel is insured with M/s Oriental Insurance Co Ltd (Hull Underwriter) under 'Hull & Machinery' insurance cover and the cost of damage repair is recoverable from insurance company. The Company has submitted on account interim claim of Rs 9298 lakhs to M/s Oriental Insurance Co Ltd and the Company reasonably expects ultimate collection of the same. The Company has recognized the claim recovery of Rs 9298 lakhs and additional expenses of Rs 240 lakhs during financial year.
6. The following significant changes were made in accounting policy during the year:
 - a) During the year ended 31st March 2019, the Company based on internal evaluation, reassessed the useful life of Air Conditioner (except A/C Plant). Accordingly, the useful life of the Air Conditioner (except A/C Plant) which was 15 years has been revised to 10 years. Due to this change, the fixed assets for the for the year ended 31st March 2019 is lower by Rs 22.40 lakhs due to higher depreciation and profit for the FY 2018-19 is lower by Rs 22.40 lakhs. Due to the said change, depreciation expenses for the future periods will be lower by approximate Rs 22.40 lakhs.
 - b) During the year ended 31st March 2019, the Company based on technical assessment, reassessed the useful life of Solar Plant. Accordingly, the useful life of the Solar Plant which was 20 years has been revised to 25 years. Due to this change, the fixed assets for the for the year ended 31st March 2019 is higher by Rs 2.87 lakhs due to lower depreciation and profit for the FY 2018-19 is higher by

Rs 2.87 lakhs. Due to the said change, depreciation expenses for the future periods will be higher by approximate Rs 2.87 lakhs.

- c) On the basis of review of residual value of vessels, 2 PSV and 4 AHTS vessels are estimated to be having scrap value less than 5% of original cost. Therefore, residual value of 2 PSV and 4 AHTS vessels is reduced to approximately 4 %. Due to this change, depreciation for the for the year ended 31st March 2019 is higher by Rs 49.44 lakhs and profit for the FY 2018-19 is lower by Rs 49.44 lakhs. Due to the said change, depreciation expenses for the future periods will be higher by approximate Rs 49.44 lakhs every year.
7. M.T. 'Mahraja Agrasen' while discharging cargo (crude oil) at Jawahar Dweep #4 suffered a flash fire incident on 13.04.2019. The fire was contained and extinguished immediately by the ship's staff. The Company does not expect material impact of the repair cost on the accounts.
8. C&AG has raised an observation relating to payment of Performance Related Pay (PRP) of Rs 11.03 crores for the FY 2014-15. Audit observed that the company did not follow the DPE guidelines for determining the PBT for the FY 2014-15, as well as for computing the incremental profit for arriving at the amount distributable as PRP.
On the above matter, C&AG further observed that DPE Guidelines (November 2008) require the CPSEs to follow a 'Bell Curve' approach in grading the officers so that not more than 10 to 15 per cent are graded outstanding and 10 per cent are to be graded below par. As per DPE clarification (6th July 2011), the bottom 10 per cent of employees are not to be paid any PRP. SCI has categorized below par employees as 'Opportunity for development (OFD) and 'Do not meet expectation (DNME)'. The OFD category employees were paid PRP amounting to Rs 38.46 lakh at a Performance factor of 0.4. The company has submitted its response on the payment of PRP for FY 2014-15 and the matter is under the consideration of C&AG and final outcome is awaited. Appropriate action shall be taken based on further developments in the matter.
9. Ministry of Shipping provided subsidy of Rs 19 crore in the financial year 2016-17 to the company for running direct shipping service from India to Bangladesh- Myanmar and Srilanka- Maldives for a period of six months for financial year 2017-18. Action for chartering of vessel for starting the service has been deferred since the proposal for starting direct shipping service to Myanmar is under review with the Ministry of External Affairs. The Company is awaiting further direction from the Ministry in this regard. Meanwhile, the Company is also seeking guidance/direction from Ministry regarding unutilized grant amount and also initiated action to refund interest earned thereon.
10. The Company is in process of analysing the probable impact of gratuity payable to its regular fleet officers who have opted for Contract wages. On prudent basis, gratuity liability has been adequately provided in books of accounts.
11. The management has revised the method of allocation of management expenses w.e.f 01.04.2017 based on which Statement of Account (SOA's) were raised to the customers. The revised method of allocation has resulted into increase of revenue, for current year by appx Rs. 64 crores (previous year Rs. 78 crores). Substantial collections have been made towards this and the outstanding amount of appx Rs. 37 crores as on 31.03.2019 is being pursued for recovery. The management is confident of recovering the entire outstanding amount.
12. During the quarter ended 31st March, 2019, the Company sold vessel M.V. Tamilnadu DWT 45,744 and container vessel Lal Bahadur Shashtri DWT 28,902.
13. "Other Income" includes foreign exchange gain of Rs 2429 lakhs for the quarter ended 31st March 2019 as compared to foreign exchange gain of Rs 13662 lakhs for the previous quarter. There was foreign exchange loss of Rs 5306 lakhs for the corresponding previous quarter. The foreign exchange

loss for the financial year 2018-19 is Rs 17722 lakhs as compared to exchange loss of Rs 187 lakhs in the previous year 2017-18.

14. The audited annual accounts are subject to review by the Comptroller & Auditor General of India under section 143(6) of the Companies Act, 2013.
15. The figures of the previous year/ period have been regrouped or rearranged wherever necessary / practicable to conform to current year / period's transactions.

For The Shipping Corporation of India Ltd.


Capt. Anoop Kumar Sharma
Chairman & Managing Director

Place: Mumbai
Date: 28.05.2019



